The Big Job Interview

AmCham Bulgaria Conducts Internship Programs Survey
Dear William,

At last a place where
Business goes fluently
Close to the city center, yet far from the chaos

Best regards,
Jonathan
AES is one of the world’s largest global power companies, with 2006 revenues of $11.6 billion. With operations in 28 countries on five continents, AES’s generation and distribution facilities have the capacity to serve 100 million people worldwide. AES’s 13 regulated utilities amass annual sales of over 73,000 GWh and its 121 generation facilities have the capacity to generate approximately 43,000 megawatts. AES's global workforce of 30,000 people is committed to operational excellence and meeting the world’s growing power needs. In Bulgaria, Stara Zagora region the company constructs a 670 MW “AES-3C Maritsa East 1”, €1.2 billion Project.

For more information:
AES-3C Maritsa East 1 EOOD
72 Liuben Karavelov Str.
Sofia 1000, Bulgaria
Phone: +359 2 988 1275
Fax: +359 2 986 7549
JOIN THE AMERICAN LEGEND

AND WIN UP TO 6600 BGN in free servicing and winter tires or price advantage*

We will turn your dreams into reality this autumn. Visit our showroom until 15th of October and we will give you the opportunity to leave not only with your new car from the legendary brands Chrysler, Jeep or Dodge, but with up to 6600 more BGN in winter tires and free servicing or price advantage. Take the car others can only dream about.

*The promotion is valid for selected models, until they run out of stock, during the promotional period.


BALKAN STAR

Authorized distributor for Chrysler Int. Corp. for Chrysler, Jeep and Dodge products in Bulgaria
Sofia, Balkan Star, phone (02) 9198 800, 9198 603, 9198 681 • Plovdiv, Balkan Star, phone (032) 654 600 • Varna, Balkan Star, phone (052) 502 282 • Burgas, Dars Auto, phone (056) 840 502
Dear Members
and Friends,

With less than two weeks left until Election Day it is obvious that the financial crisis that has engulfed the banking system has led to a dramatic economic backdrop to the United States presidential elections.

Both candidates Barack Obama and John McCain welcomed the $700 billion rescue package which in itself went through frantic bipartisan talks at the White House and a dramatic vote in the Congress. The bailout was substantially improved in the negotiations by imposing better protections for the public interest but despite how good the plan is it does not seem to calm the markets. Meanwhile in an effort to address the credit crisis on the other side of the Atlantic the European finance ministers have agreed to raise the minimum guarantee of bank deposits to 50,000 euros across all EU member states and to work together on a package of other measures to limit the negative impact of the financial tensions in their economies. That has not yet produced the needed stability in the markets either.

Thus as the financial crises unfolded over the past month the economic issue has shot the political agenda of both candidates. That has become apparent even in the first presidential debate which was supposed to be about foreign policy, but much of it focused on the economy.

So as it is too early for the financial rescue package to restore confidence, the economic issue is becoming of paramount importance for the American voters and it makes them aware that whoever would elected president must be capable of handling the crisis with leadership and authority.

Best regards,
Valentin Georgiev
Executive Director
AmCham Bulgaria Magazine is a primary forum for political and economic analyses, news, viewpoints as well as for the presentation of new business opportunities. The articles in the AmCham Bulgaria Magazine express the opinions of the authors and do not necessarily reflect the position of the American Chamber of Commerce in Bulgaria.

Publisher
American Chamber of Commerce in Bulgaria
Business Park Sofia, Mladost 4 Area
Building 2, Floor 6, Sofia 1766, Bulgaria
Tel.: +359 (2) 9742 743
Fax: +359 (2) 9742 741
e-mail: amcham@amcham.bg
www.amcham.bg

Editor-in-Chief
Milen Marchev

Deputy Editor-in-Chief:
Christopher Karadjov

Senior Editor:
Irina Bacheva

ISSN 1312-935X

Writers:
Boyko Vassilev, Marina Tzvetkova,
Mina Georgieva, Panayot Angarev,
Yuliana Boncheva

Advertising
AmCham Bulgaria:
Nadejda Vakareeva, nadia@amcham.bg
AmCham Bulgaria Magazine:
Milen Marchev, milen@milenmarchev.com

The AmCham Bulgaria Magazine reaches a broad audience of AmCham members, leading US, Bulgarian and international companies, US and Bulgarian decision-makers, all AmChams around the world.
Subscription is free of charge. If you would like to subscribe to AmCham Bulgaria publications, please contact the AmCham Bulgaria office.

* Focus resources on your core business activities
* Minimize the risk of errors
* Protect your confidential employee data
* Optimize costs

Payroll Outsourcing Services with HeRMeS®

* Ability to use TechnoLogica’s leading HR management system HeRMeS®
* Access to KPI’s (Key Performance Indicators)
* Automatic custom reports and managerial analysis
* Integration with external ERP systems and Accounting applications
* Automatic salary recalculation for past months up to a year including bonuses and others

SPECIAL PRICES FOR CONTRACTS SIGNED BY OCTOBER 31st 2008

TechnoLogica - Head Office, 46 Chervena stena Str., phone: +359 2/ 91 91 2, fax: +359 2/ 963 16 10
m gencheva@technologica.com, www.technologica.com
The question “How did you find your employee?” is more common today than the opposite “How did you get the job?” This speaks volumes about the efforts of company managers to attract personnel and keep it for several years. There are many known ways to get a job depending on the position, educational background and on how you proceed in life in general.

It seems easy today – you find an advertisement in a newspaper and decide to enter into a competition that may be your lucky one, but also rather on the contrary. Sometimes it might be easier for the employee to choose from many opportunities, but is it so simple for the employer to find the right persons? Can the temporary staffing in Bulgaria be the remedy for the lack of qualified human resources?

AmCham Bulgaria conducted a survey of some 30 members of the AmCham community in order to observe common trends in internship programs. The member firms came from diversified sectors – services and retail to computing and banking. Regardless of their varying backgrounds, these companies seek to attract students and recent graduates to their internship programs. Such programs take the form of head-hunting strategies, where the companies seek motivated and knowledgeable individuals to be employed after graduation before their competitors reach them. Young talent is essential to big firms as students are more familiar with a better understanding of current trends, and thus internship programs prove the perfect opportunity to test successful applicants.

To ensure only the best in the industry are selected, companies set long recruitment processes with strict criteria and a range of tests. Our survey established that the universal requirement is good English language, which is seen as compulsory for all companies regardless of the sector; other European languages are seen as a welcoming advantage.

Computer literacy of applicants is essential to most organizations, as well as relevant personal skills, such as communication skills, motivation and being a team player. This is particu-
Bulgarian Market Demands More Middle Management

Silvia Umnikova, Consultant, Alexander Hughes Bulgaria

What is specific about our company is that it works on top management level in more than 90 percent of the cases. We have much fewer clients who design special programs for the expansion of promising young staff and who are looking for our services to find these individuals. For example, last year we had a client who was looking for young Bulgarians in the framework of a program which was designed for Eastern Europe and offered two years of training within the client’s group abroad. After the successful completion of this program they would occupy key positions within the group in Western Europe. Such an exercise helps university graduates and young professionals to achieve fast development. This is also our experience with internship and training programs.

Generally, there is a need for such programs in all companies which have both strategy and capacity to implement them. The biggest problem in Bulgaria is to find people at middle management level – since their number is limited on the market, the best option is to develop them within the company.

Companies act strategically when planning their growth four-five years ahead, and they know that they will encounter problems with staffing these positions. I think that these people cannot come from anywhere else if they are not approached while still in the university, as large companies like Microsoft, HP and others do.

The number of students, who manage to realize their potential and start working in their field while studying, is still small. I think that there is a belief that you cannot successfully balance an education and work at the same time. There is logic in this when university programs are not structured well. However, many of the students are also more inclined to be hired as street vendors or waiters for better pay than to start working in their field in companies where interns were not even paid until recently.

Our market here also lacks the understanding with regard to those young Bulgarians who have completed Master of Business Administration (MBA) programs in Bulgaria or abroad, and who are searching for market opportunities. Many of the companies are not prepared to offer interesting programs for the development of such students in Bulgaria and also to offer them the according recognition. It is worth giving more thought to this issue, as well as reconsidering remuneration that employers could offer to such young professionals, especially to those who have graduated abroad.

There is one other problem. Many of the Bulgarian students complete a Bachelor’s degree and right after this they finish a Master’s degree (for example in Business Administration). They will be able to “sell” themselves to an employer much more easily if they acquire several years of professional experience in between the two degrees. University programs also need to be changed in order to meet adequately the market demand.

From approximately 5,400 internship applicants, 550 were selected in summer 2008, with an average of three qualified candidates per vacancy. The ratio of close to 10 candidates for one internship vacancy is impressive and raises hopes for the occupational supply and overall economic activity in the country. The gender ratio, men to women, is 1-1.4. On the whole, companies seek to employ a 50-50 proportion.

Recent trends and media coverage, however, have forced banks and financial-related firms to put greater emphasis on selecting women in the workplace to break through the mold of the male-dominated image of the financial industry. Thus in summer 2008 more female applicants were accepted in relation to their male counterparts in such firms. Internship survey at the same time indicated that certain branches, such as automobile, construction and IT, attract predominantly male candidates.

The majority of successful applicants have been of Bulgarian origin, although internship advertisement, particularly online, attracted other nationalities, such as Australian, Ukrainian, Italian, and from other EU member states, reflecting the ever-increasing diversity since Bulgaria joined the EU.

Silvia Umnikova, Consultant, Alexander Hughes Bulgaria
Microsoft Relies on Internships to Find Its Pearl Leader

Diana Stoeva, HR Manager Bulgaria, Macedonia, Cyprus, Malta and Albania, Microsoft

Microsoft International’s Internship Program was launched just a few years ago and it is led by a dedicated HR Manager in the company’s HQ in Redmond, USA. Microsoft Bulgaria does not offer internships, because our local team is relatively small, and this is the reason why we put greater emphasis on promoting Microsoft International’s internship programs. We help our colleagues in Redmond by organizing different events for increasing awareness and presenting the program to students from Bulgarian universities.

The uniqueness of Microsoft internship programs is expressed by the fact that there are two major specialization areas, which are offered to the students.

