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The introduction of the euro and inflation in Bulgaria

Nine months after the introduction of the euro in Bulgaria, inflation continues to follow an upward trend. The legal and institutional measures proposed by the government have so far failed to produce results. The sources of rising prices should be sought both in the unstable international situation and in the ineffective actions of Bulgarian institutions during the introduction of the euro. The result is growing public dissatisfaction, which is translating into declining support for the European Union.

In connection with the planned accession to the euro area, the Bulgarian authorities took steps intended to ensure that the introduction of the common currency would not become a source of unjustified price increases. In 2024, the Law on the Introduction of the Euro in the Republic of Bulgaria was adopted, followed by the National Euro Adoption Plan. A particularly important role was to be played by the Financial Supervision Commission, the National Revenue Agency (the equivalent of the tax authority), the Commission for Protection of Competition, and the Commission for Consumer Protection. These institutions signed a cooperation agreement aimed at ensuring the protection of consumers, producers, and traders, as well as guaranteeing a competitive market environment. Bulgaria joined the euro area on 1 January 2026.

Traders were required to convert product prices using the fixed exchange rate from the lev to the euro. The Commission for Consumer Protection was tasked with monitoring and controlling unjustified price increases and overseeing the correct conversion, rounding, and dual display of product prices. The Commission for Protection of Competition, in turn, was responsible for supervising the currency-change process and unfair practices related to currency conversion. To this end, from 8 August 2025 to 8 August 2026, traders were required to display prices in both levs and euros.

Inflation in Bulgaria. Despite joining the euro area, Bulgaria remains one of the EU countries with the highest inflation rates. Harmonised Index of Consumer Prices (HICP) data show that average annual inflation stood at 3.5% in 2025. In February 2026, the rate fell to 2.1%. Meanwhile, rising fuel prices resulting from the conflict in the Middle East drove inflation up to 6.3% in May 2026, before it slowed to 5.2% in June and 4.4% in July. According to data from the National Statistical Institute, over the year-long period from May 2025 to May 2026, inflation increased by 7% according to the Consumer Price Index and by 6.8% according to the Harmonised Index of Consumer Prices (HICP).[1]

Against the backdrop of persistent inflation, on 21 August, Dimitar Radev, Governor of the Bulgarian National Bank, positively assessed the euro adoption process to date and pointed out that not every price increase was caused by the introduction of the common currency.[2]

[1] В. Тошкова, Д. Попова, Инфлацията у нас продължава да се ускорява и през май, Инвестор.бг, 1.06.2026, https://www.investor.bg/a/515-ikonomika-i-makrodanni/431383-inflatsiyata-u-nas-prodalzhava-da-se-uskoryava-i-prez-may [3.09.2026].

[2] Шефът на БНБ Димитър Радев: Инфлацията започна години преди приемането на еврото, 24 часа, 21.08.2026, https://www.24chasa.bg/biznes/article/23428821 [3.09.2026].

The Radev Government's Fight Against Inflation. Inflation became a major topic of public debate already during the election campaign ahead of the parliamentary elections in April. The Progressive Bulgaria (Прогресивна България, PB) party of current Prime Minister Rumen Radev criticised both the reformist parties We Continue the Change (Продължаваме промяната, KZ) and Democratic Bulgaria (Демократична България, DB), as well as the Citizens for European Development of Bulgaria (Граждани за европейско бъдеще на България, GERB) party of former Prime Minister Boyko Borisov, suggesting that they were responsible for the introduction of the euro and for rising prices, and promising to bring inflation under control.

After winning the election, Rumen Radev's government proposed measures intended to mitigate the effects of inflation. These included, among other things, setting a maximum profit margin and introducing a so-called "fair price", which was to be developed jointly by representatives of state institutions, trade unions, and businesses.

In June, Parliament adopted amendments to the Consumer Protection Act, introducing the term "fair value", which is defined for 25 basic products. The calculation of the "fair value" will be based on two components: the local value of the product and the European price parity. The "fair value" will not be used to impose immediate sanctions on businesses; instead, it will serve as a reference point for the Commission for Consumer Protection in cases where the difference between the market price and the "fair value" is at least 10%. Under the Consumer Protection Act, from 9 August 2026 to 9 August 2027, an economically unjustified increase in prices has been prohibited, with compliance enforced by the Commission for Consumer Protection.

