

ИНСТИТУТ ЗА ИКОНОМИЧЕСКИ ИЗСЛЕДВАНИЯ НА БЪЛГАРСКАТА АКАДЕМИЯ НА НАУКИТЕ  
**ИКОНОМИЧЕСКИ  
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## ECONOMIC ASPECTS OF MIGRATION PROCESSES IN BULGARIA<sup>4</sup>

*The paper studies the development of migration processes to and from Bulgaria and their impact on the country's economic development. More specifically, it addresses the characteristics and trends of emigration from Bulgaria and those of immigration to the country. Its aim is to explore the complex internal structure and trends in individual migration flows in a very interesting historical period in which two strong external factors influence Bulgaria, the EU and the whole world in general – the global financial and economic crisis and the refugee crisis. In this environment, the processes are developing dynamically, changing the balances in the various migrant groups and increasing the unpredictability of migration. The paper firstly presents the European labour market and the free movement of people as external environment of migratory movements. It studies all structural features of outgoing migration, then the characteristics of incoming migration to the country. Lastly, it assesses the demographic and economic effects of immigration. Instead of a conclusion, the paper draws some recommendations on some effective policies to deal with the negative effects of emigration.*

*JEL: F22; J61; O15*

### Introduction

Recent decades have seen dynamic demographic processes in the EU and in particular in Bulgaria. They are related to the natural movement of population on the one hand – a reduction in the number of the country's inhabitants (depopulation) and the so-called "aging", and on the other – the mechanical movement of the population – migration. Significant demographic changes are observed in Bulgaria since 1990 (for a detailed analysis of the demographic changes and their impact on the country's economy in the

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<sup>4</sup> The paper summarises the main results of the second part of the project „Economic Aspects of Demographic and Migration Processes in the EU and Bulgaria”, developed within the Research Programme of the Economic Research Institute at BAS. The project was accepted as successfully realised in January 2019.

period under review, see Rangelova and Bilyanski, 2020). Today Bulgaria is among the six countries in the world with the most dynamic processes of aging, as well as among the countries of Central and Eastern Europe (CEE) with the highest number of people emigrated – about 1.5 Million, predominantly in active labour and childbearing age. As a result of both processes the population has decreased from 9 Million in 1988 to less than 7 Million in 2018.

Migratory changes are unique in the economic history of the EU and reflect the combined impact on the economy of the region. In the last years, we have seen a new phenomenon – mass migration of people from third countries, mainly from the Middle East and Africa to EU countries. These processes are separately investigated by international organizations, research institutes, universities and individual scientists. However less attention is paid to the comprehensive study of their economic aspects, which is the main rationale behind this paper. These developments pose the necessity to investigate the complex impact of these trends on the economic development of Bulgaria. Based on studying the structure and dynamics of migration flows (in the crisis of 2008, which was virtually a stress test in real-time for migration) the paper identifies various migrant groups, the effects of migration processes, and finally – the effectiveness of migration policies.

The main objective of the paper is to analyse migration changes in Bulgaria from an economic standpoint and their impact on the economic development of the country. The aim is to explore the complex internal structure and trends in individual migration flows in a very interesting historical period in which two strong external factors influence Bulgaria, the EU and the whole world in general – the global financial and economic crisis and the refugee crisis. In this environment, the processes are developing dynamically, changing the balances in the various migrant groups and increasing the unpredictability of migration. Traditional methods for predicting migration prove to be ineffective under the strong influence of external factors, thus institutions are unprepared and consequently face policy challenges that create crises. The main thesis is that migration changes (mechanical movement of the population) are an important determinant of the movement of factors of production within the processes of globalization and integration.

The first section presents the macroeconomic dimensions of migration processes and explores the European labour market and the free movement of people as an external environment of migratory movements. The second section studies outgoing migration, analyzing all structural features of migration flows and using statistics of host countries to assess the emigrant flow from Bulgaria, thus estimating the range and scope of Bulgarian migration. A survey of Bulgarian students who went to Brigade abroad complements research on the motives and attitudes for emigration among young people. The third section analyses incoming migration flows. More specifically, it addresses the characteristics of immigration to Bulgaria, considering all immigration flows to the country on key demographic indicators such as employment status, duration of residence and reasons for immigration. It also discusses the labour market and employment of immigrants in Bulgaria, as well as foreign students in Bulgaria and the reasons and trends in returning migration. It also assesses the issues related to migrants from the EU and from third countries. It includes research on Bulgarian citizenship and migration, asylum seekers and refugees to find answers to questions about the effects of the refugee crisis. The last section

summarises the demographic and economic effects of migration, the consequences of the so-called negative migration (migration with negative net balance) and in particular the loss of population, migrant transfers, migration of retirees and pension transfers, which shows how in the changed environment migration balances of various migrant groups increase the unpredictability of migration. Finally, as concluding remarks the paper makes some recommendations on some effective policies to deal with the negative effects of emigration.

The paper discusses mainly the changes in the last 12 years (2007 to 2018), focusing on the last 2-3 years, to analyze current events and to draw adequate to the current reality conclusions and recommendations. The paper deliberately avoids issues that are more distant from the purpose of the study, or shift the focus out of identified issues, such as the children of immigrants from Bulgaria and their prospects for participation in Bulgarian economy, the economic rationale and effects of mechanical movement of people within the country and the regional aspects of migration (for a detailed analysis, see Rangelova and Bilyanski, 2018a; Bilyanski, 2018), as well as many others.

## **1. The single labour market and the free movement of people**

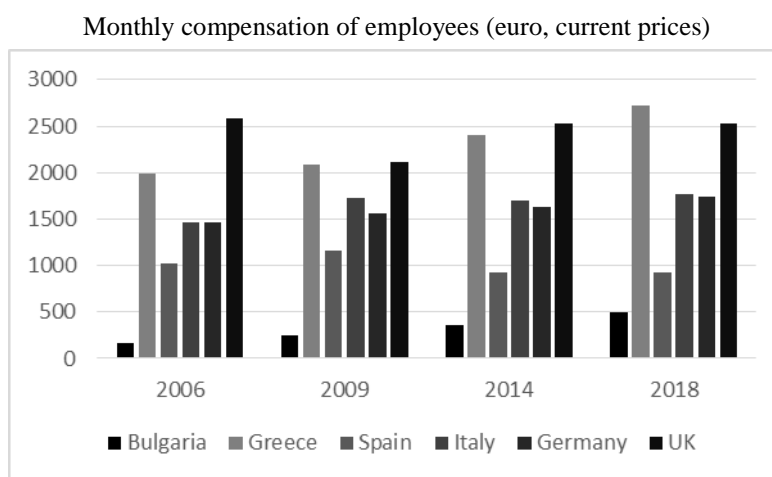
### *1.1. Macroeconomic dimensions*

A theoretical review shows that economic migration is fundamentally related to the real economy situation (economic growth, income and unemployment) in both home and host countries, while socially, the quality of life, political stability and social infrastructure are leading (Stark&Bloom, 1985; Massey, 1988; Borjas, 1989; Taylor, 1999; World Bank, 2007; Bansak, Simpson, Zavodny, 2015; Simpson, 2017). At the same time, the importance of certain economic or social factors for emigration largely depends on the groups of people under consideration. The economic logic indicates that economic reasons will be much more important for underprivileged and poorly educated migrants, while for the more educated groups opportunities for personal and career development and social environment are of greater importance. Moreover, in today's globalised world economic development cannot be seen in isolation from regional and world processes whereby internal and external economic factors of migration interweave. This is particularly true for new EU Member States, most of which have moved from a command to a market economy. In these countries, the process of EU integration has been accompanied by mass labour emigration with much more positive economic effects for host countries than for sending ones, taking into account the importance of remittances for some of them.

Bulgarian economy showed signals of overheating in the period of EU accession and liberalization of EU labour market. The economic growth in 2000-2008 and price convergence with the EU Member States have caused high inflation, which amounted to 11.95% in 2008. The unemployment rate declined to historically low levels of 5.7%, current account deficit of -22% of GDP and inflow of foreign direct investment of 28% of GDP in 2007. The accession period of Bulgaria to the EU also coincides with high demand for labour in developed EU countries that motivates high emigration from new EU Member States, for which the restrictions of the EU labour market have gradually being lifted. Following these processes, Bulgarian emigration to the labour markets of the EU countries

and most notably Spain, Italy and the UK is the most massive. Despite the initially imposed restrictions on access to the labour market in the EU and the favourable economic development in Bulgaria before the global financial and economic crisis of 2008, the employment opportunities outside the Balkan country were a much stronger attraction for emigration under EU membership, which is mainly due to the low levels of income. According to Eurostat, the average wage in Bulgaria in 2006 was 6 times lower than Greece, 9 times lower than Italy and Spain, 12 times lower compared to Germany and 15 times lower when the UK is concerned. Such data warrants claiming that income disparities among the countries under consideration are a major factor driving Bulgarian emigration in the initial period of EU membership.

Figure 1



Source: Eurostat.

In 2014-2018, a more significant decrease of Bulgarian emigrants was observed only in Spain, while in Italy Bulgarian immigration even increased with 3,5 thousand people between 2014 and 2018. A fundamental factor for this process remains still low purchasing power of incomes in Bulgaria. The rate of offsetting differences with developed countries is still not enough to reverse the migration trends even to the countries seriously affected by the crisis. The average real wage in Bulgaria in 2018 was 53% of that in Greece (16% in 2006) and 28% in Spain and Italy while in 2006 Bulgarian real wage was near 10 times lower as compared with both countries according to Eurostat. The differences in purchasing power of incomes in Germany and the UK are even more dramatic, which is sufficiently indicative of the ever-increasing Bulgarian emigration to these countries – the real labour remuneration in Bulgaria in 2018 accounts for 18% of that in Germany and 20% in the UK (respectively, 8% and 6% in 2006). Meanwhile, the relative increase in purchasing power in Bulgaria is associated with ever more increasing income inequality - the income disparity between the richest and poorest 20% of the Bulgarian population in 2017 reached 8.2 while the EU-28 average was 5.2 based on Eurostat data. This fact demonstrates the deepening of

social inequality in Bulgaria, which is also the reason Bulgarian emigration to increase, especially among the low-income groups.