The first subprogram is called Microsoft Internship Program and it is aimed at software design engineers and software design engineers in testing (as per IT business terminology). We are proud of the fact that for the past three years we had eight Bulgarian students who joined Microsoft’s Internship Program. Last year we had the biggest number of students who were enrolled in the program – five persons from Bulgaria. In 2007 there were no Bulgarian students enrolled in the program, but in 2006 there were three interns enrolled in Microsoft’s Internship Program. It is interesting to mention that Microsoft takes care of all expenses of the students related to travel and accommodation. The internship program starts in June and ends in the beginning of September.

We start the recruitment for the program from the previous calendar year with the help of our colleagues from the Marketing department who organize different initiatives such as the “Academic Day of Microsoft” in the leading Bulgarian universities. This academic road show gives us the opportunity to help our colleagues in Redmond by explaining to the students what the program entails, what are the selection criteria, what is the enrollment process, etc. Microsoft has introduced very high entry requirements for its internship programs as the value for the participants is significant.

However, the fact that there are so many Bulgarian students enrolled in the program means that the entry requirements are achievable. The reason why Microsoft has organized its internship program on international level and not locally at different subsidiaries is that the two specializations are technically oriented and are only applicable for our Research centers. We feel that during this program the students develop their own perspective of what could be achieved with our technologies since their creativity, imagination, and skills are at a very high level. This is why we are attracting such young and creative minds - they can actually contribute to the processes of developing and testing new products.

For us, as an organization, the main benefit of this program is that we have the opportunity to start building Microsoft’s com-

munity among Bulgarian students. Students who participate in this 3-months internship have the chance to meet other interns, just like themselves, from all over the world (100 last year) and to exchange ideas and experience. Currently, the internship program is held only in Redmond, but from 2009 it will be expanded to all our R&D (research) centers.

We have research centers in Europe (Denmark, Germany, UK), Japan, Australia, and South America, so the students will be able to choose where they want to do the internship. Large number of the interns shows outstanding results and they are offered full-time positions at Microsoft. The results shown by the Bulgarian students are among the highest for the entire Internship program.

Until now I was talking about our “short” internship program. Microsoft also has a more advanced internship program and its duration is more than two years. Because of that, and the fact that here the interns have two parallel roles, the requirements for the applicants are a slightly different from those for the “short” program (Microsoft Internship Program). The extended program is known as Microsoft Academic College Hire (MACH) and Bulgaria will join it in January 2009.

The MACH program focuses not only on the development of core competencies of the interns, but also on strong collaboration with mentors (usually they are managers at our company). At the end of the program, the interns have the opportunity to choose suitable for them career path with the help of specially assigned personal consultant. The interns in this program are among the most talented people from every country, who also have exceptional potential. They are expected to develop themselves and advance in their careers very fast as they are our future leaders.

We have many success stories to share since the program was launched in 2005, for example our HR manager who started at Microsoft as a part of this internship program, as
Businesses Lack Flexible System for Employment of Interns

Emil Georgiev, Human Resources Director, Postbank

Both internship programs are exceptionally exciting. I had the opportunity to meet some of the last year's MACH employees at a conference in Atlanta and I must say that their enthusiasm, energy, and way of thinking are fascinating. I am certain that somewhere among them are the future leaders of Microsoft. We aim not only at students in their final year of studies, but also at young professionals who have graduated in the past 3 years, and who have gained some useful experience working for other companies. Both internship programs (Microsoft Internship Program and Microsoft Academic College Hire) are very important for us, because in combination they bring the technical and operational excellence, which is bringing Microsoft forward for the past 33 years.

In a situation of a crisis, the head count is extremely important as a policy and way of doing things. For example, you have an improved head count, which represents a certain sum, part of the budget for the given year. According to the law, interns should be hired with a contract, defined in the Labour Code as a Traineeship Contract.

In this case, if the bank hires trainees with a contract, it deforms its head count. The bank hires 80-100 to 200 people per year. Depending on the duration of the single internship program, this will determine the result of the head count at the end of the year. If they are appointed for a period of up to six months to be trained, they may be reduced from 200 to 100 persons. During one year we will have 200 persons for two months. After this we will have 100 persons for four months, which means that in the end of the year the average head count will register 150 additional people employed. In a crisis situation this is too many. In this sense we should consider a more flexible scheme for traineeship programs. After all, these are not fully trained specialists, but people who are still being trained. We train people in order to find the best ones and hire them afterwards. Of these 200 people I mentioned, about 80 stay to work with us. In the higher education establishment people need some sort of traineeship. For example, in the universities of Bristol, Liverpool and Plymouth in the United Kingdom, students in their third year already communicate with the so-called relationship officers who are the link between business and the university. They are agents of the business who watch closely the specialization, the number of specialists, and the quality of education. These are the persons who establish the link between the business and the university while the students are still studying.

Relationship officers assess whether a given student is suitable for a certain company. A similar practice is present in other countries as well, and basically this is the model. Universities abroad are 47-percent financed by either the state's or the municipality's budget. All other funding comes through communication with business, through the various types of programs and research. The logic of the funding of the university is of such a kind, that it is strongly dependent on business. On the other part, students who pay for their education provide serious sums; however, in the United Kingdom they are obliged to refund their education credit. The possibilities to refund it come in various forms. While they are still students they may be financed by a certain company or take part in expensive projects so that they are able to pay back part of the sum. Later on, based on these projects in their CV, they are able to easily find an employment. The scheme is much more flexible. Business and universities have discovered the modus Vivendi – the solution which makes it possible to remain flexible on the market and therefore able to solve their problem. Unfortunately, in our country this model still cannot be implemented due to various reasons: conservative attitudes, mentality, legislation framework, impossibility for universities to have extra budgetary accounts. Universities here should be given freedom to be flexible. If they have some financial activity, they do not have the permission to invest. I used to be teaching until 1999 and I may say that when there are extra budgetary accounts, there are sums accumulated mainly through education fees. The direction that should be taken is to look for this specific link with the business and have students participate in scientific solutions of the business, so that money comes in.

Currently universities are economically dependent. University professors do not have the stimulus to be demanding because in such a way they would decrease the number of their students. As long as this logic and the basis of this system stay the same, what we are talking about here is pointless. We are trying to compensate the shortages naturally, by contacting students abroad, as well as student organizations. However, going the other way would lead to much better results.
UniCredit Bulbank has carried out internship programmes for several consecutive years now, aimed at training and developing the best students and ensuring permanent employment for the ones performing best during the programme. The main objective was to promote and improve their performance by expanding the bank activities, included in the programme, by increasing the number of students involved and prolonging its duration. UniCredit Bulbank offered an opportunity to talented and motivated young people to apply in practice the knowledge obtained through specialized educational programmes and professional training in the banking sphere.

The internship programme is based on full-day active work at the bank. The duration is two consecutive months. The students involved receive monthly remuneration. The periods for delivering the programme may be determined depending on the possibility of the students to attend and the needs of the Bank.

The programme is most suitable for candidates who are: working on their diplomas or studying in the last course of their education (bachelor and master programmes) in specialties connected with the banking business – economics, law, information technologies or business administration; who have excellent computer skills and command of the English language; who have knowledge and interests in the banking business; good communication skills, initiative and organizational skills, desire for team work.

The internship programme of UniCredit Bulbank for 2008 was exceptionally successful and as a result 300 interns joined the team, 70 of them, i.e. 23%, have already been integrated into organization as young specialists. The ones who were employed at the Head office account for 4% of the total number of interns, the rest were employed at the affiliates in the branch network. The programme is further developed with the help of the interns who are asked at the end of their internship to give opinion and recommendations on the organization and contents of the time, spent at the Bank.

UniCredit Bulbank is the largest Bulgarian bank with assets exceeding BGN 9 billion at the end of 2007. It is a universal bank, servicing more than one million citizens and households, private clients, small and medium enterprises, large local and international companies, etc. The Bank is part of an European bank group, and it has a clear strategy and ambitious plans for growth and development. UniCredit has one of the largest branch networks in Bulgaria with about 260 affiliates and almost 4000 employees, it is ranking first in terms of loans extended – over BGN 5.2 billion, and first in terms of shareholder capital - BGN 1.2 billion. The bank is number one in investment and corporate banking, it holds leading positions in terms of deposits – BGN 6.3 billion and leading positions in the retail banking.
Perfecting of Social Skills is Essential in Work
Andrey Voynov, intern of Deloitte Bulgaria

- Please describe how you have been appointed to work for the company?

I applied for internship at Deloitte after reading an advertisement in the press. After a test and three rounds of interviews I started as a trainee in the Management Consulting Dept. of Deloitte in November 2007. The first round was with a Deloitte HR manager, second round - with three employees from the division I applied for and the third round was with the managers of the department. After a six month internship I was offered a full time position in the same department.

- What is the field of your work?

Management consulting – I work in the Strategy and Operations team, mostly on projects in the Public and Energy sector.

The Challenge is to Solve a Problem When Taking Every Aspect of It
Diana Shumanska, intern of Deloitte Bulgaria

- Please describe how you have been appointed to work for the company?

It all started by chance when my best friend recommended Deloitte. Although he has never been employed by Deloitte, he was well acquainted with the high standards of performance in the audit and advisory company. So I sent my CV and had two interviews – the first one was to test my legal, language and technical skills and the second one to meet Mr. Borislav Stratev, Tax Partner Deloitte Bulgaria. That was the beginning of my interesting and rewarding journey in Deloitte.

- What is the field of your work?

I've spent approximately two years as an intern in the Tax, Legal and Business Services department, where I gained a profound knowledge in dealing with administration, reviewing and preparing documents. Now I am a consultant in the Corporate Tax team and I really enjoy this mixture of economics, accounting, law and tax. It will be really difficult to point out my specific field of competence, because in Deloitte I have learned that you can successfully deal with an issue if you consider it from different angles and take every aspect of it into account when making decisions. It is quite challenging and inspiring!

- Is your educational background helping you in your every day work, or you need some extra qualification to deal with the obligations?

I have Bachelor and Masters Degrees from a very reputable school in the USA and that type of education helps me a great deal for the time being. First is the language training, which facilitates my communication with the other Deloitte offices on our mutual international projects. On the second place come my presentation skills and the ability to reach out to people, which is especially important for consultants who have to be able to get their ideas through to clients. Third maybe are research and analytical skills, as they are a large part of the Business Analyst job at Deloitte.

