



TOPICAL RESEARCH AND HIGHLIGHTS

EXPOSURE OF BULGARIAN EXPORTS TO THE UNITED STATES

(PUBLISHED AS PART OF 'MACROECONOMIC FORECAST',
MARCH 2025)

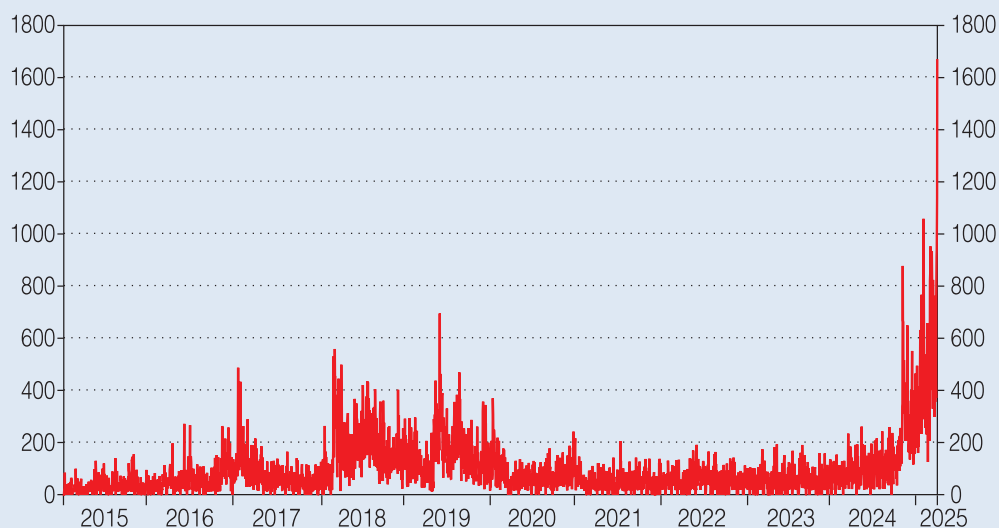


BULGARIAN NATIONAL BANK

Exposure of Bulgarian Exports to the United States

The sharp escalation of the global trade war following the broad-based tariffs announced by the United States on 2 April 2025 creates significant uncertainties regarding global trade and, consequently, economic and price developments in global terms, in Europe and in Bulgaria.

Chart 1: Trade Policy Uncertainty Index (TPU)



Note: The Trade Policy Uncertainty Index (TPU) measures how often the topic is mentioned in seven leading newspapers, with 1 per cent of all articles corresponding to 100. Daily data are used. The last observation is for 4 April 2025.

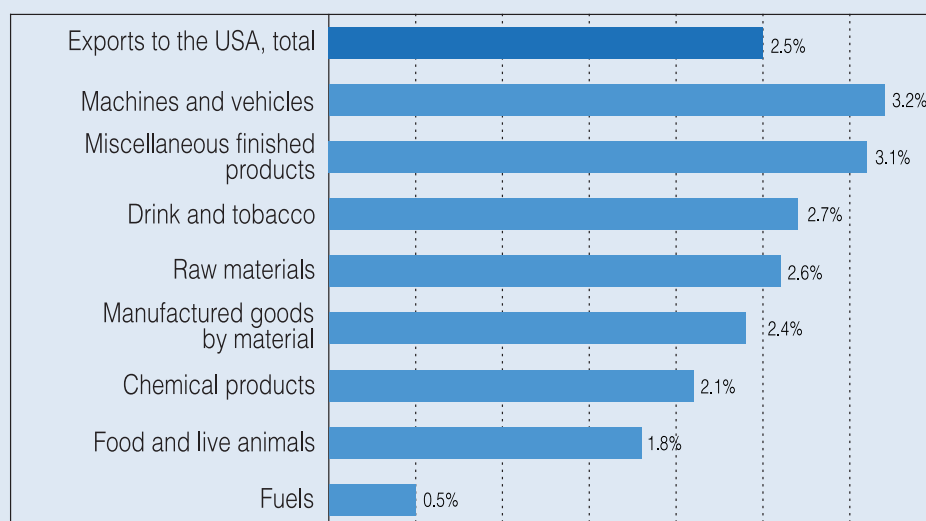
Source: Caldara, Dario, Matteo Iacoviello, Patrick Molligo, Andrea Prestipino, and Andrea Raffo, „The Economic Effects of Trade Policy Uncertainty“, manuscript presented at the 91st meeting of the Carnegie-Rochester-NYU Conference on Public Policy, April 2019.