Over the last 12 years, Bulgarian emigration was mainly driven by the persisting substantial income differences with developed EU countries despite macroeconomic stability in crisis times and current ascending economic development (5.3% unemployment rate in 2018 was the lowest level since the beginning of the 1990 economic transition). The cyclical fluctuations in European economy change the destinations for Bulgarian emigration by increasing migration inflows to Germany and the UK at the expense of Spain and Greece while maintaining the attractiveness of Italy as a migratory destination, which is due to the narrowing of the difference in average income in Bulgaria and Greece and Spain. The tendency to equalise purchasing power between Bulgaria and Greece and still ambiguous EU-UK relations may orient migration flows to the euro area core countries where the disparities in economic development with Bulgaria and the socio-political environment remain a significant reason for emigration.

### *1.2. European policy on migration and asylum*

The EU migration policy goes through different stages since its creation: from the Schengen Agreement to the Dublin Convention, the Lisbon Treaty, signed in 2007 and entered into force in 2009, the European Pact on Immigration and Asylum (24.09.2008), the post-2015 European migration policy. Currently, it is obvious that there are difficulties in solving the migration issue because of its high political sensitivity (Jafarli, 2017). The tradition and practice in the EU is the gradual resolution of political issues through long-term technocratic discussions and the achievement of mutually acceptable compromise and agreement. In this case, however, this strategy can hardly be implemented. The national context complicates the real European debate and the finding of a pan-European solution.

EU countries are in a different situation with regard to the migration crisis and have different interests. Public attitudes in Western and Northern Europe are more liberal, where large immigrant communities already exist compared to the more negative attitudes in CEE countries that are unprepared to accept large flows of refugees. Western European countries are preferred by third-country immigrants over CEE, and Western countries are more likely to attract highly skilled people. Taking into account the ongoing globalization processes, CEE countries tend to seek a national solution to demographic issues and retain their national identity (Rangelova and Bilyanski, 2018b). Public opinion should be carefully and thoroughly studied before policies on immigration are developed and implemented.

In a number of countries, the general public is very worried about the risks associated with the large migratory flows, the magnitude of the costs to be incurred in adopting them, and the difficulties of integrating them into European society, as well as about the projected migratory flows through the following years (European Parliament, 2018).

Despite the claims by some economists and politicians that large numbers of immigrants will contribute to economic growth in European countries with serious demographic problems, one must not undermine the risks to the social and educational systems of the countries that have accepted many refugees, the difficulties of integrating them, the rise of

xenophobic and nationalist moods in society. These differing public attitudes strengthen the EU's inability to reach an agreement and provide a common response to the migration crisis.

Despite the many concerns and consideration of immigration as a danger and in a negative light, it should be noted that from an economic point of view, immigration flows to the EU can also be seen as a potential for Europe. To some extent, immigration can help address the challenges posed by population aging but, above all, it will play a role in tackling future labour shortages and skills in specific sectors, and will increase the EU's growth and prosperity potential, completing existing structural reforms.

The Common migration policy is a great test for the future of the European project (Krsteva, 2016). If the Member States, due to differences in interests and public attitudes, are unable to reach an effective common response, we cannot expect a more stable, stronger European Union. A variety of interests can lead to stagnation in European integration and even to a step back from its current level.

### *1.3. Liberalization of movement of Bulgarian citizens in the EU: legal and institutional framework*

The free movement of people, including a workforce is a fundamental principle in the single market. This principle is fixed in Article 45 of the Treaty on the Functioning of the EU and is developed by secondary EU legislation. The liberalization of the movement of labour within the single market has created conditions for the formation of a genuine European labour market, in which the more developed countries and their labour markets, offering better working conditions, managed to attract competitive workforce with high qualifications. Synchronization of economic cycle in the EU shapes the dynamics of migration and particularly labour migration.

EU developed some networks that promote the free movement of persons within the Single Market as the European Job Mobility Portal – EURES. They operate on the grounds of cooperation between state employment agencies in the EU. The mobility of Bulgarian workers is promoted and operated by the National Employment Agency (NEA), which carries out a number of administrative activities such as daily exchange of information about ongoing labour market vacancies between the national database of EA and the European EURES portal. Within the European employment network the national agencies carry out administrative activities promoting and supporting labour mobility abroad by providing services in information, consultation and mediation of job seekers and employers from Bulgaria and other EU / EEA countries.

Before Bulgaria entered the EU several countries opted for a transitional period before the free movement of Bulgarian workers is allowed. Those restrictions proved not efficient. The data below suggests that largest migration flows from Bulgaria happened during the transitional periods. Since liberalization of access to the EU labour markets, migration flows from Bulgaria strongly depend on the economic conditions in the receiving countries. The increase of labour demand in the EU in the last years after the crisis is also reflected in the data for registered jobs in the EURES. Data shows a significant increase of both

consulted applicants and those who started job. The sectors where most job offers come are mainly low-skilled seasonal activities mostly in agriculture. For example, in Portugal and Spain collection of fruits is the most active sector in job offerings. Industrial sectors are not active in the EURES.

International labour mobility of Bulgarian citizens is encouraged by another network – "Workshop for Seeking a Job". Such an initiative is the German program "The job of my life", in which young Bulgarian citizens participate since 2015.

According to Regulation (EU) 2016/589 the EU member states should treat national labour market policies in the context of the EU employment policy. Synchronization of the economic cycles of EU economies means that the dynamics of labour demand also converge. In the upward economic trends, the demand for labour in all countries would increase and the competition for labour between the member states will strengthen. Less developed countries offer less favourable employment conditions and loose labour. In such periods domestic labour shortages widen in less developed EU countries.

The consequence of the free movement of labour policy and related tools is the formation of a single European labour market in which workers move from one to the other national markets according to the labour market supply and demand, and the difference in wages. The single labour market works since labour moves across borders in the EU and adjusts to the economic cycle. The outflow of labour increases deficits in less developed EU countries and boosts the labour costs in those countries. From the perspective of convergence, the migration, facilitated by the free movement people and encouraged by EU policies, should have a positive impact on European integration. The short-term economic consequences though are rather negative for emigration countries. The increase of labour costs impacts competitiveness and creates further imbalances for the economy.

Bulgaria is losing labour due to migration for a long period of time. Although in the short term, this type of migration can contribute to the reduction of tensions and unemployment in the national labour market in the long term emigration is associated with loss of workforce, economic and population growth. The persistent loss of workforce in catching-up economies of the EU reinforces inequality and divergence between them. Widening imbalances in the catching up EU economies should be addressed by the EU policies. The policy should target a reduction of disparities and overcoming distortions in the single European labour market (IMF, 2018).

## **2. Emigration from Bulgaria**

Recent financial and economic crisis impacted emigration and immigration flows in Bulgaria. The slow post-crisis recovery of South European economies decreased the attractiveness of those countries for Bulgarian migration. As a result, there was a slight redirection of migration to the countries that were less impacted by the crisis and also the return migration increased. The return migration is linked with the degree of integration of Bulgarian emigrants in host countries.



### *2.1. Methodology and sources of information*

Migration is a movement and it is hard to be captured. That is why several sources of information need to be used as well as a complex research methodology should be applied in order to apprehend the true migration. Last decade migration from and to Bulgaria became more complex and diversified. That is why in addition to general quantitative data we examine the complicated internal structure and trends in all specific migration flows. Within overall emigration flow, there are rather different flows that are driven by specific factors and their dynamics also diverge from the general trend. Although Bulgaria remains an emigration country, when studying particular inflows and outflows important exceptions may be noticed. For example, growing immigration of people over age of 50 leads to a positive migration balance, while the overall migration balance is negative.

In studying migration, two approaches may be applied – static and dynamic. The static approach aims at revealing the results of intensive migration processes, i.e. what proportion of the population has moved and is part of the host country population. In this case, the data is collected from the population statistics of both sending and receiving countries. Following this approach, the number who left the sending country and the number of those who reside in the receiving country could be captured. While population statistics of the sending country gives an idea of the decrease in population, the statistics of the host population contains data about how many foreign nationals accounted for in the host population. Harmonised data on this indicator is provided by Eurostat<sup>5</sup> and national population statistics.

Migration statistics are an important source of information that helps in capturing the movement of people. Dynamic approach based on flows and stocks statistics aims at tracing migration roots, the scope of migration as well as the composition of migration flows. In applying this approach both emigration statistics of sending countries and immigration statistics of receiving countries could be used. Migration statistics quality depends on the methodology and source of data. When the source is the declarations provided by the departing migrants the quality of emigration data might not be appropriate since respondents may not give the true length and reasons for the stay.

In order to overcome the weakness of migration statistics both emigration and immigration statistics of sending and receiving countries should be considered.

Since the objective of this analysis is to research the migratory trends and their effect on the population and economy, the analysis follows both approaches – dynamic and static.

### *2.2. General trends*

Since the beginning of Bulgaria's membership in the EU, emigration to the Member States significantly increased and as a result, the Bulgarian population in these countries increased. In 2018, the number of Bulgarians in the population of the main destinations of

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<sup>5</sup> Data for some countries is not presented in the Eurostat data. That is why the data is complemented by the population statistics of the country for which the data is missing.

Bulgarian emigration – the EU, the European Economic Area, Canada and Australia is about 858 thousand. Only 17% of Bulgarians in the population abroad are outside the EU. The total Bulgarian population abroad is about 12% of the total population in the country. Migration to major destinations outside the EU decreased steadily, while migration to the EU continues to grow, albeit at a slower pace than in the previous decade. The data show a concentration of Bulgarian emigration, the first four countries – Germany, Spain, Turkey and the UK account for over 50% of the Bulgarian population abroad (Table 1).