- What are the most important skills to succeed in your field of business?

Essentially in the beginning levels attention to detail and commitment are extremely important. As you move up the ladder, I particularly find quite useful perfecting the social skills – being able to establish a bond and understanding with the new people quickly and to motivate others.

- Is your educational background helping you in your every day work, or you need some extra qualification to deal with the obligations?

I have studied international relations and law at the Law Faculty of the Sofia University and this education definitely helps me in my everyday work. I was a member of the Student Diplomatic Club in my university. I have spent some time working in a couple of NGOs and put my legal English into practice while I was a legislative assistant in the Bulgarian parliament. Now I am doing my second year in a Cambridge specialization in English and European Union Law. However, seeking to become a qualified consultant, I am planning to expand my knowledge in the field of accountancy and tax.

- What are the most important skills to succeed in your field of business?

Professional expertise in the field of tax, soft skills, team-work and, of course, enthusiasm for the work are some of the skills. The most important, however, is to have the capacity and the will to adapt in a very dynamic environment of local and international clients in order to satisfy their needs in a timely and qualified manner. And the reason why Deloitte is so successful is that all the people here share their knowledge and spirit with one common goal – to be the best. After all Deloitte's most valuable capital is its professionals.
“If You Listen Very Hard, the Tune Will Come to You at Last”

Rossen Manev, intern of Deloitte Bulgaria

- Please describe how you have been appointed to work for the company?

Actually, it’s a very interesting story that dates back to 2004. On February 6, 2004 I graduated the Academy of Economics “Dimitar Tsenov”, Svishtov as Master of Accounting. Just about a week's time, on the fatal day - 13th of February, Friday, I decided to send my CV to the so called “Big 4 Companies”. I wanted to see if I could attract their attention and to be honest, I would have been more pleased just to receive a simple phone call. However, what happened exceeded all my expectations.

On the following Monday – February 16th at about 14.35 pm, I received a call from the HR Manager of Deloitte at that time asking me whether I was interested in internship in the audit department and when I could start. We signed the contract for the internship the same week and on March 1st, 2004 I started my internship in Deloitte. I couldn't believe that a professional dream of mine came true in such a short time. I've always wanted to have my career in Deloitte.

This is inspiring story about which I won’t go into details now but I'll only mention it was in the distant 2002 and involves my well known “brother in arms” (as in Dire Straits “Brothers in Arms”) who was the Audit Partner and Country Leader for Deloitte at the time Mr. Vasko Raichev. I have been a trainee for 5 months in Audit when I was offered to start as an Assistant in September 1st, 2004. Since then my Deloitte career evolved in the following way:

Experienced Assistant, as of 1st September 2005
Semi-senior, as of 1st September 2006
Senior, as of 1st September 2007
Supervisor, as of 1st September 2008

It’s obvious how the trainee position in Deloitte offers a number of professional opportunities if one possesses the required qualities but most of all the passion for it.

- What are the most important skills to succeed in your field of business?

In addition to the so called “usual requirements” – education, language and computer literacy, everyone must have certain extra skills and characteristics. Personally, I would point out that it is important to believe in yourself no matter the obstacles you face. One should be hard-working, devoted, with positive attitude and a good teammate (after all we are a team), open-minded, communicative, always trying to get better and acquire new knowledge. Of course, we must not forget that sharing our professional and even life experience with each other is very important for our success. In our team we work in a rather informal and friendly environment, supporting and helping each other. What impressed me most when I joined Deloitte in 2004 was the support I had received from the management – seniors, supervisors, managers, and even partners. However, the success is not only a question of skills but also a matter of circumstances and a lot of luck. And, at the end, being a big fan of music, I can't help but quote a couple of lines from one of the most beautiful songs ever – Stairway to Heaven by Led Zeppelin:

“If you listen very hard, the tune will come to you at last.
When all are one and one is all
To be a rock and not to roll!”
The Chèque Déjeuner voucher is given by the employer to the employees as an extra income. It is a social benefit which allows employees access to healthy food. This voucher is fully exempted from all taxes for both employers and employees.

The Cadhoc voucher is a rewarding tool which improves employees’ motivation and loyalty. Being easy to manage while offering a wide array of partner shops, Cadhoc is the unavoidable product for companies.

The Ordinance 11 voucher is the answer to art285 of the labour code which regulates the employer’s obligation to provide access to free food and/or additional food to employees who work in specific conditions at specific hours.
Seventeen years after the first initiating talks started in 1991 on income tax treaty, in September 2008 the U.S. Senate ratified the Convention between the Government of the United States of America and the Government of the Republic of Bulgaria for the Avoidance of Double Taxation. Thus the Convention, popularly known as Treaty for the Avoidance of Double Taxation, will enter into force in January 2009 after the remaining, essentially administrative approvals by the U.S. National Security Council and State Department.

The two countries signed the Treaty at Washington on February 23, 2007 after a 3-year lobbying campaign spearheaded by AmCham. An accompanying Protocol Amending the Convention between the Government of the United States of America and the Government of the Republic of Bulgaria for the Avoidance of the Double Taxation was signed in Sofia on February 26, 2008. On July 11, 2008, the Bulgarian Parliament ratified the Protocol of Amendment, following an earlier ratification of the Treaty. The US President George Bush wrote to the Senate of the United States with regard to the Treaty for Avoidance of Double Taxation on June 4, 2008, recommending that the Senate give early and favorable consideration to the proposed Treaty, and give its consent to ratification to both the Treaty and the proposed Protocol of Amendment.

The ratification of the Treaty will make a difference for the businesses and the citizens of both countries. The Treaty generally reduces the withholding tax on cross-border dividend, interest, and royalty payments. Importantly, the Treaty eliminates withholding tax on cross-border dividend payments to pension funds and cross-border interest payments made to financial institutions. It also contains provisions designed to prevent so-called treaty shopping.

The enforcement of the Treaty in 2009 will help accelerate the growing flow of U.S. – Bulgarian trade and investment and will ensure that the investors maximize the economic benefit from their projects. It will also allow a wider circle of investors to take advantage of the significant opportunities afforded by the favorable investment climate in the country.

The American Chamber of Commerce in Bulgaria and its members have played a vital role in restarting the long-stalled Treaty negotiations, and had lobbied successfully for bringing them to a conclusion both in Sofia and in Washington D.C. In 2003 the Chamber submitted its position paper and in-depth analyses both to the U.S. Treasury and to the Bulgarian Ministry of Finance, and assisted the process of negotiations in 2005 and 2006 between the U.S. Treasury and the Bulgarian Ministry of Finance. Every opportunity to raise the issue and accelerate the process was used: meetings in the U.S. Treasury in Washington, D.C. and the U.S. Chamber of Commerce, regular and ad hoc meetings in the U.S. Senate and Congress and the Bulgarian Parliament and Government, advocacy letters and position papers to all interested institutions. It paid off.

On behalf of the Board of Directors and the AmCham Public Affairs Committee we would like to extend gratitude and appreciation to all companies and individuals that had worked actively with AmCham Bulgaria to lobby for the Treaty and its ratification. We all can share this stellar success and congratulate ourselves for being agents of change.

Borislav Boyanov
President

Kenneth M. Lefkowitz
Vice-president and Public Affairs Committee Chair
The crisis of the international financial markets, which started officially in August 2007, has actually been existing since a long time both in the United States and the European Union, and Bulgaria. Actually its signs were seen quite earlier, however it did not show itself to present according to the traditional (not quite economic) understanding of it. Moreover, the claims that it has been caused by market forces and the insufficient regulation of financial institutions, are far from the truth, however the probable policies to address it will unfortunately be directed namely to strengthening the interference of the state at the individual markets.

Emergence of Crisis

To a great extent the crisis has been caused by the policy of the central banks across the world and of the big ones, such as the Federal Reserve System, the European Central Bank, the Central Bank of Japan, in particular. The monetary policy of these banks consists of specifying of a target interest rate, which the bank tries to maintain through various instruments.

This interest rate and its amendments are a product of the central banks' forecasts for the development of main economic indicators for the respective country or zone, and the average term rate of inflation is of major sig--
The individual specifying of the interest rate of the central bank, as well as its capabilities to influence the credit policy of the other banks put money supply under the control of this institution. This is the main factor of the business-cycle emergence. It is sustainable, when growth of economy is caused by increase of savings. The contemporary pecuniary system, dominated by the central banks, enables emissions of money, which have no coverage. The credit expansion means that in practice money appears, which is not covered by goods or services. The initial effect from the additional emission of money regarding the structure of the capital is similar to the one of increased savings, however the long-term effect is quite different.

The level of investment in economy is determined by the demand and supply of loan funds. The increase of the supply of loan funds leads to decreasing of the interest rate and to increasing the investment crediting. The final consequence, however, is different, depending on the source of loans. When the savings of the households increase, this means that they are oriented to the future in a greater extent.

As a result of the availability of more loan funds, the interest rate goes down, which enables the business to undertake new investment projects, which have previously been considered non-profitable. At the new level of equilibrium interest rate, both savings and investments go up. This increase of the economy’s production capacity specifies the actual growth.

The effect of the credit expansion, caused by the central bank, is different. The households do not become more economical or future-oriented. The central bank is just increasing the supply of loan funds through injecting new money in the credit markets. While the equilibrium interest rate is decreasing, the business is increasing investments, while savings actually drop.

The supporting of the loan funds supply through new money maintains the interest rate at an artificially low level and causes incompatibility between the savings and the investments. The low interest rate of the central bank stimulates a temporary but not sustainable growth. The artificial boom caused by credits is unsustainable in its essence and is inevitably followed by a drop, as the investments should drop to the level of savings.

Measures against Crisis

The plan against the crisis (The Paulson Plan), adopted by the United States, represents a direct transfer of 700 billion US dollars from the local tax-payers to some big financial institutions. The salvation is made through injecting money in the economy by carrying out operations in the open market. They are created from nothing, they are not covered by goods and services and thus the wealth is not increased. Only nominal values and mainly prices grow.

Is this plan required to protect the financial system from a complete...
collapse? Is it possible the credit markets to break down? These are important questions, whose answers will be sought in the months to follow. However, are banks that special that they deserve to be saved? Is it possible that nobody will be able to borrow money and the economy will be suspended if banks do not exist any more? The banks lend the money of depositors and of their owners rather than their own money. The fact that the banks have disappeared does not mean that lenders will disappear. The borrowers will still want loans, and the lenders will give them out. The only question is how they will meet. The technologies for that have been improved significantly after the Great Depression of 1930, the companies could sell bonds, issue new shares or try to use some of the hedge funds.