As of 9 April 2025, customs tariffs imposed by the United States on goods from the EU include a 25 per cent tariff on imports of steel and aluminium products (effective as of 12 March 2025), 25 per cent tariff on imports of all vehicles and some vehicle parts (effective as of 3 April 2025) and 10 per cent tariff on imports of almost all other goods¹ (effective as of 9 April 2025). As of 3 May 2025, it has been planned to impose a customs tariff of 25 per cent on the EU imports of all other vehicle parts that have not been affected by the tariffs already entered into force.

The main impact channel of the trade war for Bulgaria's economic activity is expected to be through foreign trade flows. The US share in Bulgarian exports was relatively low, as according to gross foreign trade statistics, 2.5 per cent of Bulgarian exports of goods in nominal terms, or EUR 1.1 billion, were intended for the United States.

¹ On 2 April 2025, the US President announced the introduction of a 20 per cent baseline tariff on all goods imported from the EU as of 9 April 2025. On the date of entry into force, 9 April, the measure was paused for 90 days, with a baseline tariff of 10 per cent temporarily imposed on almost all goods imported from the EU for this period. Goods already subject to a higher customs tariff, as well as several other groups of goods, are excluded.

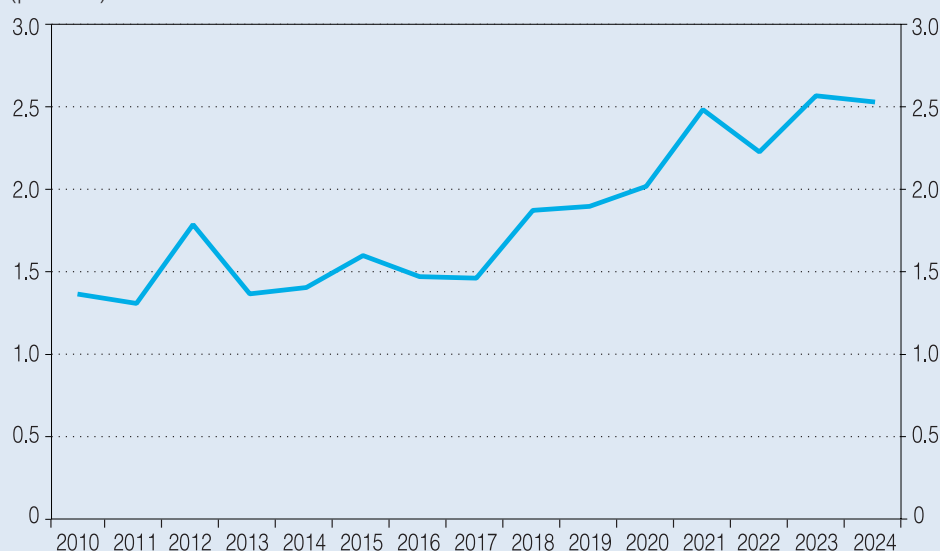
Chart 2: Share of Bulgaria's Total Nominal Exports of Goods to the United States in 2024 by Commodity Group



Source: BNB, own calculations.

Chart 3: Share of Bulgaria's Total Nominal Exports of Goods to the United States in Total Bulgarian Exports of Goods for the 2010–2024 Period

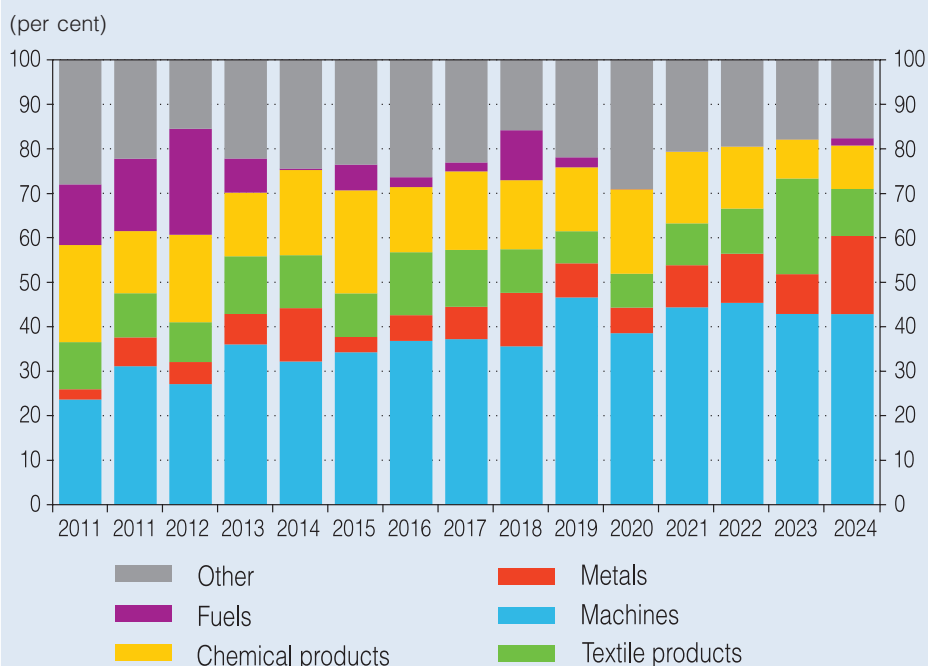
(per cent)