Table 1  
Bulgarian citizens in the population of EM, EEA, USA, Canada, Australia (number)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Belgium		6 753	10 410	13 171	17 768	20 416	23 443	25 635	28 571	31 251
Czech Republic	4 285	5 046	5 926	6 402	6 926	7 434	8 221	9 144	10 074	11 004
Denmark	583	823	1 533	2 321	3 189	4 007	5 006	6 090	7 228	8 207
Germany	41 947	50 282	57 555	66 238		97 479	124 152	147 192	185 248	228 734
Estonia							71	90	264	278
Ireland	1 424	1 798	1 862	1 833	1 803	1 778	1 751	1 738	1 760	1 805
Greece			20 000	28 250						78 696
Spain	120 107	146 696	152 493	150 770	149 255	151 473	147 309	139 931	134 427	130 501
France										21 080
Croatia										200
Italy	19 924	33 477	32 283	35 818	39 161	42 000	47 872	54 932	56 576	58 001
Cyprus	3 239				18 536					20 000
Latvia	32					77	138	183	153	133
Lithuania								58	64	87
Luxembourg	265	446								1 224
Hungary	1 123	1 128	1 133	1 211	1 259	539	608	638	673	716
Malta										
The Netherlands	2 202	6 378	10 190	12 340	14 110	16 760	17 615	17 846	19 843	21 941
Austria	6 419	7 561	8 745			12 367	14 199		19 146	22 357
Poland	1 023	1 039								1 590
Portugal	3 575	5 076	6 456	7 202	8 174	8 606	7 439	7 553	7 037	6 722
Romania						210	1 072	1 137	1 561	2 223
Slovenia	118	780	599	770	1 084	1 501	1 789	2 079	2 453	2 615
Slovakia	547	985	1 767	1 871	1 987	1 842	2 002	1 595	1 645	1 794
Finland	357	477	618	721	835	1 036	1 279	1 509	1 727	1 904
Sweden	828	1 838	2 655	3 252	3 707	4 062	4 549	4 967	5 522	5 978
United Kingdom	15 000	29 000	35 000	46 000	44 000	56 000	48 000	59 000	66 000	69 000
Iceland		97		79	71	71	86	112	163	214
Liechtenstein			3	2	3	3	5	4	6	8
Norway	596	717	1 088	1 440	1 986	2 584	3 468	4 576	5 479	6 328
Switzerland	2 259	2 295	2 377	2 648	2 997	3 654	4 429	5 167	5 826	6 443
Turkey	17 000	17 353	18 316	16 000	11 777	12 970	12 157	14 147	9 153	10 049
USA	48 000	50 000	53 516	62 684	65 202	64 964	67 941	63 318	67 377	70 800
Canada	27 260				30 485					32 460
Australia										3 284

Source: Eurostat, national statistics of UK, Cyprus, USA, Greece, Canada, Australia.

A small part of Bulgarian citizens who migrated to EU countries had chosen to adopt the citizenship of the receiving country (Figure 1). This is a sign that there is a potential for a return migration eventually depending on the development of push/pull migration factors. The opportunity to return migration further motivates policies that encourage the ties with the home country and maintaining Bulgarian identity. Of course, this is related to the fact that the Bulgarian migration is relatively young – in significant part, it is just one generation. The question of the migratory behavior of the next generation – the children of migrants – will outline the prospects for the use of emigrant potential for development of the country in the future.

Figure 2



*Source: Eurostat.*

The data show a shift in Bulgarian emigrant flow (but considerably smaller than the flow before the crisis in Southern European countries) to Northern European countries, which is related to the fact that the crisis affected more significant Southern European countries. These shows to a certain extend pro-cyclicity of migration flows from Bulgaria.

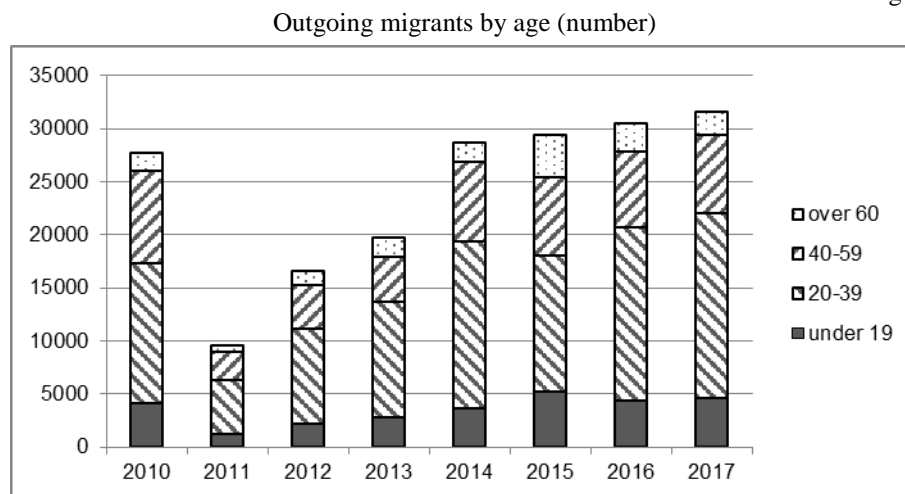
Migrant outflow from the country is not homogeneous. There are three groups of emigrants depending on their origin. It includes Bulgarian citizens, migrants EU citizens who have resided in the country and migrants who are nationals of third countries. The dynamics of the migratory behavior of these three categories vary due to the specific factors that motivate their movement. The main contribution to the growing emigration from Bulgarian is the domestic population with about 84.4 percent of outbound migration flow. There is a new emigration phenomenon – an increase in the number of foreigners who emigrate from Bulgaria. Third-country nationals form a significant part – 14.6 percent of the emigration flow from Bulgaria in 2018. If we add to this figure the growing number of nationals of foreign origin who received Bulgarian citizenship in order to migrate further we will come to the conclusion that the emigration to a large extend is driven by citizens with foreign origin.

In recent years the emigration flows from Bulgaria are affected by two main factors the growth of real incomes in the country and the profound crisis affecting the countries to

which traditionally focuses Bulgarian emigration. But the impact of worsening economic environment in the receiving countries has not resulted in a significant and sustainable return since Bulgarian migrants are among those who adapt and well integrate into the host country. According to the OECD data around 65% (OECD, 2015) of the Bulgarian population in OECD countries is economically active and this share is almost identical with those born in Bulgaria and those with Bulgarian citizenship.

The emigration flow is concentrated in the age group between 20 and 30 years, and comprises to a large extent by Bulgarian students abroad (Figure 2). After this age the number of emigrants significantly reduces. Migration balance varies in the different age groups. While immigration prevails over emigration in the age groups below 19 and over 60, the total number of emigrants exceeds that of immigrants. The fastest-growing group of emigrants in absolute and relative terms is that of migrants between 20 and 39 years. This reinforces the negative trends of losing young people in the most active age.

Figure 3



Source: National Statistical Institute.

Taking into account the critical demographic situation and the deteriorating outlook, maintaining high levels of emigration from around 30 000 a year, mostly young people, is one of the most serious problems of socio-economic development of the country. The problem is exacerbated by the high levels of potential migration of young people. In 2016, the Economic and Social Council in Bulgaria conducted a survey of the migration attitudes of graduating high school students (Social and Economic Council, 2016). About 20% of respondents expressed a firm desire to emigrate before they graduate while 60% intend to leave the country after graduation. The potential for migration is higher among students from families with highly educated parents in big cities and in much lesser extent than those less educated in smaller cities.

Two models of potential emigrants outlining the results of the survey of the Economic and Social Council. The first group are students who intend to continue their education abroad and consequently to find better professional development and standard of living. This is the group of students from larger cities and highly educated families. The second group potential migrants are those who are led by the possibility of earning higher incomes abroad, which is not related to continuing education, but rather a temporary or seasonal labour migration. Most students in the second group come from families with lower education and income mainly from small towns and villages. About 5% of respondents from families with the lowest incomes have the intention to go abroad in order to financially support their families.

It is important to note that among respondents that would emigrate from the country dominate the group of those with the highest scores in class. They also express much higher degree of dissatisfaction with the country's development. Migration attitudes of students are also associated with the established stigma that those students who remain in the country are less able than those who go abroad. A popular opinion within this age group is that staying in the birthplace is considered as a failure. The family has a very important role in the formation of attitudes towards migration and student attitudes in society.

### *2.3. Main destinations for Bulgarian emigration*

Over the past decade, the destinations of Bulgarian emigration slightly changed. The number of immigrants with Bulgarian citizenship in the German population exceeds that of Bulgarian citizens in Turkey. Bulgarian immigration on the UK increases while the immigration in the United States and countries outside the EU substantially decreases. Bulgarian emigration is different in different countries – different in scope, dynamics, structure of migratory flows and the factors that determine the integration and positioning of the Bulgarians in local society and labour market. The review of the immigrant population in the countries where the Bulgarian population is concentrated – Germany, Turkey, UK, USA, Canada – makes it possible to outline prospects for future migration and the potential for return.

One of the main changes of migration destinations for Bulgarian citizens is that the largest emigration flow is directed to Germany. The stability of that economy encouraged more Bulgarians to choose this destination instead of South Europe.

An essential part of immigration from Bulgaria in the UK is the students. About 18,000 Bulgarian students were residing in the UK in 2018. Annually about 5,000 students are admitted into the English education system. Acquiring higher education in the UK is the key mechanism for attracting young and highly educated migrants from Bulgaria. The exit of UK from the EU will strongly impact the Bulgarian migration, both those who are already in the UK and the new entrants.

The structure of Bulgarian immigration in the United States shows that family reasons, including family reunification, prevail. This conclusion is confirmed by the large naturalization of Bulgarian citizens in the United States.

#### 2.4. *Bulgarian students' brigades abroad: results of the survey*<sup>6</sup>

Conducted a survey of students Bulgarians were Brigade abroad complements research on the motives and attitudes for emigration among young people.<sup>7</sup> Although the practice of student brigades have been known for years, there has been no interest in their study. There are even no statistics on the participation of Bulgarian students in them.

Over half (56.4%) responded that the journey has not changed their intention to emigrate by 31.2% will remain in Bulgaria and 23.4% are willing to travel occasionally to earn money, but will not settle permanently abroad. Less than half of respondents (45.4%) would migrate to another country – 33.7% in any and 11.7% would try to migrate to the country in which they were brigade. Yet nearly one in two students to a potential immigrant is a significant proportion. It has been shown in life, however, and here it is quite possible and natural when you go to a new and more settled place for students to love the lifestyle and sometimes want to stay there, but when you get home, following a period of reassessment. Table 2 shows the rationale for students to apply for work and travel abroad.