Actually, the financial system has to be saved just from the institutions, which hold bad debts and are currently exhausting their capital, while they expect to be saved. In practice they obstruct the activities generating wealth in the financial sector and the remaining parts of economy.

Conventional thinking presents the economic adaptation or the economic recession as something terrible, almost the end of the world. In fact, the economic adaptation is nothing more than a period, within which the scarce resources are moved in accordance with the priorities of the consumers. Best results are achieved when the market itself performs the allocation. If entrepreneurs have the freedom to do the allocation of resources according to the preferences of the society, that would resolve problems in the fastest way. Some activities will totally disappear and others will be expanded.

The rescue plan of the US Government, which most probably will be followed by similar plans in the European countries, will not allow the reduction of activities that are at a loss. It will not save only the activities that it cannot allow to maintain and which consumers do not want rather than economy. It will support losses and promote ineffectiveness by draining resources meant for growth and effectiveness. Government is not a generator of growth, it only takes the resources of A and gives them to B.

Instead of pointing out the symptoms, it is necessary to let the market function and terminate the possibilities that allow making money out of nothing.

The Crisis and Bulgaria

Against the background of these events, the current status of Bulgarian economy is good. The Bulgarian economy had the third highest growth in Europe in the second quarter of 2008, and only Romania (9.3%) and Slovakia (7.6%) have better status according to this indicator. Perspective, however, is not good. The bankruptcy of Lehman Brothers, the difficulties of Merrill Lynch, AIG and other big companies in the financial sector, including those for mortgage shares in the United States, are an evident signal for the availability of a large scale crisis. It will have an unfavourable effect also on the Euro zone rather than only on the USA economy. This will reduce the external demand and might have effect on the economic development. On the one hand, Bulgarian companies export goods of relatively low added value that compete other manufacturers mostly in prices and are not differentiated according their quality. This concerns mainly raw materials and processed fuel. Reduced economic activity and production will most probably result in demand of fewer quantities of these goods and that will have a negative impact on revenues from export. On the other hand, because the import component is substantial, that will result in demand of fewer quantities and reduction in the expenses for import.

Financing of import will also be hampered, as in periods of crises investments shrink, because the perception of risk in certain economies change and that will effect the incoming capital flows in the country. Therefore, shrinking of the deficit on the current account of the balance of payments is possible, while the alternative is disbursement of the currency reserves. In long-term plan, however, the second possibility is not stable.

Risks, which the development of the Bulgarian economy faces, get bigger because of both the unfavourable external conditions and some internal factors. The saturation of the real estate and construction sectors will not allow the implementation of the growth rates available so far. The crisis of financial markets will most probably create difficulties for fundraising by increasing long-term interest rates and will thus make a smaller number of projects work successfully. Besides that, it is possible that some of the already launched projects to turn out unsuccessful, which might cause their termination. This will result in reduction of economic activity and employment, and increase of the unemployment rate. In short term plan, growth of prices and wages will be delayed.

It is difficult to forecast the exact moment of the occurrence of these risks but they should be a signal for the Bulgarian companies and citizens to be more cautious about investments they undertake. The bankruptcy of big international banks showed that no one is secured against mistakes especially in a period of crisis. Despite the availability of protection mechanisms like bank supervision, guaranteeing deposits at banks and a possible refunding from the central bank in case of a systematic event, risks stay and have to be managed carefully. Interference in the market should be limited to a minimum, only in case of a threat for the complete bank system. Commercial banks should be let to manage on their own, thus showing which of them have good management.

As a whole, the current positive results must not serve to calm down the rulers. The 2009-2010 period will be more difficult for the Bulgarian economy and risks of delaying economic activity will increase. Under these conditions, the proper economic policy, focused at enhancing economic freedom, is of particular importance. In view of the forthcoming elections in 2009, however, the required reforms will again be forgotten and that will limit the potential for future development.
Welcome home!

Come to discover your new and modern home! Sofia_Sky is a gated community residential complex situated at the foot of the Vitosha mountain in the prestigious housing estate of Sofia – Simeonovo. The luxurious project is characterised by exclusively modern and functional architecture, which guarantees harmony with the nature and high standard of living for the whole family. Sofia_Sky is close to completion.

direct sales: + 359 2 962 20 56

www.sofia-sky.com
Global Financial Crisis Poses Serious Risks to Bulgaria’s Economy

The unfolding financial crisis in the US and its effects on the global economy have already brought significant losses to various segments of the Bulgarian economy but the lagged effects from the crisis could be even more dramatic. Investors on the stock markets, including more than 2 millions employees with mandatory contributions to pension funds, have suffered huge devaluations. Several segments of the real estate market have incurred losses or lower than projected return rates with serious repercussions on the construction sector and the volume of foreign investments in local properties. The inflow of net foreign direct investments (FDI) fell dramatically in 2008 and increased the risks of external liquidity shocks, as the share of short-term foreign debt is about to exceed the value of international reserves for the first time since the setup of the currency board regime in 1997.

This means that a sudden withdrawal of capitals, driven by speculative attacks against the currency board or liquidity problems on the side of external lenders, could seriously challenge the capacity of the central bank to maintain the fixed exchange rate against the euro. Moreover, the risks of external balance shocks will coincide with external demand restraints reflecting the global economic slowdown that will also weaken the country’s growth rate in 2009.

The country is still likely to avoid the hard landing scenario under the IMF forecasts that the world economy will start to recover in 2009. The more likely soft landing scenario for Bulgaria will most likely pass through a weaker GDP growth of 3-4% in 2009 from more than 6% in 2008 but this correction could be still very painful for many business segments. Policy makers should also cope with risks of politically driven expenditure boosts ahead of the general elections in Q3 2009 as well as institutional gaps that have led to a series of corruption scandals and freezing of EU funds.

Direct effects

Stock markets: The start of the financial crisis in the US in the second half of 2007 had almost immediate effects on the global stock markets and the Bulgarian Stock Exchange in particular. The market capitalisation of the Bulgarian Stock Exchange plunged more than 40% since end-2007 to BGN 16.7bn (EUR 8.5bn) towards the end of September 2008. In absolute terms, the stocks traded on the stock exchange lost more than BGN 12bn of their value. Mutual funds with high exposure to stocks traded on local or foreign markets report similar write-downs of about 40% for the period.

Pension funds: As the local pension funds keep part of their investment portfolio in stocks, the average return rate on savings held in voluntary or mandatory pension funds moved to a negative territory of about 15% in late September in relation to the beginning of 2008 that is equal to write-downs in the tune of EUR 200mn spread on a large number of customers, as the contributions to the second-pillar pensions funds are mandatory for all employees born after 1959. Taking into account inflation effects, the real value of losses incurred on pension savings is about 30% y/y as of the end of September. Life insurers have also suffered from price corrections but the size of devaluation is quite small due to their low weight in the local economy and low exposure to risk assets.

Real estate markets: The global financial crisis has started with devaluation of real estate assets in the US that has quickly reduced the inflows of foreign investments to local properties. The price corrections are limited to vocational properties for now and part of the lost investments from UK citizens is offset by Russian capitals. Nevertheless, many large-scale real estate projects are already frozen and the rates of investment returns are falling to critical levels amid large stocks of unsold properties that will further pressure the market.

Cost of financing: Inter-bank interest rates have risen almost immediately after the start of the global financial crisis but not dramatic changes are observed in the price of commercial lending and saving deposits. As far as the commercial bank system in Europe is not seriously affected by the collapse of the US subprime mortgage market and investment banking, the impact on the local commercial credit market will be quite small.

Moreover, the downward correction in commodity prices and consumer demand will help disinflation moves
that would increase the likelihood for ECB to cut policy interest rates to fight the risks of recession in the eurozone. However, large-scale investment projects or companies that rely on Eurobond issues or investment bank loans will face much higher financing costs. This will apply to major state-run projects such as the nuclear plant in Belene and the pipelines for transport of natural gas (Nabucco and South Stream).

**Indirect effects**

Growth Prospects: The global slowdown and the downturn on the country's main export markets in Italy, Germany, Turkey and Greece, will certainly hurt local exporters and the overall economic growth. IntelliNews, the editorial and research arm of ISI Emerging Markets, projects that the GDP growth will slow to 3-4% in 2009 from more than 6% in 2008.

The growth rate in 2008 will remain technically unaffected by the global crisis due to one-off base effects in the agricultural sector that will offset the slowdown in the industrial and service sectors. The slowdown projections are already confirmed by the weakening pace of job creation in the summer months of 2008 and the steady deterioration in the business sentiment surveys of the statistical office.

External Balance: The annualized CA gap widened to nearly 25% of GDP as of July 2008 from 21.5% in 2007. The net inflow of FDI shrank to 70.6% of the CA deficit for the same period from more than 100% in the last several years. Given the global financial crisis and stagnating demand on main export markets, the CA deterioration poses very high risks on the country's external liquidity.

This makes the country's external position quite vulnerable to sudden withdrawals of foreign capitals. The recent retreat in the international oil prices will provide a slight relief to the country’s external balance but the corresponding drop in import costs will be more or less offset by cheaper metal exports. On top of this, there are clear indications of inadequate policy responses to the rapidly deteriorating external balance, as the ruling parties have approved a large spending boost aimed at popularity gains ahead of the general elections in Q3 2009. Although the planned fiscal spree at the end of 2008 will not endanger the budget surplus target set at 3% of GDP, it is still inconsistent with the other main fiscal targets for CA deficit narrowing and low inflation. The country's external liquidity will be thus exposed to extreme risks in case of large-scale capital flights that could be driven by either speculative attacks against the currency board regime or panic movements stemming from the global financial crisis.

One of the most worrying indicators in the country’s external position is the steep rise in the stock of short-term external debt, which is about to exceed the stock of international reserves for the first time since the setup of the currency board regime in 1997. International reserves cover slightly more than 100% of the short-term external debt as of September to mark a dramatic change from more than 300% about 5 years ago. The figures for short-term liabilities include instruments with maturity of one and less than one year counted as of the date of settlement.