Source: BNB, own calculations.

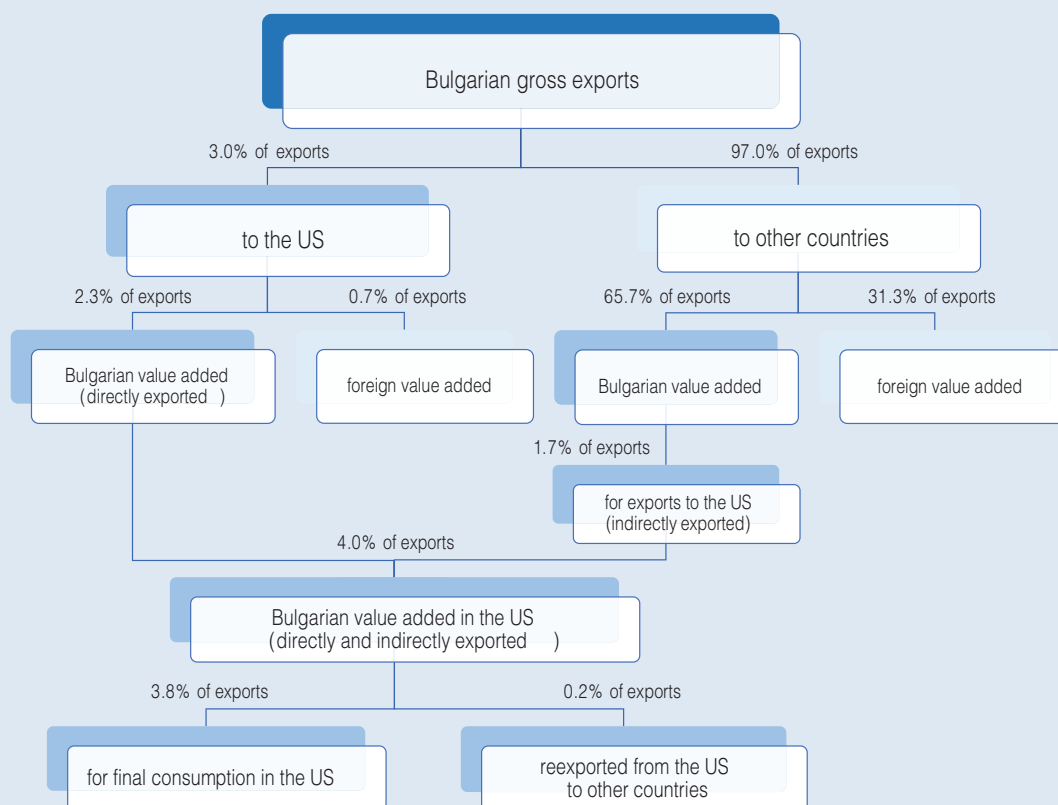
Gross foreign trade statistics do not fully reflect the exposure of the Bulgarian economy to US domestic demand. This is due to Bulgaria's high integration into global production chains, with a significant part of Bulgarian value added reaching the US market indirectly through exports to third countries. Therefore, the OECD TiVA database was used for a more precise assessment, with the latest available data as of 2020.

Chart 4: Structure of Bulgarian Exports of Goods to the United States in Nominal Terms (2010–2024)