As a result of their experience of what students recommended the organization of work and their practice could be borrowed in Bulgaria. Most often they note respectful attitude (tolerance and responsiveness) of the employer; compliance with laws; precisely defined obligations of the worker; teamwork where managers work on par with workers an inverse relationship between employer and employee; more emphasis on training of workers (than in Bulgaria); absence of extra staff to only report activity; observance of discipline; manifested devotion to work; willingness to work to contribute to the common cause; opportunities for growth thanks to the achievements of the worker; adequate and regular payment; hourly wage; additional bonuses (overtime); introduction of flexible and effective forms of work organization and human resource management – the ability to work in two places; time and facilities for the worker himself set the pace of work, working day at home, keeping the child in the workplace and more. However, students also express some criticism of the reality they encountered in the destination country (Table 3).

Most of the proposals are not alien in Bulgaria – if not strictly adhered to in practice, at least as intentions and best practices. The impact of this form of work organization is obtained in the country mainly by branches of foreign companies in the country. The trend and efforts in the organization of labour on the part of our employers should be focused in this direction. The positive thing is that these students are carriers of such influences and that they themselves have built for themselves their own criteria that will comply and require in their future professional realization and thus affect the overall environment.

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<sup>6</sup> The survey was carried out and the results were analyzed by the authors together with Prof. Rossitsa Rangelova and Dr. Valentin Bilyanski.

<sup>7</sup> The total number of students surveyed was 106. They are from seven universities in n the country (Varna Economic University, University for World and National Economy, Sofia University, Veliko Tarnovo University, Plovdiv University, Blagoevgrad College of Tourism and New Bulgarian University). The vast majority of students were of a brigade in the US – 95 of them, followed by a much smaller number in the UK – 7, one in France and three in other countries.

Table 2

Rationale for students to apply for work and travel abroad

Rationale	Assessment	Number	Share, %
To see another reality	Very important	29	45.31
	Important	11	17.19
	Unimportant	11	17.19
	Of minimal importance	13	20.31
To get into a new environment and check myself	Very important	23	28.75
	Important	30	37.50
	Unimportant	18	22.50
	Of minimal importance	9	11.25
To broaden my horizons	Very important	23	30.26
	Important	20	26.32
	Unimportant	18	23.68
	Of minimal importance	15	19.74
To make money	Very important	23	35.38
	Important	10	15.38
	Unimportant	14	21.54
	Of minimal importance	18	27.69
To develop professional skills and acquire new experience	Very important	15	27.78
	Important	14	25.93
	Unimportant	10	18.52
	Of minimal importance	15	27.78
To get acquainted with the realities in the particular country selected	Very important	6	16.67
	Important	9	25.00
	Unimportant	12	33.33
	Of minimal importance	9	25.00
To meet other people	Very important	6	10.00
	Important	18	30.00
	Unimportant	20	33.33
	Of minimal importance	16	26.67
To study the conditions and establish a permanent future in this country	Very important	4	15.38
	Important	4	15.38
	Unimportant	9	34.62
	Of minimal importance	9	34.62
Something else	Very important	3	75.00
	Important	0	0.00
	Unimportant	0	0.00
	Of minimal importance	1	25.00

Table 3

Students' criticism to the reality they encountered in the destination country

Reasons for criticism	Assessment	Number	Share, %
You find others to be quite different in mentality than you	Very important	25	51.1
	Important	13	26.5
	Unimportant	11	22.4
You perceive a difference in your treatment because you are a foreigner	Very important	16	39.0
	Important	15	36.6
	Unimportant	10	24.4
You encounter weaknesses in their organization of work	Very important	13	41.9
	Important	10	32.3
	Unimportant	8	25.8
You are not treated well because you are an employee from Eastern Europe	Very important	6	37.5
	Important	4	25.0
	Unimportant	6	37.5
The pay is not as high as you expect	Very important	7	25.9
	Important	8	29.7
	Unimportant	12	44.4
Something else	Very important	6	85.7
	Important	0	0.0
	Unimportant	1	14.3

Lack of interest in student brigades from the state and researchers explains the absence of a developed and adopted concept of existence, and a national system for assessing the effectiveness of the activities of international student brigades. At the same time, should the forms of such brigades in Bulgaria (incl. On draft MES "Student Practices – Phase 1" funded by OP NOIR) organised by large and small businesses to become far more attractive to students and effective for business. In this way, businesses will begin to better prepare personnel for their needs than they felt a strong need now, and probably even more in the future.

### 3. Immigration in Bulgaria

There are large differences between refugees, asylum seekers, labour migrants, illegal migrants, etc. In the public debates, those categories related to migration are often used as synonyms. The terminology is important since public perceptions and attitudes should be built on a correct understanding of the difference between their legal, economic and social status and prospects.

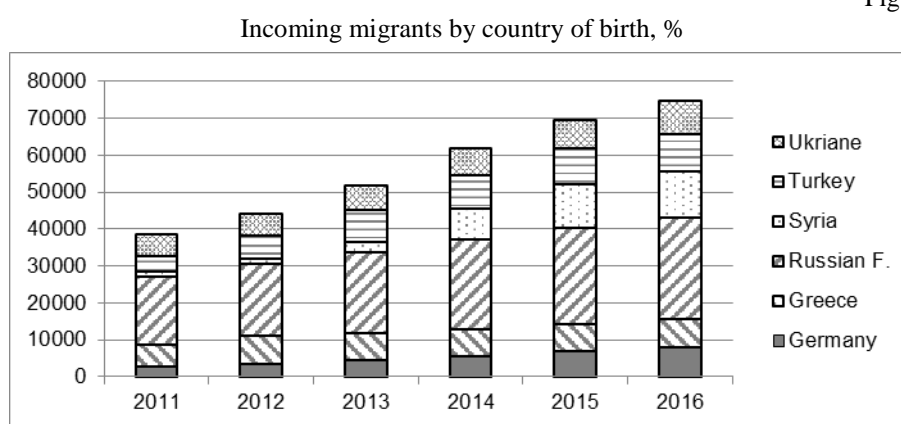
#### 3.1. Foreign population and immigration in Bulgaria

At the end of 2018 the foreign population in Bulgaria reached the highest number for the last thirty years – 103 953 persons. The number of people born abroad that are included in Bulgaria's population is 174 272, which represents 2.5% of the total population – also a



record share for the last thirty years. The first four countries of origin account for 40% of the foreign population. In 2018 the population of third countries (non-EU) prevails. The citizens born in the Russian Federation represent 18.7%, followed by Syria (8.4%), Turkey (6.9%) and Ukraine (6%). These numbers are consistent with the development of immigration in the last years (Figure 3). The number of citizens from Moldova and Northern Macedonia slowly but steadily increasing, due to the ethnic proximity and legislative measures encouraging their immigration in Bulgaria. The effectiveness of these policies, however, is low because in spite of the granted privileged position of these migrants in Bulgaria, their total share in the population is marginal.

Figure 4



Source: National Statistical Institute.

The latest refugee crisis added a new, albeit unstable (see below analysis of the mobility of foreign citizens in Bulgaria) population of Syria. The refugee crisis has shown that unexpected external events and factors could relatively quickly change the immigration situation and have a lasting impact on the population of the host country. The diversification and rapid change in the population challenge traditionally conservative immigration attitudes of Bulgarian society.

In the case of Bulgaria, the EU integration stimulates more the short-term movements of EU citizens to Bulgaria than permanent migration flows.

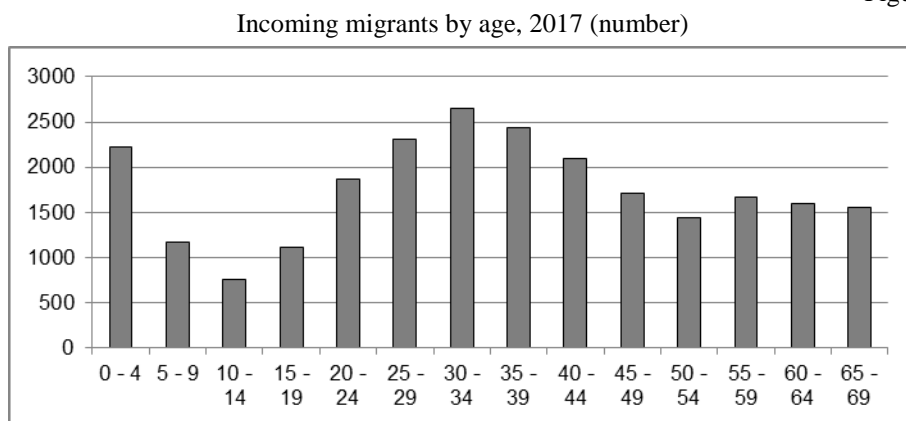
Over the past six years between 11 000 and 16 000 foreigners settled annually in Bulgaria. The immigration pattern in the country is very dynamic comprised of a small number of permanent settlement and changing structure of immigrants by nationality, gender, age and migration motivation. Immigration in recent years is dominated by political factors related to instability in the region, rather than economic factors. The total stream contains various national groups whose migration is driven by various economic and social factors. The peak of the immigrant flow was 2014 related with the Syrian crisis.

### 3.2. Outward mobility of foreign citizens in Bulgaria

The foreign population in Bulgaria contributes to the dynamics of population, migration and to a lesser extends to the labour market. Migrants from third countries are highly mobile. According to NSI migration statistics, the number of those migrants who leave the country is less than those settling in Bulgaria, which underpins the trend of increasing foreign population in the country. Unlike the overall migration balance, which remains negative balance in migration of population from third countries is positive as mainly driven by migration flows related to refugee inflow. After 2015 the balance shrank mainly because of the smaller inflow, while emigration of third countries nationals has also started decreasing. In 2018 net migration remains positive for both groups EU citizens (882 migrants) and non-EU migrants 10 546.