This means that the short-term debt would be even higher if reported in outstanding repayment periods. On the positive side, most of the external financing is commissioned through local subsidiaries of EU-based commercial banks and there are no reasons for sudden withdrawals or speculative attacks as far as the local banking sector is boasting sound profit margins and a high-quality credit portfolio. The main liquidity risks for the economy could materialise only in case that the global financial crisis moves towards the commercial banking segment of continental Europe but this looks unlikely at this stage.

**The way ahead**

The country is about to avoid the hard landing scenario but it will also require an adequate policy response of limiting non-investment budget expenditures and encouraging domestic savings through further reduction in the overall burden of income taxes and mandatory social insurance contributions.

Under the IMF forecast that the global economy will recover in 2009 even if the ongoing financial crisis has not reached the bottom yet, the Bulgarian economy is likely to pass through a soft landing scenario like most of the other emerging markets in Europe. This will most likely mean a slowdown in the GDP growth from more than 6% in 2008 to about 3-4% in 2009. But there are still risks of inadequate policy reactions like excess fiscal boosts driven by the forthcoming general elections in 2009.
Everyone Is Special At United Medical Group

Kiril Ivanov and Andrey Markov of UMG share their experience and thoughts on how to improve the quality of life of your employees

Andrey Markov (AM) is Chief Executive Officer of UMG. He has over 25 years of experience in the healthcare management. He has a Master’s degree in economics from the University of National and World Economy as well as a diploma in Healthcare Management from Michigan State University. He had been an Executive Director of St Ekaterina Hospital (1992-2007) and the National Cardiology Center (1986-1992).

Kiril Ivanov (KI) has been Commercial Director at United Medical Group /BHIF since the beginning of 2008. He has nearly 10 years of experience in sales at senior management positions in MTel and Vivatel. He has a Master's degree in economics from the University of National and World Economy as well as certificates in Strategic account management from CME in Belgium and Neuro Linguistic Programming from the Allinn Business School in London.

- Could you please briefly present United Medical Group (UMG)?

AM: UMG is a company that works towards the improvement of the health status and the quality of life of each person and organization. We own 8 medical centres in Bulgarian (in Sofia, Plovdiv, Varna, Pamporovo, etc.), voluntary health insurance fund (Bulgarski zdravnoosiguritelen fond) and an occupational healthcare services company. UMG was found to invest in the Bulgarian healthcare services sector and is majority owned by the South East Europe Equity Fund II (SEEF II). Investors in SEEF II include Overseas Private Investment Corporation, a US Government agency as well as leading European and North American financial institutions.

KI: UMG is the first purposeful investment in integrated healthcare provision for the corporate sector in Bulgaria. We analyse the needs of each prospective corporate client and on that basis we work out an individual offer. Our clients are very demanding. Schneider Electric, Beiersdorf Bulgaria, Automotor Corporation, Oracle, Coca Cola Bulgaria, Lirex, Lloyds Register and BASF are just a few of those brands that placed their trust in us. Everyone who has visited our headquarters feels special.

- In addition to healthcare services, you provide occupational services too?

KI: Exactly. We have acquired 2 occupational medicine companies with over 6 years of experience in the field, and consolidated them into one company with a nation-wide coverage. We carry out all types of the required screenings, risk analyses, evaluation and reporting on the health status of the employees. Employers are obliged by the Law to provide safe and healthy occupational environment and they should not underestimate the fact that critical situations might arise. The close cooperation between the medical centres within UMG lets us carry out check-ups in no time and up to the required standards. In fact, every employer has a single point of contact at UMG for the three types of services we provide and that saves up time, efforts and money.

- What are the benefits to the employers from voluntary healthcare insurance?

KI: Let me first of all congratulate all the employers on their choosing UMG as a partner and provider of quality healthcare insurance. They have selected us not only because of the optimal cost-value ratio but also because of our best-in-class medical coverage, the amount of financial liability, personal attitude, experience and traditions (Bulgarski zdravnoosiguritelen fond, has been providing healthcare insurance since 1997; the occupational medicine has been our specialty since 6 years ago).
A number of our clients say that our voluntary health insurance packages have helped them keep their best employees and increase their retention rate. Voluntary health insurance has also reduced the rate of absence due to illness. The state has realized that the present day healthcare system is imperfect and that employers should be encouraged by tax incentives – up to BGN 60 per month per employee is tax free.

- What about the benefits to employees?

KI: We are all aware of the fact that the National Health Insurance Fund, financed by obligatory healthcare contributions lacks resources and high-end medical equipment. That affects the possibilities for medical treatment of complicated cases. If employees, however, hold a voluntary insurance healthcare card with us, they feel protected and safe about their health. They could choose among all medical resources available in the country – all individual healthcare practices and medical labs with state-of-the art equipment. They also have a phone access to a doctor and a representative of UMG 24 hours a day, 7 days a week, 365 days a year.

- Why chose you?

KI: Because of the following main reasons.
- We provide an integrated solution for healthcare services to employers
- Each decision maker has a personal account manager - Corporate healthcare insurance expert
- We have nation-wide coverage – employers and employees alike could choose hospitals and doctors from across the country – and that makes us ideal for organisations with well-developed branch networks
- We work with over 600 of the best medical centres in different parts of the country
- Our product could be tried out by signing of an up to 3-month agreement – we are the only one with such short-term contract options.

- What is the formula of success in your opinion?

KI: Sell by consulting your client what is best for him. Meet the highest possible standards, the highest possible requirements. Be close to where business is – both literally and metaphorically. One of our medical centres, for instance, is right at the heart of business – in Business Park Sofia.

- Your 30-second elevator speech?

KI: If you want to find out a new way of retaining your best talent while increasing efficiency at work and reducing your company corporate tax, call our green line 0700 18 008. And we would gladly show you how to do it.

AM: Kind words and professionalism are most needed when one is ill. We talk about “quality of life” because we offer services that make the life of both the healthy and the unhealthy people more relaxed, safer, joyful and happier. A different quality of life, in a word.
In 2008 as well, for the sixth year in a row, the government is executing a state budget with underestimated revenue and expenditure part. A number of analysts and quite ordinary Bulgarian citizens ask themselves: What is the purpose of this tradition? Are the underestimated revenues in the budget, whose overfulfillment at the end of every year reports values twice higher than the planned ones, mean a better working economy or is this the next policy of the Government?

When Numbers Speak ....

By July 31, the fiscal reserve exceeded over 10.7 billion leva. The revenues in the consolidated fiscal programme at end-July stood at 16.44 billion leva or 60.5 per cent of the annual plan. Compared to the same period of the last year, the revenues increased by about 25 per cent. This is shown by the financial data for the execution of the state budget by July 31, published on the site of the Ministry of Finance. The expenditures amount to 12.2 billion leva, which represents 48 per cent of the annual plan. The positive balance or the budget surplus stands at 4.2 billion leva.

It was formed from 512 million leva European funds and 3.7 billion leva budget proceeds. According to the Ministry of Finance, the good tax collections, the received one-off non-tax revenues as well as the significant volumes of advance payments received

Budget 2009: Pre-Election Spending Without Purpose

Next year the Government will both spend „to show off“, and save on behalf of the financial stability

By Mina Georgieva
during the current year from the European funds, whose actual implementation will be carried out in compliance with the implementation of the programmes helped to form this positive balance.

On the other hand, the main part of the investment costs is traditionally made in the second half of the year, which is related mainly to seasonal factors and with the specifics of the statutory regulation of the investment process.

We cannot ignore also the other reason for the surplus - the planned but not paid so far costs under Euro projects. For the first time this year, it is accumulated from non-settled payments. The state has the commitment to co-fund the approved projects under the European funds. The budget participates with 10 to 20 per cent in most in the projects, however there are many cases where this commitment stands at the half of the value. After the European Commission has frozen a significant part of these funds, the Bulgarian Government also "saved" the resource for its participation.

The current values of the budget surplus are standing at 4.2 billion leva currently and if this tendency is preserved until the end of 2008, the surplus will reach between 5.5 and 6 billion leva. This amounts to almost one third of the total revenues in the state budget – 18.3 billion leva, which shows not good planning of revenues and expenditures in the country. The generation of the big surplus is a positive factor and its reasonable distribution by the Government will determine to a great extent the investment climate in the country for the next year. All budget authorities and institutions are in embittered fight to receive the biggest possible part of the surplus.

Requests for the Distribution Come from Many Parties

Starting with the doctors and their ultimatum for 100 million leva, passing through the need of at least 1 billion leva for infrastructure and at least 90 million leva for updating pensions, and arriving at the European commitments of Bulgaria to the amount of 500 million leva. A question arises - which of these demands is most reasonably the Government to satisfy?

Fierce discussions take place in society and media about how to spend the money. The biggest part of the resource, which will be accumulated from the budget surplus, should be invested in the infrastructure projects, which generate economic growth, if the Government aims at long-term economic prosperity, indeed. We should remind here that the Government owes the society because it had returned several times the contract for the construction of Trakia Highway, resigned it and finally spoiled it. According to latest data it will cost 250 million leva or negligible small part of the surplus. If no concessionaire is found, the Government should invest alone in this project.

Bulgaria is the only EU member-state, which has no motorways connecting its capital with the sea resorts. Well, the main part of the money could be spent on covering some current costs and for the Pension Fund. However, this will be a bad sign for populist intentions and short-term strategy.

Against this background, the Government has started the budget procedure for the next year, 2009, in February. The "self-restrictions", which the team of Financier No. 1 Plamen Oresharski has included in the new financial plan for the next year, are at least a few. First, the next undermining of the financial plan of the state by means of a budget excess. As it is known, the excess of the revenues over expenditures, i.e. the seizure of more money from the tax-payers is not...
Grey Economy in Bulgaria Growth at 34%

The growth of the grey economy in Bulgaria stands at about 34 per cent, a study of the Bulgarian Industrial Association showed. Annually, this percentage increased and had already acquired the character of epidemics. According to these data, the economic growth of this country is about 8 percent rather than 6.5 per cent as the official statistics showed.

The main sources of the grey economy in Bulgaria include non-issuance of payment documents or invoices and reducing prices in sales of shares and assets, mainly in the field of real estate. According to BIA experts, construction, tourism and the services are the sectors taking the biggest share in grey economy. A new moment is the so called “white hollow safe”.

