

# Strategic Aspects in German-Bulgarian Business Relations in the Context of the Contemporary Economic, Pandemic and Geopolitical Challenges in Central and Eastern Europe

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**Abstract:** The article examines key economic dimensions of German-Bulgarian business relations in the context of contemporary economic, pandemic and geopolitical challenges in Central and Eastern Europe – macroeconomic parameters, assessment of the environment, state of companies, problems and risks, planned initiatives and the focus in the future investment intentions of Bulgarian companies in commercial and economic relations with Germany and of investors from Germany with business operations in Bulgaria. Based on the research, potential successful areas for the development of the German-Bulgarian trade and economic relations have been outlined and the strategic business opportunities of the companies in the conditions of a dynamic and highly risky environment have been formulated.

**Key words:** German-Bulgarian business relations, Central and Eastern Europe, strategic business opportunities

**JEL:** E3, O12, F18

## Introduction

The success of international business ventures and the ability to achieve sustainability depend to a significant extent on the timely reactions of countries and companies in response to changes in the environment and intensive transformational processes to overcome emerging problems and challenges. In 2020, the world faced a new, unusual, first-of-its-kind challenge that affected economies, populations and markets worldwide – Covid-19,

which led to the declaration of a pandemic situation and caused an unprecedented intervention by states to deal with the situation. Businesses were seriously affected, logistics chains were disrupted, the free movement of people and goods was restricted, and in certain periods – even blocked, the health status of a huge percentage of workers deteriorated. Geopolitical changes, in turn, created problems that further worsened the situation, putting countries and economies at risk of being unable

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to do business in systems, environments and conditions known for decades. There is currently a turbulent restructuring of relations and reallocation of capital, a total breakdown in supply chains and an inability to carry out business operations at the familiar pace and scale, inflation and the cost of resources are rising, labour productivity is showing fluctuating indications in countries and industries, etc. In such an environment, the preservation and subsequent development of business relations among countries, especially with traditionally good parameters of economic operations, and taking advantage of players from different countries, acquire a significant role in bringing and benefiting from good practices, new knowledge and technologies, accumulated experience, the constructed tools to keep the companies on the market in a strategic plan, the use of the opportunities for the transfer/movement of capital between individual countries, the generation of benefits for the host country and of reverse positive flows for the country of origin or the foreign partner, etc.

Bulgarian-German economic relations have a long history, with its ups and downs, limitations and opportunities. Regardless of the fact that personal, business and cultural contacts between business representatives from the two countries have existed for a long time, the beginning of the political and economic relations between Bulgaria and Germany is considered to be the period from the accession to the throne of Alexander Battenberg. Subsequently, after the election of Ferdinand I von Saxe-Coburg and Gotha as Bulgarian prince, these relations were confirmed and further developed. After the 1990s, a new beginning of Bulgarian-German economic relations was set, and after the admission of Bulgaria to the European Union in 2007, new opportunities were added to maintain and develop the business partnership between countries and companies, including facilitating the flow of information, administrative support

and logistical provision for the establishment of contacts, the launch of new ventures and the transfer of capital, especially from Germany to Bulgaria. German-Bulgarian Chamber of Industry and Commerce (GBITK), established in 2004, fulfils a multi-directional intermediary role in the process of communication, provision of consulting/informational support, etc. of the German companies that have invested in Bulgaria, as well as of the Bulgarian companies that are in logistical and commercial relations with the German investors in the country.

The purpose of the paper is to present key economic dimensions of German-Bulgarian business relations in the context of the contemporary economic, pandemic and geopolitical challenges in Central and Eastern Europe – to outline the main macroeconomic parameters of Bulgaria and Germany for doing/overflowing business, to make a synthesised assessment of the environment, as well as a self-assessment of the companies about their condition, to identify the important problems and risks and, on this basis, to outline the current/future initiatives and investment intentions of investors from Germany with business activities in Bulgaria. Based on the research, potentially successful areas for the development of German-Bulgarian trade and economic relations are outlined and an attempt is made to formulate the strategic business opportunities of the companies in the conditions of a dynamic and high-risk environment.