The age structure of outgoing and incoming migrants from third countries is different – younger dominate the outflow (in the age group between 20-29), while the remaining are in the group of the older population. Foreign migrants from the younger age groups and most in the group between 20 and 29 years leave Bulgaria while those who stay are equally distributed across all age groups between 19 and 60 years (Figure 4).

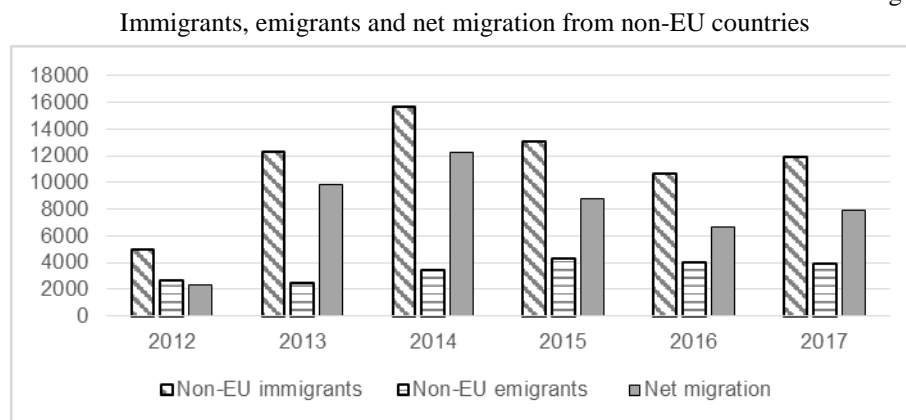
Figure 5



Source: National Statistical Institute.

Although immigrants from Member States of the EU are small in number, they contribute to the dynamism of migration situation in the country. In 2012 the number of such immigrants in the country hit the record of 4200 immigrants. The inflow is dominated by migrants from Greece, mainly related to the crisis in this country and the transfer of some businesses to Bulgaria. Freedom of establishment, free movement of capital and labour as dominant principles of the Single Market support the adjustment of businesses and the labour to economic volatility. The crisis has had an impact on migratory flows of EU citizens as movements between neighboring countries were revitalise (Figure 5).

Figure 6



Source: National Statistical Institute.

### 3.3. Effects of Immigration

The effects of immigration processes on the population in Bulgaria are weak. Net migration remains negative throughout the period from the beginning of reforms in the late 80s of the twentieth century. The foreign population is growing slowly. The external and regulatory factors /constraints play a crucial role. The economic factors play a role in short-term labour movements rather than in long-term migration.

Depending on the factors that determine immigration in Bulgaria several types of immigration could be distinguished. The impact of those groups on the population and the economy is different:

*Ethnic migration.* Bulgarian ethnic minorities from Moldova, Northern Macedonia, Ukraine and Serbia are attracted by the opportunity to obtain Bulgarian citizenship. Only a small part of them remains in the country and integrates into the labour market and society. This group actively migrates to Western Europe. In this case, Bulgaria acts as a transfer-immigration country. The share of this group is increasing steadily. The more the country's policy promoting access to citizens of those countries to Bulgaria, the greater the number of those who use the country as a stop to a further emigration.

*Migration, related with vacation property.* The increase of Russian citizens in the population of Bulgaria is associated with the development of the vacation property market and the access of foreigners to this market. Such are the determinants of growth in the number of citizens of the UK in the Bulgarian population; a process that has slowed since the beginning of the financial and economic crisis of 2008. Migrants purchasing property in the country desire permanent residence. This kind of migration does not affect the supply side of labour market. In addition, it does not exert pressure on the social security system. The most pronounced impact is observed in the dynamics of the housing market while the impact on the consumption of goods and services is located in touristic regions and in the hot touristic season.

*Migration related to the refugee movements.* This migration in the case of Bulgaria is mostly of a temporary nature since a significant portion of these migrants continues their migration to other countries and some of them return to their homeland, while a small part remains permanently living in the country.

*Labour migration.* Bulgarian labour market and the immigration policy remain very conservative as regards the accession of foreign labour on domestic labour market. This policy limits the adjustment tools of the economy and the labour market in good and bad times. Labour market situation worsens considerably due to deteriorating demographic situation and the economy suffers huge deficits of labour that hurdle the economic growth. An exception from the conservative migration policy trend is the recent introduction of recruitment of short-term labour for tourism sector. The expansion in recent years of tools to attract short-term migrants in the upward phase of the cycle has economic effect, but does not affect the demographic situation and does not solve demographic problems.

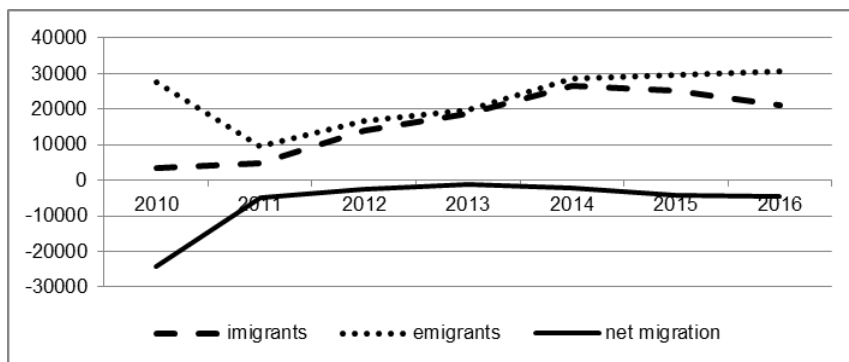
Although the above tendencies in immigration lead to a slight increase of foreign population in Bulgaria that weak trend cannot compensate for the demographic crisis and unfavourable trends in the labour market.

Immigration is related with an outflow of remittances. The data show a significant increase in transfers from Bulgaria – 23 Million in 2000 to 151 Million USD in 2015. Remittances from Bulgaria exhibit some resilience to economic fluctuations. Even in the years of highest economic downturn during the global financial and economic crisis the outflow of migrant transfers increased. An interesting trend was discovered that in the crisis outgoing transfers are more resistant than incoming, indicating that not only the conditions in the home country but also in the host affect the remittances. The financial impact of remittances could be assessed if compared incoming and outgoing remittance flows as well as the stock. The crisis in the main host countries for Bulgarian migration affected the value of transfers of Bulgarian migrants. Unlike the incoming migrant transfers, the outgoing is more diversified and focused on 15 countries, mainly to EU countries (which probably represent the income of highly qualified managers of subsidiary companies of European companies in Bulgaria). About 75% of the transfers go to the member states of the EU (Spain 13 Million Euro, Germany – 8 Million Euro, France – 7 Million Euro) (BNB, Balance of payment statistics). Transfers to Russia are around 12 Million Euro, Serbia and Ukraine are about 6 Million Euro. Increasing transfers between Bulgaria and the EU is a natural result of expanding cross-border business and the single market.

#### *3.4. Net migration and return migration*

The total migration balance of Bulgaria has been negative over the last thirty years. Total net migration is driven by the movement of the Bulgarian population but in the recent years unexpected external factors made a significant impact. The mass inflow of refugees in the period 2013-2015 almost managed to offset the number of outgoing migrants and almost closed the gap between inflows and outflows. After 2015, however, the reduction of refugee flows and rising emigration, increased again negative net migration to 9 329 in 2016 (Figure 6) and again began to decline in 2017 to 5 989 and 3 666 in 2018.

Figure 7  
Incoming, outgoing migrants and net migration (Bulgarian citizens, EU and non-EU)  
(number)



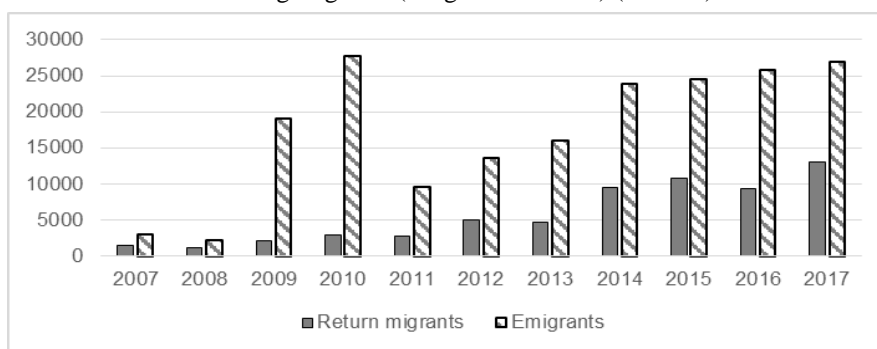
Source: National Statistical Institute.

Bulgaria continues losing population and migration continues to be one of the important factors for the worsening demographic situation. Data for the return migration shows that over the past decade a dynamic migration model is established. It is characterised by frequent changes of destinations and return, shorter duration of stay, diversification of outflows and their migration behavior.

Return migration could be measured using the data for immigrants with Bulgarian nationality. The scope of this process, however, could not be fully assess, as most of the returning migrants are not registered upon their return to Bulgaria, especially if they return from a member state of the EU. Therefore, the data can serve as setting the trend than to give exact parameters of the scope of the process. According to the NSI data, in 2017 return Bulgarians could be estimated to 13,060 and in 2018 at 16 169 (Figure 7). That number keeps increasing.

Returning migrants (Bulgarian citizens) (number)

Figure 8



Source: National Statistical Institute.

The increase of emigration is accompanied with an increase of the return migration (correlation coefficient 0.9), which once again confirms the thesis about the formation of a dynamic model of migration of Bulgarian population.

A significant part of return migrants from the EU register in the labour offices since they are eligible for unemployment benefit. There is growing number of those migrants which reached 20 000 in 2017 (Table 4). This is a new phenomenon for the Bulgarian labour market. It is the result of the application of the European labour market legislation according to which migrants are protected against unemployment and could receive their benefits in the home country where the living costs, in general, are less than in host country. This legislation stimulates the return after sufficient number of months are worked out in order to guarantee eligibility for unemployment benefit.