In this case, the employer pays wages and security in compliance with the employment contract, however he also pays additional money, which are officially in the cash desk of the enterprise.

Rulers about the Budget

According to Financial Minister Plamen Oresharski, education, health care and the social services are the priorities of Budget 2009. Financier No. 1 declared publicly that some 7 per cent of the GDP will be earmarked for the public investment programme for 2009. He said that a step is envisaged for a bigger decentralization, and that unified expenditure standards will be developed for the support of the municipal administration. According to Oresharski, this is a way to balance the differences in payment of the officers of different municipalities across the country.

Education, health care and the social services are the priorities for the budget of the next year in regards to the poorest strata of the population. The co-funding of the projects under the European funds is also an accent of the budget.

The macro frame of Budget 2009 will plan about a 6.5 per cent annually, as much as was forecast for this year as well. The gross domestic product will be about 69 billion leva.

The growth of the gross domestic product for 2009, which will be planned in the budget for the next system, will stand at about 6 per cent, which is high economic growth against the background of the slowdown of the European Union as a whole, the Finance Minister also said.

Business for Fisk

As a whole, the representatives of the Bulgarian business are supporting the macro frame of Budget 2009, Bulgarian Industrial Association (BIA) Chairman Bozhidar Danev said. The employers approve the unified VAT rate rather than the differentiated one as some sectors offered recently, as in the case of a differentiated rate there is a danger of increasing the share of the grey economy.

The business offers also the methodology of calculating the tax on waste, i.e. it should be according to the disposed off waste rather than on the areas of buildings.

Another major proposal of the business is to increase drastically the tax assessments of real estates, as this will bring in the open the turnover in the real estate sector, and, on the other hand, to decrease the tax rates on the property, so that this tax to remain the same as a whole.

The lack of qualified work force for some sectors, and of workers for sectors such as the construction is outlined by business as a problem. In this respect, there is a proposal to simplify the procedure for import of construction workers from countries outside purely Bulgarian managerial folly. To plan a surplus in the budget is an imperative requirement of the European Commission, as thus the state lines its financial stability with concrete.

Another key specific of budget 2009 is the factor of “elections”. That means that the Government has to both spend „to show off”, and save on behalf of the financial stability of the state's treasury. This specific maneuvering with the money of tax-payers is normal and traditional. However, before elections, fussing around the accrued resources in the budget fund is getting more and more neurotic.

Fiscal Policy 2009

Taxes on income and on profit are currently minimal and will not drop further next year, while the value-added tax (VAT) will remain 20 per cent. Currently the income tax is 10 per cent, and the rulers have implemented the flat tax as of January 1, this year. As of 2009 the contribution paid by the employer for a pension of the employee will decrease by 2 per cent. This will happen when the state will take over 12 per cent of the contributions.

Thus the distribution of the money for health and pension between employee, employer and state will be 8:10:12 per cent. Currently, the money is paid by the employer and the employee in a 65:35 ratio. It is also expected the ratio, which will be added to the pension for every year of experience, to be increased from 1 per cent to 1.1 per cent. The new rate will come into force as of January 1 next year. Most probably, a decision will also be made pensions to be increased by 33 leva on the average as of October 1.

However, Simeon II National Movement (SNM), which is one of the three parties of the ruling coalition said, that it will propose that the tax on profit be reduced from 10 to 8 per cent. According to Minister Nikolay Vassilev, Budget 2009 should not be made in a pre-election way. It should include a moderate raise of wages and the budget surplus should be higher than the one of this year, which stands at 3.5 per cent.
IT’S NOW OR NEVER!

Now AVENSIS drives closer to you by up to 5 500 BGN

Here is a great offer for you - buy your new Toyota at an exclusive price.
We give you a 100% chance to win - now it’s your move!

The price advantage depends on the specific model, equipment, and offer.
You can get more information and specific offers at your closest Toyota dealer.
This offer is only valid until stocks last.

Combined fuel consumption – 5.5 - 9.4 l/100 km, Combined CO₂ emissions – 146 - 224 g/km


www.toyota.bg
the European Union.

According to the forecasts of the Finance Ministry, at end-2008 the actual surplus, which could be spent above the set apart 3 per cent, will stand at about 1.2 billion leva and the business offers that it is spent on construction of infrastructure.

The employers pointed out that they are against any social payments both from the budget and from the surplus for supporting people of working age, who are mainly low qualified or without education.

Socially from …. BSP (the Bulgarian Socialist Party)

Social Minister Emilia Maslarova presented a package of striking measures to support “voters” from all age groups as of the next year. She confirmed that 50 per cent of the budget surplus will be for the social sphere, which also includes both education and health care, and the funds will be spent in a completely transparent way.

Despite this, the coalition still has no consensus regarding the distribution of the accrued surplus. In the beginning of the year already, analysts forecast that the Government will dip into its pockets before the elections for pensions and for the sensitive and always underfinanced sectors of health care and education.

Besides the widely proclaimed aids for retired persons, an increase of the maternity leave from 315 to 410 days is discussed. This means that maternity leave in Bulgaria will be twice longer than in the other EU member states. Next year the child allowance will be 35 leva instead of the current 25 leva per month. Besides that, a bill on crediting young families was being developed as well.

The ministry plans for the next year a guaranteed minimal income of 65 leva, which will mean that the poor in Bulgaria will dispose of more than 2 leva per day, instead of the 1.76 leva, which is the fixed by the World Bank poverty line per day, Maslarova said.

It is still being discussed whether the minimal wage should remain within the size of the planned 240 leva under the draft 2009 Budget or should be increased.

An add-on of 100 leva will be received by people with lowest incomes, who receive energy aids and will not benefit from the recalculation of the pensions in the autumn.

“We will try to do our best for the indexation of the pensions in the next year, however it is not clear yet whether they will be increased once or twice in 2009”, Maslarova commented.

The 2009 unemployment rate is expected to be 5.5 per cent, Social Minister Emilia Maslarova told journalists. This year unemployment stood at 5.97 per cent, and in 2005 it was 11.11 per cent. The ministry is also considering a ten-fold increase of fines for unscrupulous employers as of the next year.

Work on several labour exchanges has been started as well, aiming at helping bring back Bulgarians, who work abroad. For example, studies were made among employers in Bulgaria and Bulgarians working in Spain on how they will come back and work here. The summarized result from the polls is not ready yet, however the Social Ministry expects the labour exchange to be launched at the end of October or the beginning of November.

A similar project is being considered for the Bulgarians working in Greece. The team of the Social Ministry, together with some other authorities, is also developing a project on the issuance of the so called “Green Card” for citizens from Bulgarian origin of countries, which are not EU member states. By means of this “Green Card” they will be able to work in Bulgaria. Such negotiations are currently being carried out with Macedonia, Ukraine, Moldova and Armenia, the Social Ministry also said.

„Silver Pensions” … in Future

Pensions in Bulgaria will not become higher soon and would hardly be sufficient for the retired persons to have a normal standard of living. The permanent disputes about deficiencies in the system, insufficient money and requests for a part of the budget surplus could, however, be avoided with the establishment with the so called Silver Fund. There are similar schemes in other countries as well and their goal is to alleviate pressure on the social insurance systems rather than increase pensions.

The establishment of the so-called Silver Fund has been considered since years in Bulgaria, however two draft bills on its establishment were only submitted to Parliament in July this year. The first draft has been prepared by the Ministry of Labour and Social Policy and the Ministry of Finance, and the other has been submitted by the Bulgarian New Democracy. Most probably, the draft of the ruling coalition (Bill on the State Fund Guaranteeing Sustainability of State Pension System), which was prepared under the model of the pension fund of Norway.

Under the project, the payment of pensions from the Bulgarian Fund should start ten years after the adoption of the bill at earliest. During this time, half of the proceeds for privatization, 25 per cent of the budget surplus, proceeds from concessions and from other sources will be accrued in it. It is planned its investments to be controlled by a management board, which will comprise the ministers of finance and labour and social policy, officials from both ministries, representatives of employers, of trade unions and the head of the National Social Security Institute. The process of investment itself will be made through external consultants, who will conclude contracts with the Fund for management of an investment portfolio. The contract will point out the investment horizon, the classes and kinds of assets for investment and the maximum size of the admissible loss.

Its funds will be invested mainly in shares, which should bring good return, exceeding inflation. However, crisis such as the current one, would affect seriously the achieved yield from investment.
Bulgaria’s Premiere International Business Park

- 300 meters from the new Sofia International Airport
- 23,000 square meters of prime flexible logistics space designed to meet all tenant requirements
- 100,000 square meters of Class A Offices
- Contemporary building design in a landscaped business park
- On-site property management services at an international standard
- Phase I completions throughout 2008

02 805 90 90
www.sofiaairportcenter.com
www.tishmaninternational.com
The two major private televisions in Bulgaria waited impatiently for the evening of Sep. 22, 2008. Apparently, not because of the Bulgarian Independence Day’s 100th anniversary and the ceremonial fireworks display in Veliko Turnovo, which were performed in the presence of the president, prime minister and parliament’s chairman. That event was broadcast only by the national television. At the same time bTV and Nova Television re-started their own high ratings reality programs – Dancing Stars and Big Brother.

What was the audience’s choice? It is not difficult to guess. The fireworks display is an old ritual, which most Bulgarians are fed up with, and politics has not been the hot passion of Bulgarians for a long time. Who remembers the 1990s, when politicians were more popular than pop stars in Bulgaria? Now celebrities are singing, dancing, they enter every home, participate in reality shows, while politicians are struggling to catch the people’s attention by hook or by crook including singing of songs,
dancing and being involved in shows.

So far, so good. In the West, politics has been in the periphery of people’s focus for a long time and we could even say that it is a victim of its own success. The political elite in Sofia is not in this position yet. Here are the facts: In July Bulgaria received the most critical report yet from the European Commission in the history of the European Union. Instead of undertaking urgent measures and improving things, the government tries to counter-attack the critics. Instead of making concrete the accusations and point out the reasons, the opposition tried to oust the government through a no-confidence vote and a Day of Protest. August came and everybody went on vacation to the sea.