### **Literature review**

International relations are an attractive field for researchers. The authors focus on different aspects of them, defend different theses or launch specific projections based on case studies for individual countries or interstate relations. The influence of political and cultural factors has been studied as important dimensions stimulating or hindering the development of economic and trade relations between countries; the effects of the action of these factors on foreign investments, etc. For instance, Damioliabc and

Gregoria (2022) examine the degree of connectivity between political/diplomatic relations and cross-border mergers and acquisitions (M&A) activities in the European Union for the period 2001-2019, finding that private foreign investors concentrate mainly on high-tech firms, buying larger stakes in respective target companies. According to them, in most cases, political and cultural proximity enhances trade and foreign direct investment (FDI) flows (Damioliabc & Gregoria, 2022). Busse and Hefeker (2007) examined the effect of political risk and institutions on FDI flows to developing countries. According to them, the stability of government, law and order, democratic accountability positively influence the attraction and realisation of FDI. And vice versa – political risk reduces the inflow of mergers and acquisitions, as instability in the government of the host country is a prerequisite for potential risks of changes in the regulatory framework and business rules, and for lowering the expected return on FDI, etc. (Gassebner & all, 2020; Demir & Im, 2020; Nigh, 1985; Desbordes & Vicard, 2009; Desbordes, 2010, etc.). However, Demir and Im (2020) argued that good political connections and the functioning of multiple cultural institutions have a positive effect on bilateral trade and investment flows (Damioliabc & Gregoria, 2022).

Examining the effects of foreign investment and aid, their contribution to economic growth and their impact on inequality, Bornschier, Chase-Dunn and Robinson (November, 1978) concluded that FDI leads to a deepening of inequality within the host countries, has a short-term positive effect on the relative rate of their economic growth, and in the long term the stocks of them cumulate a reduction of this rate. According to them, regardless of the geographical area, level of development and wealth of a country, there is a negative effect, much stronger in richer than in poorer countries. Examining the effects of inward FDI on per capita income and the growth of US states since the mid-1970s, Nunnenkamp and

Bode (June 2011) found that both quantitative and qualitative characteristics of FDI affect income and growth per capita, with higher employment resulting from inward FDI favouring income growth in richer states, while similar findings cannot be made for poorer states from capital-intensive FDI. According to them, the industry does not influence the established facts, and it can be argued that there is a weak relationship with and a small contribution of FDI in the convergence of incomes (Nunnenkamp & Bode, June 2011). Kokko and Gustavsson (2004) examined FDI in Sweden as a regional policy tool aimed at offsetting centripetal forces resulting from the liberalisation of international trade and investment, finding that FDI did not lead to a reduction in interprovincial disparities in income and development. There are other views of researchers. According to Ghauri, Strange and Cooke (April 2021, p. 1), for the dominant part of host countries, inward FDI brings positives in terms of output, employment and technology transfer. Potential host countries compete in their desire to be selected as a suitable destination, potential investors in the process of this competition seek to offer the most attractive projects, presenting themselves in the best possible light and launching expected subsequent mutual benefits.

Other authors study horizontal FDI as a part of multinational enterprise (MNE) activity. Krugman (1983) and Markusen (1984) developed the first theoretical models of horizontally integrated MNEs, and subsequently these models were supplemented and extended by a number of authors (Horstmann & Markusen, 1987; Markusen & Venables, 1998; Helpman et al., 2004; Sinha, 2010; Collie, 2011; Cieslik & Ryan, 2012; Becker & Cieslik, 2020; etc.). The first models of vertically integrated multinational enterprises were proposed by Helpman (1984) and Helpman and Krugman (1985). According to them, FDI arose as a result of differences in the physical capital of workers between the country of origin and the host

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country. Later Zhang and Markusen (1999), and Markusen and Venables (2000) enriched these models.

Swain and Sadler (1994) explored state-market interactions in post-1989 Eastern Europe. They defined strategic directions in the context of the global market, highlighting inward investment in the automotive industry in Hungary and key investors. Becker and Cieslik (2020) studied the determinants of German direct investment in the countries of Central and Eastern Europe during the period 1996-2016. The results of their research show increasing activity of multinational enterprise (MNE) as the size of the country and the similarities between the countries increase. The difference in the share of the skilled labour force has no effect and no effect is reported. According to Becker and Cieslik, the distance between source and host countries has no effect, and trade costs for the foreign market are negligible. Rodríguez-Pose and Crescenzi (07 Oct 2010) examined the impact of innovation on regional economic performance in Europe. Based on a study of 25 EU countries, they concluded that the complex interaction between local and external research, on the one hand, with local and external socio-economic and institutional conditions, on the other, shapes the innovation capacity of each region, with proximity being essential for the transmission of economically productive knowledge, as diffusion is influenced by strong distance-reducing effects.