Table 4  
Unemployed registered with the labour offices whose previous work was abroad

	2014	2015	2016	2017	2018
Number at the end of the year	8885	12775	15856	20 719	23469
% of total registered unemployed	2.3	3.3	4.6	9.1	9.5

*Source: Bulgarian Employment Agency*

The conventional wisdom suggests that international migration is a privilege of the youth. In recent decades, the data indicate a growing migration of persons before and after retirement. A kind of positive economic effect for countries with significant and sustainable emigration is the return of migrants who have acquired pension rights in the host country. Immigrant workers-retirees in Southern Europe, especially countries affected by the crisis of 2008, for the most part, returned to Bulgaria as pensioners while retired Bulgarians from Germany and other economically stable countries with active and effective integration policies are more likely remain in immigration country.

### *3.5. Employment of immigrants in Bulgaria*

The labour market in Bulgaria is relatively small. The economic fluctuations lead to significant labour surpluses and deficits during different phases of the economic cycle. Historically, at the beginning of reforms and restructuring of the economy somewhat migration acted as a corrective to the oversupply of labour force. The demand for labour that time shrank due to the closure of industries and restructuring the economy. In the late 90s of the twentieth century, the situation changed and the labour force decreased substantially as a result of sustainable emigration and deepening demographic crisis. While at the beginning of reforms migration played a role of a buffer to the structural changes since late 90s migration creates labour market and economic imbalances.

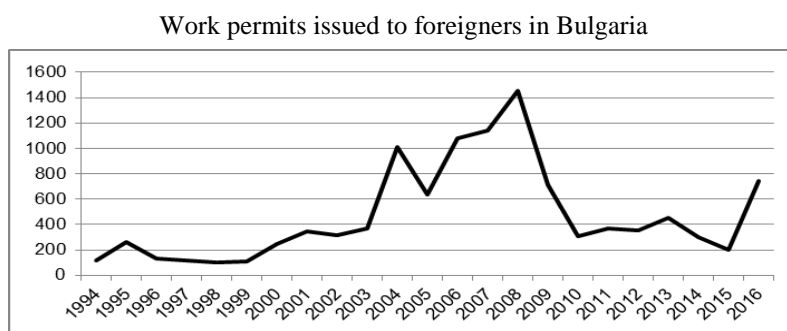
The Bulgarian labour market is not competitive and in spite of that, the access of foreigners is restricted. There is a recent move to a managed openness of the labour market. The access is facilitated for limited professional groups that are present in the list of professions, which replaces the so-called market test for access to the labour market. While employers pushing for the expansion of the list trade unions seek to protect the local workforce and

support the restrictions of access to the labour market. The position of the trade unions is to expand educational activity, reduce long-term unemployment and encouraging the return to the labour market instead of attracting foreign labour. Despite the contradictions in the positions, the list of professions that are looking for foreign labour increases every year. In 2016, the list contains 10 occupational groups in 2017, the proposal is for 17, and in 2018 added three more groups. Most of the professions which are seeking foreign workers are engineering and technical engineering.

Another move to a more liberal labour market is the new procedure for recruitment of foreign seasonal workers. They are accepted without complicated and lengthy market test. Work permits for jobs in tourism are issued for up to 90 days within a calendar year. Additional relief is that the employer is not obliged to submit documents for the education of the candidate for work and not necessary experience in the profession. The new rules also dismiss the requirement that the vacancy has to be announced in the media. This legislation produced an immediate effect. In 2017 the tourism sector employed 3 215 foreign seasonal workers for up to 90 days, and their number rose to 6 700 in 2018. For the first time in 30 years the labour market in Bulgaria absorbs such a large number of foreign workers. These are mainly young people, citizens of Ukraine and Moldova working in summer resorts and a few of them work in the winter resorts. Foreign persons working in the tourism sector, already represent 2.5% of those employed in the sector. This practice will be extended due to the increasing interest from employers in agriculture.

The prospect is that the Bulgarian labour market will gradually and selectively open the access for foreign workers, but as for now, issued work permits remain a small number (Figure 7).

Figure 9



Source: Bulgarian Employment Agency

### 3.6. Bulgarian citizenship and migration

From 1990 to the end of 2017, 160,000 foreign citizens became Bulgarian citizens of which approximately 88.5% are of Bulgarian origin. The largest number of new Bulgarian citizens are those from Northern Macedonia. In 2016, 6 196 received Bulgarian citizenship). A remarkably growing number of citizens of Ukraine receive Bulgarian citizenship. In 2013 their number was 373 and in 2016 reached 2 254, which is the second largest group of foreigners receiving Bulgarian citizenship, followed by citizens of Moldova (Table 5).

Table 5

Persons received Bulgarian citizenship, by nationality (number)

<i>Country of origin</i>	2013	2014	2015	2016	2017
Northern Macedonia	4388	1874	4315	6196	1150
Moldova	1172	1135	1453	1209	207
Ukraine	373	964	1456	2254	710
Israel	222	266	395	454	303
Russian Federation	197	352	551	769	176
Serbia	197	304	580	911	194
Albania	123	98	331	255	78
Armenia	54	49	71	66	41
Turkey	48	130	281	363	294
Vietnam	32	20	73	35	34
Afghanistan	22	21	18	26	N.A.
Syria	15	24	42	72	18
Stateless	12	20	35	30	15

Source: Reports of the Republic of Bulgaria Vice-President.

The policy to attract foreign investors by granting them with Bulgarian citizenship does not give the expected result. In 2017 there were no applications for Bulgarian citizenship by persons who invested in the capital of a Bulgarian company no less than 1 Million BGN.<sup>8</sup>

According to the Indicator showing the number of persons acquired Bulgarian citizenship as a share of foreign-born population, Bulgaria is one of the leading countries in the EU (8.8% in 2016) (Table 6). The interpretation of this indicator is that a significant part of foreign-born population is highly integrated since they opt for Bulgarian citizenship.

Table 6

Number of persons acquired Bulgarian citizenship and number of residents

Year	Total number of persons acquired Bulgarian citizenship*	Number of persons acquired Bulgarian citizenship who reside in the country**	Difference (number)	Share of persons acquired Bulgarian citizenship who do not reside in the country (%) of all persons acquired Bulgarian citizenship
2009	9068	1000	8068	88.9
2010	14979	900	14709	94.0
2011	18473	600	17873	96.5
2012	18087	1750	16337	90.3
2013	6943	800	6143	88.5
2014	5429	900	4529	83.4
2015	11120	1275	11605	88.5
2016	12880	1600	11280	87.5

Source: (\*) Committee on Bulgarian Citizenship and Bulgarians Abroad, (\*\*) Eurostat

<sup>8</sup> Certified under the Law on Investment Promotion or performed and commissioned investment supported above the minimum threshold for a certificate for investment class A (Art. 14, para. 1, p. 2 and para. 2).



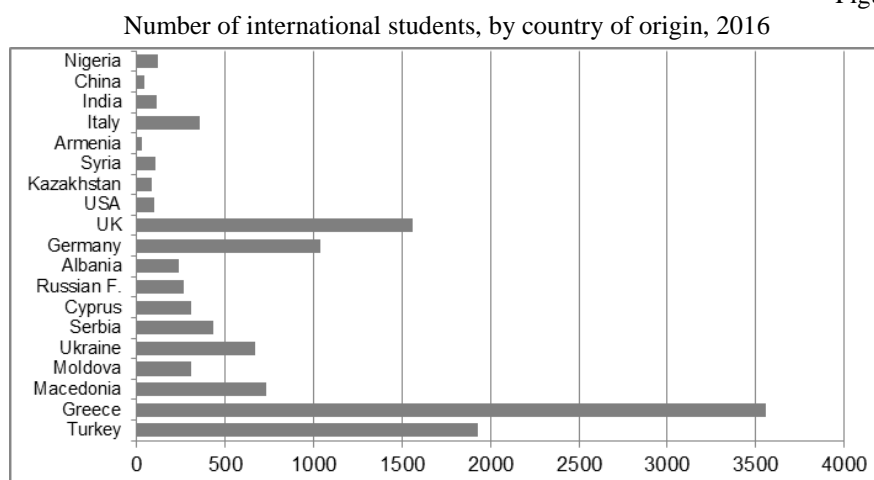
The reading of the data though is misleading since a large part of those who receive Bulgarian citizenship migrate further and the purpose of acquiring citizenship was not the integration in Bulgaria. There is no statistics on migration behavior of those who receive citizenship but a possible method to estimate the magnitude of this phenomenon is the difference between statistics on the nationality of Eurostat and the data from the Commission for Bulgarian citizenship. Less than 20% of the new Bulgarian citizens reside in Bulgaria. Based on these data it can be concluded that generous policies for the increase in population by integrating citizens from Bulgarian ethnic minorities abroad produce more emigration of persons granted citizenship than immigration. The actual effect of acquired citizenship on the size and structure of the population is insignificant.

### 3.7. Foreign students in Bulgaria and migration

The flow of foreign students in Bulgaria shows a steady increase in recent years while maintaining a relatively stable structure according to the countries of origin. Students from neighboring countries prevail and they comprise 80% of the total number (Figure 8). Leading source countries are Greece, Turkey and Northern Macedonia. Students from more distant countries of origin form a small group of foreign students in Bulgaria. Over the past three years there is a certain dynamism in the number of students from Turkey that reduce, and those from Greece are growing. The proportion of students from Greece is 27.2% in 2017 and is nearly two times larger than that of students from Turkey.

The structure of foreign students by gender is dominated by men, while women are 32% as opposed to Bulgarian students where the share of women is higher – 54% of all students. The proportion of female foreign students is different in different countries of origin. For example, women predominate in students from the Russian Federation, Moldova, Serbia and Ukraine, while men are the main group of students from Turkey and Greece. Men predominate in the courses in engineering education and medicine.

Figure 10



Source: National Statistical Institute

Bulgarian universities provide relatively easy access to foreign nationals and recognition of Bulgarian diplomas gives a chance for further migration of graduates. The impact of the growing number of foreign students in Bulgaria on migration has not been studied. There is no data for the number of students who remain in the country after their studies. Education could be a factor for immigration in Bulgaria as well as for further migration to other EU countries. However, the procedure for obtaining visas for education purposes is long and complex, which discourages students from third countries to study in Bulgarian universities.