The same commission was also tasked with maintaining a website publishing the prices charged by the largest retail chains (with annual turnover exceeding EUR 25 million). Financial penalties for unjustified price increases were also raised and currently range from EUR 1,000 to EUR 10,000 for individuals and from EUR 10,000 to EUR 100,000 for companies. The Commission for Consumer Protection may also request information on how prices have evolved over time. Meanwhile, the Law on Protection of Competition introduced a ban on unfair commercial practices and the concepts of an "excessively high price" and "joint dominant position".

In June, the Ministry of Agriculture and Food and Bulgaria's largest retail chains also launched the "Basket with Care" initiative. Its aim is to ensure access to basic products and greater transparency throughout the supply chain, from producer to consumer. As part of the initiative, which is initially scheduled to run for six months, 14 retail chains selected at least 30 basic products from their assortments and reduced their prices by 15% compared with their selling prices. The idea has been described as a model of "shared responsibility" between the state and business. It is intended to provide consumers with genuine price reductions.[3]

Public perception of the introduction of the euro. According to an April Eurobarometer survey, 62% of respondents said that the process of introducing the euro in Bulgaria had been organised efficiently. Furthermore, 49% considered the introduction of the euro to be good for Bulgaria, while 43% held the opposite view. Meanwhile, 66% of respondents believed that the introduction of the euro would contribute to higher prices, while 21% believed that it was a step that would stabilise prices.[4]

Referring to the statement by the Governor of the Bulgarian National Bank, the process of introducing the common currency has proceeded smoothly from a technical perspective. However, price dynamics in Bulgaria are influenced both by external factors and by the attitudes of domestic businesses towards the possibility of changing prices. The holiday season revealed major disparities between prices on the Black Sea coast and those in the country's interior, while examples of upward rounding – often by as much as several dozen percent – or the conversion of lev prices into euros have become a source of public frustration. At the same time, there are voices arguing that as a result of the euro's introduction and ineffective price controls, Bulgarians' purchasing power has

[3] Стартира националната инициатива „Кошница с грижа" за по-достъпни основни хранителни стоки, Министерство на храните и земеделието, 8.06.2026, https://www.mzh.government.bg/bg/press-center/novini/startira-nacionalnata-iniciativa-koshnica-s-grizha/ [3.09.2026].

[4] Проучване: 62% от българите са на мнение, че преходът към еврото преминава гладко, btv Новините, 30.04.2026, https://btvnovinite.bg/bulgaria/prouchvane-62-ot-balgarite-sa-na-mnenie-che-prehodat-kam-evroto-preminava-gladko.html [3.09.2026].

fallen to levels seen five or six years ago. A critical attitude towards the introduction of the euro and persistent inflation is also reflected in the lowest level of support for EU membership, which, according to the June Eurobarometer, stood at just 57%, the lowest among all EU member states.[5]

Conclusions. The problem of inflation has become the main political issue following the adoption of the euro in Bulgaria. Temporary shocks associated with the introduction of the common currency have been compounded by unfavourable international conditions, particularly the US-Israeli attack on Iran, the direct consequence of which has been a rapid increase in commodity prices. However, the domestic factor is no less important. Despite the legal and institutional measures adopted, as well as more than 14,000 inspections and penalties amounting to over EUR 1.3 million, Bulgarian institutions have been unable to bring the process of uncontrolled price changes under control. The government's focus on larger retail chains has not been sufficient to curb inflation.

The government's measures have been criticised both by free-market circles – as interference in the market – and by trade unions – as insufficient. There have also been calls in the public debate for the current situation to be used as an opportunity for deeper reflection on supply chains, price-setting mechanisms, the role of intermediaries, and the problems affecting individual sectors.

So far, the introduction of the euro has had a negative impact on public support for the European Union, which, according to Eurobarometer data, stood at over 71% in spring 2024, compared with 57% in summer 2026. A narrative is also present among parts of society according to which the entire problem of inflation in Bulgaria is attributed solely to the adoption of the common currency.

During the first nine months following the introduction of the euro, negative effects have been visible in the form of rising prices, as well as ineffective actions by the institutions established to monitor them.

At the same time, Bulgarian sociologist Georgi Dimitrov points out that the introduction of the euro is a tool for anchoring Bulgaria within the core of European integration. This is particularly important in the context of the fierce political competition over the country's geopolitical orientation, which is evident in Bulgarian politics (see "IEŚ Commentaries", No. 1630).

[5] Евробарометър: България е последна в ЕС по оценка за ползите от членството, Мениджър.news, 1.07.2026, https://manager.bg/%D0%B5%D1%81/evrobarometar-balgaria-e-posledna-v-es-po-ocenka-za-polzite-ot-chlenstvoto [3.09.2026].