### **Methodology**

Depending on the set goals and the accumulated empirical knowledge, the researchers outline an empirical framework of their studies and choose the specific methodological approach, the set of tools, etc., that they will apply. Using a Markov chain approach, Nunnenkamp and Bode (June 2011) examined the effects of inward FDI on per capita income and growth. Bornschier, Chase-Dunn and Robinson (November, 1978) based their studies on dependency theories of national

development. Becker and Cieslik (2020) used the extended knowledge-capital model to identify the main reasons for foreign direct investment (FDI). Rodríguez-Pose, A. and Crescenzi, R. (07 Oct 2010) used multiple regression analysis for all regions of 25 European Union countries to establish the innovation capacity of individual regions.

When studying the development of the economy and trade, the choice of destination, etc., the authors examine the set of factors that have an impact, taking into account their specificity for the country of origin and the host country. Some researchers apply the gravity model of international trade, taking the economic size of the two countries as a positive factor and the geographical distance between the two countries – as a negative factor. This basic model is applied in various advanced variants that additionally include factors such as availability of resources, amount of costs, level of risk, level of the market, etc. The study of the factors can be systematized in different ways, distinguishing mostly the factors of political, economic, social aspects, etc. (Huang, 2007; Knill, Lee & Mauck, 2009; Bu-Qammaz, Dikmen & Birgonul, 2009; Yan & Li, 2015; Ly, Esperança, & Davcik, 2018; Kang, 2018). The specificity of institutional management, the established political contacts, the peculiarities of the connections, the implemented interactions, etc. are essential political factors affecting bilateral relations between countries. The gravity model of international trade is perceived as appropriate in the search for explanations for changes in the development of various foreign economic transactions (Fu, Yan & Hua, 2022, p. 2).

Chen and Li (2016) examined the influence of geographical, institutional, economic and cultural distance on location choice in international cooperation. Shi, Li and Chen (2016) analysed the influence of distance on MNE host selection decisions and create a national distance model. Blanc-Brude, Cookson, Piesse and Strange (2014) confirmed

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empirically that economic distance can explain the location of FDI better than geographic and administrative distance. To study international relations, Li (2002) used the method of "event data analysis" and introduced a "conflict and cooperation model". Ma, Wei and Zhang (2014) adopted the key factor accumulation method (including eight key factors), which improves the comparability between different types of events and the consistency of results.

Within the framework of the present study, the emphasis is placed on the combined use of the set of scientific research approaches: historical, descriptive, systemic, structural, target, functional, cluster, etc. approaches. Based on them, the methodological and thematic framework of the empirical study is constructed. The following research methods were used: analysis and synthesis of information, documentary analysis, content analysis, secondary data analysis, comparison, expert evaluations, etc. to identify the main dimensions of German-Bulgarian business relations in the context of contemporary economic, pandemic and geopolitical challenges in Central and Eastern Europe. The main macroeconomic parameters of Bulgaria and Germany, the leading factors of the environment for doing business in Bulgaria from the positions of German investors and their self-assessment of the current state of their business are presented; summarised on the basis of the data, some problems and risks, current initiatives and investment intentions with destination Bulgaria, the potential areas for strategic development of the German-Bulgarian trade and economic relations in the conditions of a dynamic and high-risk environment are outlined.

Official data from institutions, organisations and structures related to the provision of official information and aggregated data based on nationally authorised units are used (the Council of Ministers of the Republic of Bulgaria, BNB, NSI, Eurostat, the Association of Industrial Capital in Bulgaria, the Federal Ministry for Economic Affairs and Energy of Germany, the

Federal Statistical Office of Germany, the Federal Employment Agency), Trading Economics, COMTRADE database on international trade to the United Nations, results of studies of the German-Bulgarian Chamber of Industry and Commerce, etc.