Bulgaria is pursuing a policy of promoting students from countries with Bulgarian minorities to train in the country. Information days are held in the Bulgarian diaspora in Moldova, Ukraine, North Macedonia, Albania and Kosovo and in Serbia. An additional incentive is the annual quota for students from these countries, fixed annually by the Council of Ministers. In 2016 it was increased to 1 000 Bulgarians from abroad (with proven Bulgarian origin) that can be admitted as students and graduate students in state universities in Bulgaria.

There is no research on what the effect of this policy, meaning how already benefited from this expensive education budget remained in the country. In this respect, no link between education and migration policy aimed at the integration of graduates.

Foreign students are an important migration inflow as they reside in the host country for more than a year. On the other hand, this group could be a source of long-term immigration of highly skilled young migrants. Most developed countries have specific policies that promote keeping and attracting permanent and priority of this group of migrants (Makni, 2011) which in the aging population in developed countries is an important factor in mitigating the adverse effects of demographic processes. Unfortunately, Bulgaria does not maintain any policy that promotes the stay and integration of qualified young people who graduate in Bulgarian schools and universities. Currently, the temporary stay of students is promoted by the universities until the completion of the studies as the foreign students contribute to the deteriorating budgets of universities.

### *3.8. Asylum seekers and refugees*

Being an external border of the EU Bulgaria was strongly affected by the recent refugee crisis. The unprecedented large inflow impacted the migration situation and immigrant population in Bulgaria. The unexpected inflow of asylum seekers found the society and the institutions unprepared and the consequences are rather controversial.

A large number of those who received a status remain highly mobile and leave the country legally or illegally. This process of re-migration contributes to the increase of emigration from the country. The other consequence from the last refugee crisis is that integration measures are hard to be implemented in case the target group prepares for departure from the country. The main question is whether the country could benefit from the hosting of large refugee inflow or the country just honors its humanitarian obligations

Bulgaria is a country with a small share of foreign population (under 3%) and a negligible number of foreign workers. The country is unprepared to accept large groups of foreign asylum seekers. Traditionally, society and politics in the last thirty years is very restrictive in terms of access of third-country nationals (excluding those with Bulgarian origin). It is a great challenge the acceptance in a short period of time of 70 000 people who sought protection in Bulgaria as a result of military and political conflicts in the region.

Bulgaria is located in geographical proximity to unstable regions and therefore it is of utmost importance to create a sustainable policy and efficient institutions and an early warning systems to cope with the incidents of a large refugee. The minimum objective is to strictly implement the international commitments of the country while keeping the public costs at an acceptable level. Beyond this minimum target could be integration of those who received status and utilization of their high potential.

The structure of asylum seekers' inflow (2014-2016) was dominated by Syrians and most of them with Kurdish ethnicity (Figure 9). In 2016 and 2017, the number of non-Syrian applicants for a status increased and the composition of the inflow also changed. Young men aged between 18 and 34 years constitute about 60% of the entire inflow in the last three years. In all nationalities, men prevail. The share of women decreased steadily from 2015 onwards, as they accounted for only 24% of the total flow in 2017 and 2018. The largest proportion of women is among the Syrian applicants – 39%. The proportion of children is also the highest in the group of Syrian citizens.

Figure 11

Top 5 countries of origin by number of applications submitted during the period 01.01.1993 – 31.12.2017



Source: State Agency for Refugees.

Asylum seekers in Bulgaria have a low level of education and only 5% have a university education. This educational structure is very unfavourable for the implementation of an effective integration policy.

The data outline a clear downward trend in migration pressure from asylum seekers. The lessons of the last refugee crisis are that the situation could quickly change that requires a mobilization of resources, creation and maintenance of expertise to address current

problems and to a strategic plan to conduct ongoing awareness campaigns about the nature, character, effects country of refugee processes. Society needs to be prepared for the challenges associated with mass migration from areas of instability and conflict.

The Republic of Bulgaria grants several statuses to foreigners who seek for protection – asylum, international protection and temporary protection. The number of those who received international protection since 2013 (the beginning of large number of applicants for protection) till June 2019 the total number of those who received international protection in Bulgaria is 16 616, including 11 864 granted with a refugee status and 4 752 with a subsidiary protection status.

#### **4. The consequences of migration**

The enlargement of the EU and the Single labour market accelerated the movement of labour across the borders of the member-states. The winners in the competition between the national labour markets to attract the demanded labour are the economies, which offer more attractive employment conditions. That is why migration from the new member states to developed EU economies acts as a buffer to cyclical fluctuations in the labour market in the receiving countries. While emigration from Central and Eastern Europe is unique and of significant benefit to the EU as a whole, the effect on the economies of sending countries is significantly negative (2016) (Atoyán et al, 2016). The outflow of skilled labour force reduces productivity growth and contribute to the growth of wages and undermining competitiveness. Central and Eastern Europe take huge fiscal losses from emigration, as far as social spending grow faster than GDP. Overall, emigration reduces the potential economic growth and slows the convergence with the EU.

The research on migration from and to Bulgaria confirms the thesis of the changing nature of inflows and outflows. The destinations, structure of migration flows and temporal dimensions are often changed. Bulgarian emigration in the EU has a positive effect on the Single European labour market. Large migration inflows of skilled labour, as well as the high level of integration of Bulgarian migrants in host countries, contribute to their economies. The effects on the Bulgarian economy, however, are rather unfavourable. The positive impact is not sufficient to offset the costs. As far as the convergence of the Bulgarian economy in European one is slow it can be expected that the negative migration balance will remain in the coming years. That means that adverse effects of migration will be maintained for a relatively long period of time.

The main negative economic consequences of emigration are the loss of population, fostering procyclicality of labour market dynamics, widening of labour market deficits and related loss of competitiveness.

The loss of population could be associated only with that part of emigration that is fully integrated into the host country and particularly those who canceled their citizenship. The scope of this group is small compared to other Bulgarian emigrant groups. The chance for a return of that group and their children is marginal, that is why the concept of the lost

population could be associated with this group. The estimations is that this group comprises of about 400 000 persons.

Bulgarian nationals residing in another country for more than one year form a rather non-homogeneous group. They comply with the classical definition of migrants and also maintain their Bulgarian citizenship. Migration plans of this group are hard to be predicted since the reasons for migration and residence status are rather diverse (among those are long-term labour migrants, family reunion migrants, students enrolled in universities, business and entrepreneurship related migrants, etc.). This is the largest migration group estimated at about 700 000 Bulgarian citizens. There is a potential for a return in this group. The data about the return of retired migrants suggests that at least 20% would return upon retirement. This category includes persons who have acquired full or partial pension rights abroad. The data show that each year about 2 000 persons entitled to pensions abroad, returned to Bulgaria. For the younger migration return is also possible upon the development of Bulgarian economy, convergence of incomes, improvement of institutions and stability in the country. Having in mind the forecasts for the economic development and convergence process it cannot be expected in short period of time a large return of Bulgarian migrants. The process would be of a more gradual nature. The experience of Baltic countries whose economies converged rather rapidly to the Euro area economy suggests continuing net emigration. Migration is a complex process of multifactorial dependence that makes the forecasts and particularly the return very difficult.

As regards the short-term migrants the concept of "lost" population is least applicable. These are highly mobile migrants that take advantage of the free movement of labour and take employment in seasonal and short-term assignments abroad mainly in the EU. The magnitude of this group is hard to assess. Although in the public debate and in the academic literature this group is considered as migrant group the definition of a "migrant" does not apply to the frequent short-term movements across the borders of those people. Some of them would choose to reside abroad for more than one year or for good, but their headquarters is Bulgaria.

Migrant remittances are considered as one of the main benefit for the economy of the origin of migrants. The dynamics of migrant transfers to Bulgaria over the last 20 years shows high growth between 2000 and 2004, when they reach 8% of GDP and then start to decline to about 2 percent of GDP (Figure 10).

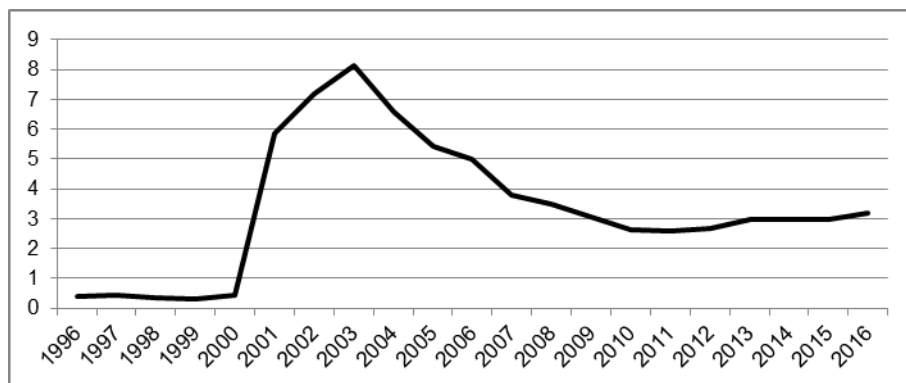
The recent global economic crisis hit hard the economies of countries which labour markets depend on foreign labour. The data suggest that both migration and migrant remittances over the past decade of an economic downturn are strongly influenced by the economic situation in host countries. Migrant transfers to Bulgaria decreased in the period 2010-2013 and slowly began to recover in the last two years, but are still about 3% of GDP. The macroeconomic impact of remittances of such a magnitude is negligible.

The main flow of migrant remittances comes from Turkey (about 50% of the total flow), which is associated with mass emigration to this country in the late 80s of last century. The second source of migrant transfers to Bulgaria is Spain (12% of the inflow) – a country with significant Bulgarian immigration, followed by Germany (Figure 11). Although the

Bulgarian population resides in many countries of the world, migrant transfers are concentrated in seven countries, where about 80% come from.