Source: BNB, own calculations

Chart 5: Decomposition of Bulgaria's Gross Exports of Goods and Services in 2020

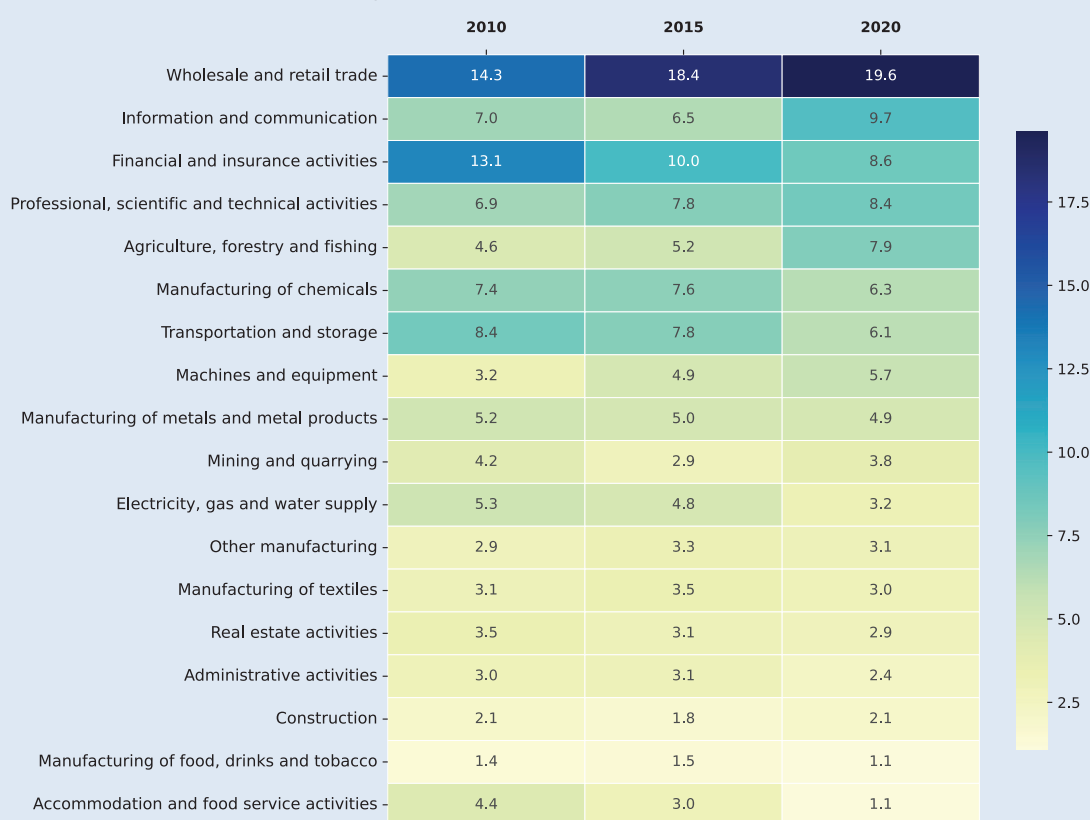


Source: OECD December 2023 TiVA database, BNB, own calculations.

The analysis shows that although 3.0 per cent of Bulgaria's gross exports of goods and services in 2020 were directed to the United States, a total of 4.0 per cent of gross exports of Bulgarian goods and services reached the US market in the form of Bulgarian value added. Of this share, 3.8 per cent were intended for final consumption in the United States and depended directly on US domestic demand, while the remaining 0.2 per cent were reexported to third countries. Assuming that the 3.8 per cent share corresponds to the direct exposure of Bulgarian exports to the US market, compared to Bulgaria's exports of goods in 2024 (EUR 43.1 billion), US import tariffs would affect Bulgarian goods intended for exports to the amount of about EUR 1.6 billion.

Further information on the sectoral distribution of Bulgarian value added intended for final consumption in the United States is provided in Chart 6. In 2020, Bulgarian wholesale and retail trade, followed by information, financial and professional services and agriculture occupied the largest share of Bulgarian value added consumed in the United States.

Chart 6: Sector Share in Total Bulgarian Value Added Used for Final Consumption by the US Economy



Source: BNB, own calculations.

The assessments show that the exposure of Bulgarian exports to the United States was relatively limited and, therefore, the direct effects on Bulgaria's economic activity through the trade channel are expected to be relatively weak. However, the deepening of the trade war creates serious uncertainty about global trade developments and external demand for European goods. This is a prerequisite for significant indirect negative effects on demand for Bulgarian goods by Bulgaria's major trading partners. Currently, these effects cannot be quantified due to the ongoing changes in foreign trade policies of the leading economies, that are likely to trigger significant changes in global trade flows and restructuring of supply chains. Although difficult to forecast, these effects have the potential to be substantial, posing a major risk of lower growth in Bulgarian exports over the entire forecast horizon compared to the baseline scenario.

THE SCULPTURAL COMPOSITION BY KIRIL SHIVAROV DEPICTING HERMES AND DEMETER ON THE SOUTHERN FAÇADE OF THE BULGARIAN NATIONAL BANK BUILDING IS USED IN COVER DESIGN.