## **Results and discussion**

Bulgaria is a member state of the EU with a population of 6 838 937 people (NSI, as of 31 December 2021), living on a territory of 110 994 km<sup>2</sup> (Council of Ministers, 2019). The population creates GDP in the amount of EUR 67 871 million (BNB, 2021), which on an annual basis shows a decrease of 4.2% (NSI, 2021). Government debt represents 25% of GDP (NSI, 2020) with 7.8% inflation (BNB, 2021) and a 21.5% share of the grey economy (Association of Industrial Capital in Bulgaria, 2021). The unemployment rate in the country is 4.5% (NSI, 2021), the average wage is 857 euros (NSI, 2021), and labour productivity is 51.4% of the EU average (Eurostat, 2021). According to data from the Federal Statistical Office of Germany (2021), the population of Germany is 84 079 811 people (as of 30 June 2022) and lives on a territory of 357 581 km<sup>2</sup>. The German economy creates 3 570.6 billion euros with a growth of 2.9% on an annual basis. Inflation in 2021 is 3.1%, with a 9.5% share of the grey economy. The reported unemployment rate is 5.7% (Federal Employment Agency, 2021), with a labour productivity level of 103.2% compared to the EU average (Eurostat, 2021) and an average salary of 3975 euros (Federal Employment Agency, 2021). In the conditions of free movement of people, goods and capital, especially within the EU, part of the existing relations and dependencies between Bulgaria and Germany are due to the transfer of capital and realisation of FDI in Bulgaria by German investors. According to data from the Federal Ministry for Economic Affairs and Energy of Germany, the trade exchange between Bulgaria and Germany for 2021 is EUR 9.8 billion, 19.43% more than the previous year (The



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German-Bulgarian Chamber of Commerce and Industry, 2022, p. 11).

Table 1 presents some main indicators shaping the economic macro-framework for

Bulgaria and Germany, and Table 2 – Bulgaria Exports to Germany and Bulgaria Imports from Germany by category and country.

**Table 1:** Bulgaria and Germany Indicators

Indicator	Last		Previous		Measure unit	Reference
	Bulgaria	Germany	Bulgaria	Germany		
Currency	1,97	1.01	1,95	1		Nov/22
Stock Market	591	13683	597	13666	points	Nov/22
GDP Growth Rate	0,8	0.3	0.84	0.1	percent	Jun/22
GDP Annual Growth Rate	3,96	1.2	4,23	1.7	percent	Jun/22
Unemployment Rate	4,2	5.5	4,3	5.5	percent	Sep/22
Inflation Rate	18,7	10.4	17.7	10	percent	Sep/22
Inflation Rate MoM	1,2	0.9	1,2	1.9	percent	Sep/22
Interest Rate	0	2	0	1.25	percent	Oct/22
Balance of Trade	-1849	8978	-673	300	BGN Million	Sep/22
Current Account	560	616	152	5404	EUR Million	Aug/22
Current Account to GDP	-0,4	7.4	-0,1	7.1	percent of GDP	Dec/21
Government Debt to GDP	22,2	69.3	20,7	68.7	percent of GDP	Sep/22
Government Budget	-4,1	-3.7	-4	-4.3	percent of GDP	Dec/21
Business Confidence	17,7	84.3	19	84.4	points	Oct/22
Consumer Confidence	-39	-41.9	-38,4	-42.8	points	Dec/22
Retail Sales MoM	0,3	0.9	1	-1.4	percent	Sep/22
Corporate Tax Rate	10	30	10	30	percent	Dec/22
Personal Income Tax Rate	10	45	10	45	percent	Dec/22

Source: Trading Economics, according to the United Nations COMTRADE database on international trade.

**Table 2:** Bulgaria Exports to Germany and Bulgaria Imports from Germany by category and country

By category				By country			
Exports		Imports		Exports		Imports	
Category	Value	Category	Value	Country	Value	Country	Value
Electrical, electronic equipment	\$1.09B	Machinery, nuclear reactors, boilers	\$970.72M	<u>Germany</u>	<b>\$6.29B</b>	<u>Germany</u>	<b>\$5.82B</b>
Ores slag and ash	\$837.09M	Electrical, electronic equipment	\$869.02M	<u>Romania</u>	\$4.26B	<u>Turkey</u>	\$3.66B
Machinery, nuclear reactors, boilers	\$634.30M	Vehicles other than railway, tramway	\$755.19M	<u>Italy</u>	\$3.18B	<u>Russia</u>	\$3.62B
Vehicles other than railway, tramway	\$594.54M	Pharmaceutical products	\$436.21M	<u>Greece</u>	\$2.79B	<u>Romania</u>	\$3.59B
Copper	\$489.78M	Plastics	\$399.95M	<u>Turkey</u>	\$2.59B	<u>Italy</u>	\$3.14B

Note: Last update on November of 2022.

Source: Trading Economics, according to the United Nations COMTRADE database on international trade.

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As of September 2022, Bulgaria's trade balance is negative – BGN 1848.70 million (BGN 9712.60 million imports and BGN 7863.90 million exports) (Trading Economics). Bulgaria Exports to Germany amounted to US\$6.29 billion during 2021 (United Nations COMTRADE database on international trade),

and Exports decreased to BGN 7863.90 million in September from BGN 7866.80 million in August of 2022 (Source: National Statistical Institute, Bulgaria). Bulgaria Imports from Germany was US\$5.82 billion during 2021 (Trading Economics).