Figure 12

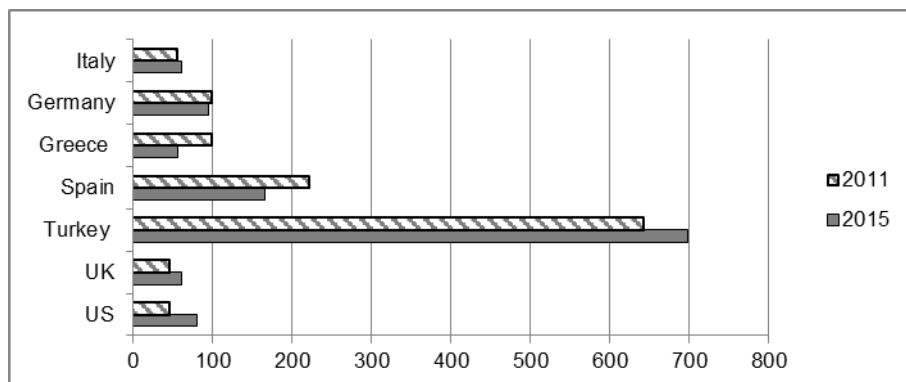
Migrant transfers to Bulgaria, 1996-2016 (% of GDP)



Source: World Bank. Migration and Remittances data.

Figure 13

Migrant remittances to Bulgaria by source country, 2011 and 2015 (million USD)



Source: World Bank. Migration and Remittances data.

The data show relative stability in the sources of transfers, mostly in relation to those of Germany and Italy (Bobeva, 2017). The crisis affected most severely Greece and Spain and this resulted in a substantial reduction in transfers from these countries, while despite the economic instability and refugee crisis in Turkey transfers from this country to Bulgaria are still significant. This trend is difficult to explain, taking into account the declining Bulgarian population in Turkey. Migrant transfers depend on the changing nature of migration. Several studies show that the more sustained immigration is, the less are migrant transfers, but in the case of transfers from Turkey to Bulgaria this theory is not confirmed.

A recent phenomenon is the increasing inflow of pension transfers. Bulgarian emigrants who have acquired pension rights and decided to return to Bulgaria could transfer their pension. The rule is that the pension follows the pensioner. According to the IMF balance of payment methodology, those transfers are reported as incoming financial flows, while in the case of pensioners who are entitled to pensions in Bulgaria and their pensions are sent abroad represents financial outflow. The data show an increase in the number of pensioners who return to Bulgaria. If the trend continues it could be expected that around two-thirds of migrants who qualify for a pension abroad would return to Bulgaria. This would have significant positive effects on the population and the economy. Transfers of pensions of return migrants to Bulgaria have a positive effect on the current account of the balance of payments. Over 36,000 persons already use in Bulgaria their pensions acquired abroad. It is about 433 Million Leva per year (Table 7). This is a substantial financial resource that boosts domestic demand.

The impact of pension transfers on the pension system is controversial. If those people were living and working in Bulgaria instead of abroad they would had contributed to the national pension funds. From this prospective, the pension funds missed substantial financial inflow. At the same time, these persons bring their pension to the country and do not impact social security system.

It is hard to predict what will be the behavior of returning pensioners on the labour market and whether some of them, as most of those retired in Bulgaria will work. Since they earned abroad much higher pensions than those in Bulgaria it can be expected that only a small share of pensioners would appear on the labour market in the country. However, with increasing deficits in the labour market and high demand for labour it is possible to expect an active behavior of retired returning migrants.

In demographic aspect returning retirees will affect the population in the following areas:

- The additional contribution to the population of about 36-40 thousand annually represents 0.6% of the population. This cannot compensate the loss of population due to migration and natural demographic processes, but would reduce the negative migration.
- The sustainable inflow of elderly returnees will further worsen the age structure of the population and will add to the aging of population.

Table 7  
Number of pensions and benefits by ERMD for persons with labour experience in other countries for 2012-2016 by country

	2012	2013	2014		2015		2016	
	Pensions and benefits	Pensions and benefits	Pensions and benefits	Retired persons in 2014 r.	Pensions and benefits	Retired persons in 2015 r.	Pensions and benefits	Retired persons in 2016 r.
TOTAL	22 297	25 867	27 790	25 793	31 979	29 817	36 336	33 925
Germany	5 794	6 201	6 377	5799	6 775	6 175	7 246	6 626
Poland	625	700	747	665	817	736	859	773
Slovakia	403	417	429	388	429	386	433	392
Hungary	262	272	289	263	300	273	308	280
Czech Republic	2 769	2 861	3 003	2383	3 089	2 453	3 147	2 490
Macedonia	208	215	231	202	219	191	228	197
Croatia	34	32	35	32	34	32	35	33
Slovenia	29	38	50	47	69	66	83	80
Serbia and Montenegro	153	157	149	133	157	140	163	145
Bosnia and Herzegovina	9	9	14	11	14	10	12	8
Ukraine	379	478	561	543	669	646	762	733
Spain	2 039	2 649	2 821	2689	3 543	3 374	4 210	3 994
Austria	971	1 097	707	669	794	754	919	870
Romania	32	32	39	37	47	45	55	52
Albania	4	4						
The Netherlands	49	59	63	59	87	84	108	104
Belgium	128	123	108	103	134	130	188	181
Cyprus	559	713	874	844	1 044	1 013	1 210	1 173
Estonia	15	21	27	27	37	37	42	42
Finland	42	53	52	51	63	62	79	77
France	283	335	337	325	420	404	481	460
Greece	3 968	4 547	4 712	4543	5 344	5 153	6 038	5 817
Ireland	13	24	16	16	23	22	32	30
Italy	1 343	1 832	2 082	2036	2 753	2 692	3 404	3 326
Lithuania	16	20	23	22	29	28	31	29
Portugal	168	245	317	300	391	370	474	444
Sweden	172	203	177	170	206	197	237	227
Great Britain	268	358	466	453	643	624	896	871
Luxembourg	10	15	19	18	20	19	24	23
Denmark	14	18	22	21	29	28	36	35
Latvia	20	22	34	32	41	39	55	53
Malta	12	14	13	12	17	16	23	22
Norway	30	49	56	55	87	85	111	106
Switzerland	63	101	97	97	117	117	153	150
Israel	240	304	362	356	461	451	550	537
Moldova	26	36	47	45	58	55	81	77
Korea			1	1	1	1	1	1
Iceland	1	1			2	1	2	1
Russia	1 146	1 612	2 424	2338	2 981	2 874	3 557	3 407
Canada			9	8	35	34	63	59

Source: National Statistical Institute.



## **Conclusion and policy recommendations**

The study of migration refers to the current period, which is too dynamic and specific in its manifestations – the global financial and economic crisis and the refugee crisis, which have a significant influence on Bulgaria. The paper demonstrated how migration balances across migrant groups change in this environment and enhance the unpredictability of migration. The known methods of forecasting migration are ineffective, strongly influenced by external factors, and institutions and policies are unprepared for the challenges posed by crises.

The study is based on a large and reliable database, using new sources and approaches to obtain data and comparing them to others to capture and evaluate true migration. In this way it goes further into the topic than conventional research, assessing real migration and finding new moments in its many manifestations in addition to general quantitative data. The complex internal structure and trends in individual migration flow under the influence of various causes are investigated. One of the highlights in the study of migration is the assessment of real and potential return migration - an issue that is not usually explored.

Some specific guidelines can be given for the future development of the policy in the field of migration. Reducing the negative effect of outgoing migration and reducing migration potential could be realised within three groups of policies:

1. Migration policy over the last decade is characterised by inertia and inefficiency. A number of policies that have proven ineffective should be discontinued and effective long-term migration policies should be put in their place:
  - Instead of a policy of sending Bulgarians abroad through EURES, which has been operating successfully for decades in the country, serious investments must be made to attract back migrants. There is no policy for the reintegration of returning migrants. The Employment Agency should develop special services and programs for returning migrants.
  - The policy regarding incoming migration of Bulgarian minorities in neighboring countries is ineffective. Over the last ten years, a significant number of people have migrated to our country, but for now, the policy towards them is only to attract them, rather than to keep them in the country. Thus, they are essentially a source of transit migration, and not of incoming migration to the country. This policy lacks effectiveness, that is, the cost of this policy, has no economic returnability.
  - There is a lack of a clear refugee policy and, above all, policy on incoming migrants integration, with specific goals and instruments. This deprives the country of the opportunity to keep young and highly qualified refugees.
  - There is also a lack of policy for students, both Bulgarians studying abroad and foreigners studying in Bulgaria, with a view to attract them to stay in the country.
2. The general economic policies should help keeping the workforce in the country. The specificity of Bulgarian outgoing migration and its heterogeneous character means that the policy must consider the specificities of individual migration groups. For example,

limiting the outflow of highly qualified professionals could lead to a decisive improvement in the work of the institutions and the general economic environment. Research shows that weak and inefficient institutions are among the main factors for the emigration of highly qualified specialists. As the reports of the EC and the ECB show, one of the major weaknesses of the Bulgarian economy and an obstacle to convergence is the unsatisfactory institutional development (ECB, 2018). All policies that promote job creation and economic growth would reduce the negative effects of outgoing migration and limit it, but without institutional development and the rule of law, no decisive change could be expected. The data show that in the years of high economic growth, labour market deficits and high wage growth, outgoing migration, including of highly qualified specialists, do not decline. It is a process driven by many social, economic and personal factors, which is why the policy to reduce it must be complex. A large number of highly skilled professionals choose to go to technology and innovation centers abroad. Therefore, prioritizing such centers with appropriate preferences could help retain and attract highly qualified professionals.

3. Within the framework of European policies, in addition to national measures and policies, the EU must recognise the issue of outgoing migration from the new CEE Member States and develop active migration and cohesion policies within the EU. As the IMF said in its report: "... it must be emphasised that free movement of labour is a key factor in the integration of the EU economic area, but it is crucial some steps to be taken to reduce the negative impact of outgoing migration for sending countries." (IMF, 2018).

Due to the global nature of the issues of the ongoing demographic and migration processes and the related with them economic aspects, demographic policy is gaining international importance. Demographic and migration processes are a global challenge and solutions must outweigh the interests of individual countries. Therefore, the public must make mutual efforts to achieve results in this field, both in terms of its natural and mechanical movement of people. Population development has general patterns that must be addressed consciously and jointly by the society.

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