The warnings of the pundits were in vain: „September comes after August. Think about September.” However, it was too early for both those in power and for the opposition to think. Especially, when they were lying on the beach with the exception of a few Ataka radicals, who were standing in front of the Council of Ministers building with a megaphone in hand and three tents behind them. September came and the government suddenly forgot about the European report and focused on the allocation of the budget surplus. In turn, the opposition forgot about the Day of Protest, promised meetings, demonstrations and civil disobedience. Instead of this it “fired” the government… with a petition. In the long run, the calendar reminds that the regular parliamentary elections are to take place in the summer of 2009 and now only a miracle or the disconnection of the central heating could oust Sergei Stanishev’s government.

And the young prime minister of Bulgaria, anticipating already that he will fulfill his mandate to the last day, remembered his first specialty – history. He said that Sep. 22, the Independence Day, is his personal cause. He received a group of students to explain the state system to them. He published an address with a historical evaluation of the “Bulgarian national concept.” He stated that „Independence is a state of mind.” In the evening, he showed at the fire-works display in Veliko Turnovo. At the same time, his girlfriend made her debut as a participant in one of the dancing couples in the Dancing Stars show.

The opposition was also keeping itself fit, if not with dances, but at least with fights. Verbal aggression and its impatience to come into power has successfully replaced the issue about its competence. The current political discourse in Bulgaria is going on as follows: Media: We have a problem! Opposition: Let’s topple the government! Government: And then? How are you going to rule, you are good for nothing?“

Is this of interest for you to listen to? Four times a day, during the three morning shows (unique Bulgarian contribution to the political TV journalism), seven days a week? At least Big Brother, Dancing Stars and Survivor promise some sex.

Very few are those who made the effort to analyse the serious problems mentioned in the EC report. It is clear that Bulgaria…

Has an inefficient administration - Poorly paid, badly managed, consistently criticized and therefore strongly corrupt. If you say that this is a common trait of every new democracy, I would argue that there is no country like Bulgaria in the region – where career in the state sector brings so little money and prestige.

Lacks people - In the years of transition almost a million among the best and youngest left the country. The population now barely reaches 8 million on a territory the size of South Korea’s (48 million). My second point may well explain the first.

Projects bad coalition culture – Not only by not respecting the coalition partners, but also in promoting cadres for the state apparatus, where people develop according to party allegiance rather than to their own merits. Political habits tolerate cronynism and nepotism; corruption scandals are permanent. “Bulgarians admit they are richer now. The biggest problem is not the misery, but the absence of rules”, said recently Ivan Krastev, a political scientist.

Displays also bad project culture - Bulgarians feel it extremely difficult to write projects and there are even some of them who think (encouraged obviously by some South European examples) that European money could be easily stolen. The frozen pre-ac- cession funds (such as PHARE, ISPA and SAPARD) are not the gravest problem. The big money is coming with the cohesion funds and if Bulgaria won’t be able to absorb them properly, EU membership will be of little use.

And the mother of all problems: Bulgarians are blessed with inexplicable pessimism in a combination with a lack of new vision for the country.

If you ask politicians they will say: „Ah, vision is available.” But if you ask them to formulate it, they will do it with at least 20 sentences. And a vision of 20 sentences simply does not exist.

But you did not get discouraged, you turned on your TV in the evening of Sep. 22, you sacrificed the dancing stars and the Big Brother participants (in this case they were Big Brother sisters) and you watched the fire works show on the National TV. You watched and waited for a hint: Where is the Bulgarian vision? What is the new Bulgarian dream?

At some point of the ceremony, the 10-meter long standard, prepared especially for this case, got entangled somewhere in the middle of the mast. Somebody was fussing around, but could not remedy the things; the person who had to take care of the flag had just been frozen with fear. What a blunder, you said and switched to the brothers (sisters). And you see what? One of the participants in the show, noisily advertised some seconds before that, fainted on the catwalk. Worried, the host cried to take out her tongue from her mouth. In the
long run she did not enter the house. Gaffe here, and gaffe there. What is happening?

Neither the show, nor politics, nor (just between us) independence is hundred per cent certain. As quite a lot of Bulgarians asked: "Why did we mark in such a ceremonial way the independence, which we won again 19 years ago and lost two years ago? Could we say that Bulgaria is really independent in the EU? And, strictly speaking, who is completely independent nowadays – from states, funds, banks, exchanges?" Yes, the prime minister is right by saying that "independence is state of mind." However, most Bulgarians believe today that they are independent only in that sense – that nothing depends on them.

You did not pay your central heating for years, and nobody could make you pay. Or the opposite, you paid and the central heating was cut at your home, because your neighbor had not paid the bill. In the country, which according to Transparency International is leading Europe in corruption,

bribery is the most discussed subject and the prison terms for graft are the shortest ones. This very country has shown an Asiatic growth of economy for 10 years so far, and for 10 years its citizens have been claiming that they are the poorest and the most unhappy people in the world. The elite of this country is ready to sing, to dance, to enter houses, to solve world puzzles, to ponder over the question who will win the U.S. elections, Obama or McCain, rather than answer the questions, which the time has put before Bulgaria.

Anyway, let us calm down and not make this text very sad. There are such places across the world even outside Bulgaria. See the Italians, for example. People enjoy the Italian economic miracle, il miracolo italiano.

Meanwhile governments are changed every year, and the political elite is called „a corrupt cast,” which needs „Clean Hands” operation all the time. Examples will accumulate as one heads south – both of corruption and political carelessness.

Let me dream, however: Imagine how I switch the TV to the one private channels and see how models dance with nuclear physicists. I press the button of the remote control for the second program – and watch an IT reality show, which invents a second-generation Bulgarian computer. Unbelievably, I move to Veliko Turnovo on Bulgarian Independence Day – and what? - I see an enthusiastic crowd greeting the political class of Bulgaria.

"Wait, this cannot happen even in Sweden," you will say… Let me dream. Have I not written that the fatherland has no national dream? With all my love, I am presenting mine as a gift for the Independence Day.
The Anglo - American School of Sofia

Bulgaria’s premier International school
Preschool through High school
International Baccalaureate (IB) Diploma Programme

Accredited by the Council of International Schools
New England Association of Schools and Colleges

+359 (2) 923 8810/11, 923 8812
www.aas.sofia.org
AmCham Public Affairs Committee had a meeting on Sep. 17 at the Radisson SAS Grand Hotel with Matthew Lamberti, intellectual property law enforcement coordinator - Eastern Europe at the U.S. Department of Justice.

Over 20 representatives of law and consultancy offices of AmCham Bulgaria, and professional associations participated in the discussion, which focused on the IPR enforcement in Bulgaria and the region, providing examples, challenges, trends in this area. Matthew Lamberti is a prosecutor, and has been working in Sofia for 10 months, covering the region of Eastern Europe. He is working closely with the Bulgaria’s Prosecutor’s office regarding copyrights products and trade marks protection. Mr. Lamberti elaborated on the issues with pirated CDs and DVDs, and the pirated downloading using torrents know how that is going on a large scale throughout Eastern Europe.

The companies actively participated in the follow up discussion. They agreed that the IP legislation in Bulgaria in general is good, but nevertheless has some gaps. The experts pointed out cybersquatting - registering, or using a domain name with bad faith intent to profit from the goodwill of a trademark belonging to someone else - to be a serious issue. The companies talked on the importance of awareness building campaign and proper training of prosecutors and judges.

Kenneth Lefkowitz, committee’s chair, encouraged member companies to share in writing their main concerns with AmCham’s office in order to develop a position paper of the chamber and initiate negotiations with the Bulgarian authorities on IPR issues.
Grand Hotel Sofia

Autumn Faery

Shades of Red Restaurant
Special autumn menu

Palette of game dishes with forest mushrooms, truffles and variations of autumn fruits and vegetables

Grand Hotel Sofia, 1, Gurko Str., 1000 Sofia, tel: +359 2 811 0 930
Six New Members of AmCham Join the Community

The Grand Hotel Sofia turned out to be the perfect venue for the September edition of the AmCham Bulgaria New members party. In a very pleasant atmosphere created during the function, six new members as of June and July were presented by their managers: Bulgarian VIP Travel by Mr. Vladi Alexiev, CEO; Cheque Dejeuner Bulgaria by Mr. Tchavdar Vaklev, General Director; Hild Asset Bulgaria by Mr. Vladimir Popov, Chief Operations Officer; Pedersen and Partners Bulgaria by Mr. Marco A. Bosman, Business Development Manager; RPI Consulting by Mr. Petar Tashev, CEO; Winslow Developments by Mr. Ivan Mekushin, Managing Director.

President Borislav Boyanov announced the party by giving the floor to the managers to introduce their companies.

Around 100 AmCham members and guests joined the gathering to share contacts with the businesses at spot.

Bulgarian VIP Travel was established in 1992 as the first company specializing in corporate travel in Bulgaria. The company has been an accredited IATA agent since 1994 and a shareholder in Radius® - the Global Travel Company since 2004, which is currently providing travel management services to more than 100 permanent corporate clients, Vladi Alexiev, CEO said. Corporate travel services include: hotel bookings and car rentals, traveler assistance, special services and packages, travel management information. The company offers tours packages that discover the natural, cultural and historical wealth of Bulgaria.

The international specialist on food vouchers with social destination Cheque Dejeuner Bulgaria was launched in Bulgaria in 2004, Tchavdar Vaklev, General Director said. He explained the benefits in joining the food vouchers system. There is 100% exemption of taxes and contributions for up to 40 BGN per employee per month. The company offers insurance of the parcels with vouchers. Cheque Dejeuner is the only ISO certified operator in Bulgaria and has the biggest chain of affiliates.

Both HILD Bulgaria Ltd. and HILD Asset Bulgaria JSC are managed by Mrs. Diliana Georgieva, Executive Director for Bulgaria. HILD Group of companies has started their activity more than two years ago in Hungary. Currently over 2000 Hungarian pensioners have contracts with HILD. It is also represented in Romania, Czech Republic and Poland. HILD in Bulgaria has started its business activity in 2007. HILD offer is dedicated to people aged 65 plus, owners of apartment/house,
Pedersen & Partners is an executive search firm advising on the recruitment of top and middle management in Central and Eastern Europe. Mr. Marco A. Bosman, Business Development Manager said. The company makes a search plan by defining business needs and search context – role and candidate profile description. The identification and assessment is made via direct search based on recommendations, database search, and internet and other candidate sources. The integration of internal candidates is made via telephone interviews, consultant interviews and progress reports. In the end the company ensures proper start, makes follow up consultation, and continuing obligation.

