

Bulgaria opens to Swiss companies

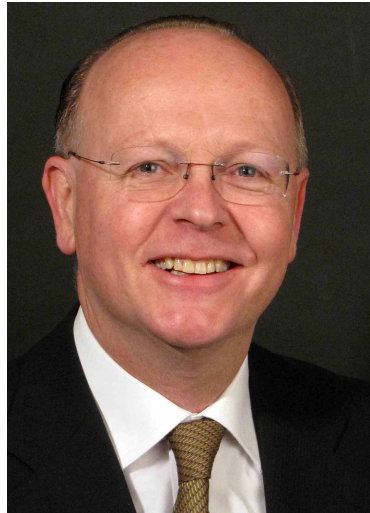
By **Mohammad Farrokh** (translated from French by ClusterBridge EOOD)

Bulgaria is slowly starting to attract Swiss companies, as well as wealth-management clients and expats. Explanations.

When he speaks of his previous life in Nyon, Alan Hutchison evokes pleasant memories: "I had good clients, a business that was working well. It was nice. However I preferred to leave for Sofia while there was still time to do it." This Scotsman arrived in Geneva in 1986 for studies at IMI (now IMD), before working several years for Andersen Consulting. He then built up eight years of concrete experience, including three in Asia, in international corporate management. In 2002, he founded his own company, under the name of ClusterBridge, which has made a name in business consulting, with a prestigious portfolio of over thirty client companies including multinationals and some of the big names along the coast of Lake Geneva. However, the Nyon based Scotsman left for Bulgaria in spring 2012; he does not regret having succumbed to the call from overseas.

His various business trips to Bulgaria over the last 5 years have allowed Alan Hutchison to deepen his experience and knowledge of the country, which he calls "the sleeping beauty of Europe". Certain of his corporate clients have also started to take an interest in this country where the corporate tax rate is a "flat tax" of 10%. The attraction of Bulgaria is not limited to this alone. One has to have admired the blue-silhouetted horizon of the Stara Planina to appreciate it. Bulgaria is a country of wide open spaces and vast horizons with no shortage of place for wind-turbines, notably along the wind-swept coast of the Black Sea, and solar panels, for example in Svilengrad near the Turkish border. It was in 2011, incidentally, during a visit to a "solar park" that Alan Hutchison arrived once again in Bulgaria, a trip that crystalized his decision to make Sofia the center of his business activities.

The move of this Swiss and British dual-national could well mark the beginning of a new trend, even if it is still a little early to qualify this as a phenomenon, with Swiss expatriates



Alan Hutchison left Nyon in Spring 2012 to relocate his company Clusterbridge to Sofia.

in Bulgaria numbering only around 200. Soon after the establishment in the Bulgarian capital of ClusterBridge EOOD, the equivalent of a "limited liability corporation" or LLC, the fiber optics company Reichle & De-Massari, of Wetzikon, opened a factory near Sofia, on October 2nd 2012, in the presence of the highest Bulgarian authorities who hope to make this initiative the foundation of a future high-tech park. Of course, Swiss multinationals are present in the country, as explained by Boni Bonev, President of the Bulgarian-Swiss Chamber of Commerce, and board member of the local subsidiary of Nestlé.

For his part, Alan Hutchison wants to concentrate in 2013 on Swiss SMEs with the potential to work with Bulgaria or even to establish a presence, notably to outsource certain operations in a country where salaries average around 350 euros and high-profile figures are remarkably accessible. In less than a year, Alan Hutchison already has an impressive network, thanks perhaps

to the animated social life that characterizes Sofia, a context that favors building relationships.

A phenomenon still emerging

Among his contacts, Nikolay Vassilev, is former vice-prime minister of the ex-king Simeon II's political movement. Before returning to Bulgaria in 2001, he made a career as an international banker, notably in the service of UBS Warburg in Tokyo, New York and London. "The two large Swiss banks are not interested in Eastern Europe", he regrets. However, wealth-management clients, including Swiss, are beginning to look towards a country that offers real advantages, even more if they were to relocate there. Since his return to civil life, Nikolay Vassilev has founded a company with the evocative name Expat Capital, which manages the fund Beta Real Estate Investment Trust.

Expat Capital is one of the three-dozen asset management businesses present in the country, a phenomenon that has been emerging for at least three years and whose future appears promising. "We have dozens of foreign clients, including some Swiss", describes the former vice-prime minister who explains that the assets under management of his fund today are barely above 30 million euros. This nonetheless makes Expat Capital the leader in the Bulgarian market for independent asset management. In parallel,

foreigners, including many Greek nationals are increasingly numerous in opening accounts in Bulgarian banks, of which there are around 30.

However, the Swiss establishment appears

to be shunning the country. This lack of Swiss interest is deplored by Peter Kouroumbashev, who as a member of the Bulgarian Parliament, under the banner of "Coalition for Bulgaria", was among the initiators of a parliamentary friendship group with Switzerland, which has since remained largely inactive. He attributes this lethargy notably to the lack of presence of the Swiss embassy, which has done little to respond to the Bulgarian parliament's gestures of good will.

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