Note: Last updated on November of 2022.

Source: Trading Economics, according to the United Nations COMTRADE database on international trade.

**Figure 1:** Bulgaria Exports to Germany Bulgaria Imports from Germany

For the period 1996 to 2022, the average amount of FDI in Bulgaria was EUR 174.78 million, with a peak value of EUR 1018.40 million in December 2007 and the lowest value of

EUR 414 million in September 2010 (*Bulgarian National Bank*). Additional data for Bulgaria FDI are shown on Table 3.

**Table 3:** Bulgaria Foreign Direct Investment

Related	Last	Previous	Unit	Reference
Current Account	560.00	151.60	EUR Million	Aug 2022
Current Account to GDP	-0.40	-0.10	percent of GDP	Dec 2021
External Debt	41497.20	42071.00	EUR Million	Aug 2022
Capital Flows	640.60	1452.70	EUR Million	Aug 2022
Remittances	98.60	116.30	EUR Million	Aug 2022
Foreign Direct Investment	138.60	158.50	EUR Million	Aug 2022

Source: Trading Economics, according to the United Nations COMTRADE database on international trade.

According to Bulgarian Investment Agency (BAI) (2021) during the period 2004-2021, 51 projects with German participation (class A, class B and Priority class investments) were certified (total value of BGN 4 436.45 million) and 12 336 new jobs were opened. During the period 2015-2020, the number of German companies in Bulgaria increased from 141 to

152 (Federal Bank of Germany), and the number of employed persons working in these companies increased by more than 25% for the period 2015-2022 (from 43,000 to 54,000 people) (Federal Bank of Germany). About 30% of the 100 largest investors in Bulgaria are German or with German participation (GBCIC, 2022, p. 7).

In the survey carried out during the period March 31 – April 22, 2022 by GBCIC, from 16 German foreign trade chambers in Central and Eastern Europe, 756 respondents take part, 38 of which are companies (26% of them large companies) members of GBCIC (GBCIC, p. 13). 59.46% of the respondents assess the current economic situation in Bulgaria as satisfactory, and 24% as good. At the same time, 47.37% of them define the current situation in the industry as good, and another 39.47% as satisfactory (GBCIC, 2022, p. 14). 34.21% are satisfied and 44.74% moderately satisfied with labour costs. 5% are also reported to be very satisfied. Among the percentages in the other countries of Central and Eastern Europe, the data for satisfied and very satisfied are among the highest. Among the 16 countries covered, in 9 of them a zero percentage of those who consider that the country has a specialised labour is reported, one of which is Bulgaria. On the other hand, the share of German investors satisfied with the specialised labour in Bulgaria is the highest – 24% (GBCIC, 2022, p. 15).

The assessment of the environment shows a 57.89% share of those very satisfied with the country's membership in the EU and only 8% satisfied with the fight against corruption in Bulgaria (in second-to-last place in terms of percentages), 36.84% are rather dissatisfied, and 39.47% very dissatisfied (GBCIC, 2022, p. 16). Only 11% are satisfied and very satisfied with legal certainty in the country. On the other hand, 55.27% are satisfied and very satisfied with the tax burden, and 34.21% are moderately satisfied (GBCIC, 2022, p. 17).

Among the biggest risks for a company's economic development in the next one year, respondents identify electricity prices (68.42%), the shortage of skilled labour (65.79%), labour costs (52.63%) and raw material prices (50.00%). The lowest percentage shares are reported for the factors: exchange rate (5.26%), financing (15.79%) and trade barriers (18.42%). As a result of the

geopolitical turmoil in the last year, 89.47% expect higher costs for energy, raw materials and preliminary works; 86.84% – predict disruptions in the supply chain and logistics, and 57.89% will feel the lack of raw materials and materials, and 36.84% expect loss of business partners, termination of business relations. However, there are also respondents for whom orders (18.42%) and the volume of production will increase (5.26%) (GBCIC, 2022, p. 19).