RPI Consulting was created to respond to the ever increasing need of foreign investment, corporate relocation, manufacturing, doing business and living in Bulgaria and Central and Eastern Europe, Petar Tashev, CEO explained. The company structure consists of business and investments departments, legal department, and European funding department. Among the services the firm offers are: investment solutions and evaluations of investment projects, funding resources plans and strategies development, market analysis.

Winslow Developments Ltd. is a real estate investment and development company, established 2001, Mr. Ivan Mekushin, Managing Director said. The company has offices in Sofia, Bansko and in London. The company’s strategic goal is to become one of the leaders in the development and implementation of real estate investment projects: in both the residential and the commercial real estate market in Bulgaria.
Thousands March To Raise Breast Cancer Awareness

Some 3,200 Bulgarians took part in Avon’s charity initiative From Love to Life, which was also supported by 15 of the most celebrated Bulgarian actors, singers and sports stars.

The event began with a charity concert and bazaar, and then for a third year took an already traditional 5-km route. On the way, thousands of pink balloons were let loose in the air as a symbol of the thousands of women who received help thanks to the campaign From Love to Life. Before reaching the final point of the route, each participant was given a present – a message, which was posted on the company’s website.

In front of the National Palace of Culture a concert took place. This year partners of the campaign were Coca Cola and Burger Sofia – they provided free drinks and sandwiches for everybody. The youngest friends of the campaign had a special corner where they colored pink ribbons.

“Thanks to Avon’s campaign From Love to Life and everybody’s efforts, the lifesaving preventive examinations become more and more accessible to women. Let our efforts help more families be happy together. When we are united, we can achieve a lot”, said Vladimir Borachev, general manager of Avon Bulgaria, Albania and Macedonian, said. He also pointed out that From Love to Life is a global long-term initiative of the cosmetic company.

As a token of appreciation of the active part people took in the campaign, Avon Bulgaria announced they will donate 3,200 additional preventive exams to women in need in Sofia.

Postbank To Award 108 Outstanding Students With 54,000 Leva In Prizes

Anthony Hassiotis, CEO of Postbank, bestowed awards to 44 student winners in High Start with Postbank program. The students received diplomas and checks worth 500 Leva each in the presence of Postbank’s top management, Kircho Atanasov, deputy minister of education, Vanya Kastrevea, head of the Inspectorate on Education in Sofia, directors, teachers and parents.

“As a CEO of Postbank and as a father, I am particularly proud that we were the first financial institution to invest funds and energy in secondary education in Bulgaria and I am happy that this program has evolved into a good tradition. This is not just something we do locally - supporting education is a main priority in the corporate social responsibility strategy of our parent Eurobank EFG Group,” said Hassiotis in his welcome speech.

Deputy Minister Atanasov expressed his gratitude to Postbank for the progressive initiative of the financial institution. “The High Start with Postbank programme has been well ahead of the recent trends in Bulgaria as well as in the EU. As you already know, the EU defined eight key competences of the European citizen, and the second of these skills is precisely the knowledge of foreign languages. Lately, public-private partnership in the sphere of education is quite frequently mentioned and it has already been happening in Postbank for four years now.”

The total prize fund of the 2008 High Start program is 54,000 Leva. This year the financial institution will reward 108 students from 17 Bulgarian cities. After the ceremony in Sofia, Postbank’s awarding ceremonies will be also held in Plovdiv, Varna and Montana.

Each year, the High Start with Postbank program is carried out under the auspices of the Ministry of Education and Science. Rankings of students are based on the scores on the centralized external foreign language examination for eight grade students from the specialized foreign language schools, organized by the Ministry of Education. So far, under this program Postbank has rewarded more than 500 students with a total amount of 221,000 Leva.
Right Rental
SPECIAL EVENTS SERVICES

Right time, right place, right now!

The Best Partner in Events Management
Searching for Leaders

Industry specialization and local expertise help professional headhunters identify the right talents, says Darina Peneva, managing partner of Stanton Chase Sofia

- What are the current trends on the market for senior-level positions in Bulgaria? Based on your experience, what specifics have you noticed over the last few years?

- I have been working on the Bulgarian recruitment and executive search market for many years now but it is the last two years that I can describe as the most challenging and dynamic in our industry. The main reasons are the stable growth of the Bulgarian economy and the fact that foreign players are interested in investing in Bulgaria. These circumstances determined the strong need for qualified and talented managers able to lead companies successfully in a constantly changing, unpredictable and very competitive environment. Bulgaria is an emerging market so companies are able to achieve double digit growth. This attracts foreign investors despite the fact that in terms of population the market is small. Having all this in mind, we can say that leadership skills and competences are highly appreciated and demanded at both top and middle management level.

- What are the main motives behind the demand for the services of companies like Stanton Chase International? What are the benefits and the added value for the clients?

- By definition companies need competent and professional help from a trusted partner who can identify their business leaders of today and tomorrow – leaders of proven managerial skills, able to lead the organization and to use all market opportunities. Our experience shows that clients also expect to receive additional information regarding industry trends, their image as an employer, the factors that motivate people from their industry to consider a career change, etc.

- What were the main reasons for your choice of a career in human resource consulting and especially in executive search services?

- Even in high school I found it interesting to observe and analyze people's behavior and the reasons to act in a certain way, but I never thought that one day these inclinations would become part of my profession. Our job is very demanding and delicate, but also very rewarding as it gives me the opportunity to communicate with high-caliber people from different industries and nationalities. I am glad to have the chance to learn from respected Bulgarian and foreign managers – both clients and candidates. I have been in this industry for more than 12 years now and I am still excited about my job.

- How do you decide whether a specific expert with senior management experience would fit a certain working environment?

- This is a crucial moment in the process of executive search. Stanton Chase's approach is very simple – it is based on several key milestones. We rely on the following principles: excellent understanding of our clients’ organizations in terms of business models, specific functions, organizational structure; solid methodology and tools for competence assessment; industry specialization of our consultants and researchers; and, last but not least, the passion of a determined, ambitious and dedicated team. We are fully able to evaluate not only individual's competences, but also the so called person-organization fit. Our approach requires being in constant contact with the decision-makers, as well as visiting the client's premises so as to get a better understanding of the working pace and the spirit, culture, values and management styles of the company.

- In your opinion, how will headhunting services develop in Bulgaria? How is executive search positioned here and what is the place it will occupy in the near future?

- Executive search is a relatively new service to our market and my experience shows that demand has been constantly increasing for the last few years. As members of a global executive search group of companies with high standards and advanced know-how we also face the challenging role to educate the market regarding what they should expect and require from a head-hunter. The fact that several big international executive search companies have already established their offices in Bulgaria is a signal both of market growth and the presence of favourable conditions for further development of the industry. My opinion is that in the next 3-4 years the demand for executive search will increase and that the market will be rewarding only for those executive search companies that bring high-quality, time-bound professional service to their clients.
In Search of Global Leaders

YOUR PREMIER EXECUTIVE SEARCH PARTNER.

"Our philosophy is to maximize client value through a consultative relationship, focusing, adapting and responding effectively to diverse business challenges in the region"

Stanton Chase International Bulgaria
Lozenetz District, 22, Zlaten Rog Street, 3rd floor, office 6
phone: +359 2 962 8659, +359 2 962 2931; fax: +359 2 962 8347
e-mail: sofia@stantonchase.com

NORTH AMERICA / LATIN AMERICA / EUROPE, MIDDLE EAST, AFRICA / ASIA PACIFIC
WWW.STANTONCHASE.COM
HelmsBriscoe is the world’s largest venue-finding agency with over 1000 offices in 40 countries. We provide a free-of-charge service to assist you to find hotels and venues for your meetings, conventions and events. Our clients get the immediate benefit of:

Purchasing Power – We book more than 3.3 million hotel room nights and over 16,000 programs per year. We are the top producer of group revenue worldwide for most of the major hotel chains.

Global Knowledge – Our internal hotel databases have access to critical “ insider” information on hotels, service standards, peculiarities - anything that may affect your program.

Time Saving - Explain your program needs to one person, based locally in Bulgaria, who, on your behalf, searches for the best options, fields questions and responses, gathers appropriate detail and presents information to you in a clear and concise format.

Contacts:
Mr. Howard Cohen, Director Central and Eastern Europe
Tel.: +359 887 602361
Dessislava Petrova, Sales Manager
E-mail: dpetrova@helmsbriscoe.com
Address: 22, Zhivko Nikolov Str.
1505 Sofia
Bulgaria

Pedersen & Partners

Pedersen & Partners was founded 1st January 2001 by a team of experienced executive search consultants and from the very beginning we have been fully concentrated only on executive search.

Today we are a truly international firm operating 33 wholly owned offices in 32 countries (Sofia office was established in 2005), which enables us to stay in close touch with the candidate pool and to provide real guidance on cultural issues across the markets where we operate.

Pedersen & Partners combines its country organisation with international practice groups, and our practice group professionals understand our clients’ needs, bring updated industry knowledge and a deep candidate network.

Our goal is to develop cross-regional partnerships with our clients exemplifies our values of Trust-Relationship-Professionalism. We have a well-established history and are trusted advisors to our clients.

Contact information:
Marco Bosman
Business Development Manager
1000 Sofia, Bulgaria
Tel.: +359 2 986 0550
Fax: +359 2 986 0551
Sofia@pedersenandpartners.com

Winslow Developments

Winslow Developments is a Bulgarian company with English participation. The company invests and manages real estate projects in Bulgaria from the year 2001 and has offices in Sofia, London and Bansko. The total amount of investments in the projects it takes part in at present and plans to further participate in, shall surpass 600 million Euros. Winslow Developments has established a joint venture with RREEF – the real estate investment fund of Deutsche Bank AG aiming to accomplish a couple of large-scale construction projects in Bulgaria.

The company designs and implements investment projects in real estate area, including the construction of residential complexes and administrative and office buildings. Winslow Developments invests in agricultural land and production of agricultural products too. The company owns more than 15 000 decares of agricultural land and is planning to increase its land fund by 30 000 decares till the end of the year 2008.

Contact information:
83 Gueshevo Str.,
Sofia 1330
Serdika Business Centre, Sofia 1330
Tel: +359 2 920 41 12; 920 41 13
Fax:+359 2 920 17 82
e-mail: info@winslow.bg
www.winslow.bg