In March 2021, GBCIC held a meeting-discussion to exchange information on the possibilities of supporting the regional community in the context of COVID-19, with an emphasis on communication channels and experience sharing (GBCIC, 2022, p. 51). The Chamber organised two key events – on 26 May 2021 – Virtual delegation in Berlin in the field of health care on the topic: "Quality management in conditions of the COVID-crisis", and on 9 December 2021 – "On vaccines against the coronavirus" (GBCIC, 2022, p. 82). In 2022, the main emphasis is placed on the issue of introducing changes in the legislation and achieving compliance with the manifested problems of "Covid-19" and the legislation related to the relevant effects on employers and the way of work (GBCIC, 2022, p. 73). GBCIC introduced the "Office in the Office" service, with the aim of promoting cooperation and the exchange of important information between members in the conditions of a dynamic and risky economic and geopolitical environment. To facilitate direct contacts, chamber staff are provided with premises, infrastructure and support. There are 11 specialised committees in which the members of the Board of Directors of GBCIC actively participate. In these committees, current issues are discussed, business is given publicity, and the framework economic conditions are formed (GBCIC, 2022, p. 24). Intensive and close contacts are maintained with the German Embassy in Sofia, and the economic department of the German



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Embassy is regularly invited to the meetings of the Board of Directors of the Chamber. The promotion of Bulgaria on the German tourist market as a year-round tourist destination is purposefully encouraged (GBCIC, 2022, p. 25)

Regardless of poor evaluations or dissatisfaction with the parameters of some factors of the environment, 100% of the respondents answer that they would invest in Bulgaria again (GBCIC, 2022, p. 18), and 53% of the respondents would not change their investment costs, compared to their size for 2021, although 42% expect a deterioration in the development of the Bulgarian economy in 2022 (GBCIC, 2022, p. 9).

Empirical data show a complex and contradictory picture, against the background of which participants at different levels and from different subsystems of the economic system manage to find their niche, including with the help of the GBCIC, as an intermediary between the individual players in the field of German-Bulgarian business relations. The strong bilateral dependence of imports from exports to Germany poses certain risks, but the specifics of the sectoral affiliation of inward FDI and the focus of Bulgaria's export specialisation can balance and neutralise to a significant extent some of the problems and help to overcome some challenges. The established permanent business relations and the confidence gained by the German investors who have been operating long enough on the Bulgarian market will be in favour of such a development of the processes in a strategic plan. There are a huge number of examples of investments in various sectors of the economy, and intentions not to change the business location for doing business outside Germany can be seen as a certain guarantee to follow the established direction of business interactions. The steady growth trend of Bulgarian exports to Germany is additional proof of the good positioning of the Bulgarian business on the German market. Transfer processes and mutually beneficial opportunities for using

resources, on the one hand, and technologies and knowledge, on the other hand, can multiply the positives used so far.

### **Conclusion**

In the conditions of dynamic changes worldwide, which affect all aspects of the socio-political and socio-economic life of countries, maintaining and developing business relations between countries and individual companies is essential for reducing various risks, overcoming a number of challenges, taking advantage of the potential benefits, etc. Scientific knowledge is characterised by numerous research ideas and tools for their development, verification and subsequent upgrading. International business relations are outstanding example of a research area, of great interest from both theory and practice. Their multi-layered composition and broad component base allow for multiple interpretations and empirical projections. The authors often reach similar conclusions, but at the same time contradictory data are also reported, as a result of the very large differences between the countries, the parameters of the economic sectors that make up their economies, the accumulated experience and the capacity for adequate reactions to the environment.

Bilateral relations between individual countries find expression in specific interactions and suffer the impact of specific factors. Regardless of the generally accepted set of significant ones, they have a different impact on interest, initiative, practical actions and achieved results. An example of long established, maintained and continuing to develop are the business relations between Bulgaria and Germany. Their logic is mainly based on the attraction of foreign investors from Germany, whose presence and permanent positioning on the economic map of the country can bring a number of positives, with the right structuring of the opportunities

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by priority, the good targeting of the advantages that Bulgaria provides and the multiplication of the positive influences on an increasingly wide spectrum of political-economic and social life in the country. At the same time, the identified positives, in favour of the evaluations for Bulgaria as an attractive business destination, not only in economic terms, can provoke future intensive processes of strengthening and expanding relations between the two countries. The strategic dimensions of these relations acquire an increasingly significant character, given the new opportunities that the environment provokes. Dynamic processes, technological developments, resource constraints and changes in supply chains, in their complexity, represent an interesting field for further research. With the accumulation of sufficient empirical material in historical terms, the

trends in the field of international and especially – bilateral relations, and in particular – between Bulgaria and Germany, will be a fertile field for new research. From the foresight, managerial experience and will of the political factors, on the one hand, and managerial talent and the ability to take reasonable risk at the right time, on the other hand, it depends on how well the opportunities can be transformed into workable business solutions, with the potential to generate strategic advantages for both parties.

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