

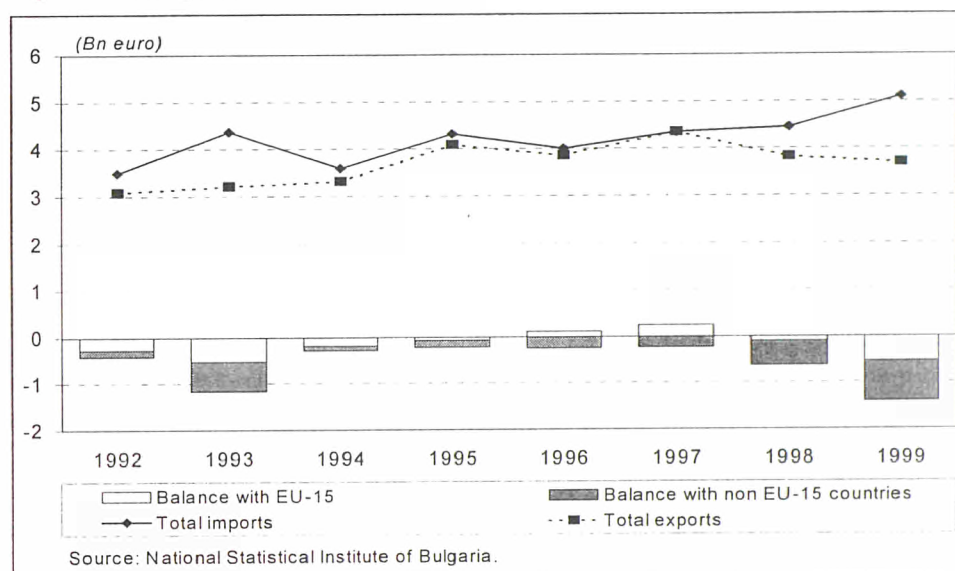


Bulgaria's patchy road through transition

Tim Allen

Over the past years, Bulgaria followed a patchy road through transition. Its trade figures and their growth rates were more modest than was observed in most other transition economies in central Europe. Nevertheless, its trade relations with the European Union (EU) have prospered: in 1999, around half of Bulgaria's trade was carried out with the EU. Apart from traditional heavy industry in machinery, chemicals and metals, a new export industry in textiles seems to have emerged in Bulgaria.

Figure 1 Bulgaria's external trade



Stagnating trade figures

With a population of around 8.2 million and an economy producing the equivalent of roughly a fourth of the average EU GDP per capita (1999 figures and in purchasing power standards), Bulgaria is modest in terms of size and economic might. Its unemployment rate stood at 17% in 1999 (up from around 15% in 1995) while inflation appears to have been tamed (2.6% increase in CPI in 1999 - see also page 3 for comparison with EU).

Bulgaria's trade performance throughout the 1990's has been patchy (see figure 1) and more stagnant than was observed in most other central European transition economies. For example, its annual average export growth rate 1992-99 stood at around 3% (see table 1) compared with more than 10% for most of the other EU Accession countries. In part this performance can be explained by severe external shocks such as the war and ensuing embargo in former Yugoslavia (for example, the river Danube remained blocked even at the beginning of 2000) or the Russian crisis. However, other issues also played a role.

Statistics in focus

EXTERNAL TRADE

THEME 6 – 18/2000

Contents

Stagnating trade figures.....	1
A fresh start.....	2
Orientation towards EU.....	2
Textiles increasingly important.....	3



Manuscript completed on: 24/11/2000
 ISSN 1024-6878
 Catalogue number: KS-NO-00-018-EN-C
 Price in Luxembourg per single copy (excl. VAT): EUR 6

© European Communities, 2000

A fresh start

Initially strong export growth following the opening of its economy to the western world at the beginning of the decade flattened out in 1996-97 during domestic financial sector problems. Once these domestic issues were settled, another disaster struck and brought two successive years (1998-99) of negative export growth at an annual average rate of -10%. This export slump was common to most countries in Eastern Europe and largely explained by the Russian crisis (which had set in August 1998)- when sizeable parts of their Russian export markets disappeared virtually overnight. A recovery in exports from mid-1999 onwards and in particular in 2000 paint a brighter picture (exports March 2000 up by 23% compared with March 1999). In 1999, Bulgaria exported around 3.7 bn euros worth of goods while it imported around 5 bn euros worth. To put these figures into perspective and in relation with other EU Accession countries - its exports as a percent of GDP (around 30%) places Bulgaria within a group of countries including Romania and Latvia on the lower end of the scale. Most of these transition economies are currently enjoying substantial export led growth. Amongst EU Member states, Bulgaria's trade ratios in 1999 would place it on an even level with Luxembourg in terms of cover rate (i.e. how much of import spending is covered by exports receipts), but also with Austria, Finland and Sweden in terms of exports as a percent of GDP (see figure 2).

Orientation towards EU

In 1999, slightly less than half of Bulgaria's imports came from the EU. On the other hand, slightly more than half of its exports were destined for the EU market. Over the past decade, it also succeeded in diversifying its export markets away from its traditional partners toward the EU (see figure 3). Exports to the EU grew by roughly 10% p.a. (almost four times above its annual average export rate - see table 1), mostly at the expense of Russia, formerly Bulgaria's largest export partner. Important trading partners in 1999 were nevertheless Russia (n°1 import partner),

Tab. 1 Bulgaria's trade by main partners, 1999

Partners	1998	1999	Share in 1999	Annual variation	
	(Mio euro)			99/98	99/92
			(%)		
Imports					
Total	4 456	5 098	100.0	14.4	5.6
EU-15	2 006	2 478	48.6	23.5	10.4
Russia	895	1 056	20.7	18.0	4.2
Germany	612	763	15.0	24.7	8.9
Italy	344	431	8.5	25.5	14.2
Greece	263	289	5.7	9.7	5.8
France	203	267	5.2	31.7	18.2
US	176	160	3.1	-9.2	4.8
Exports					
Total	3 829	3 697	100.0	-3.5	2.7
EU-15	1 904	1 939	52.5	1.8	10.4
Italy	485	522	14.1	7.4	16.6
Germany	400	366	9.9	-8.6	6.5
Greece	336	319	8.6	-5.2	12.5
Turkey	304	269	7.3	-11.6	4.7
Russia	209	176	4.8	-15.9	-14.5

Source: National Statistical Institute of Bulgaria.

Figure 2 Bulgaria in comparison to EU Member states, 1999

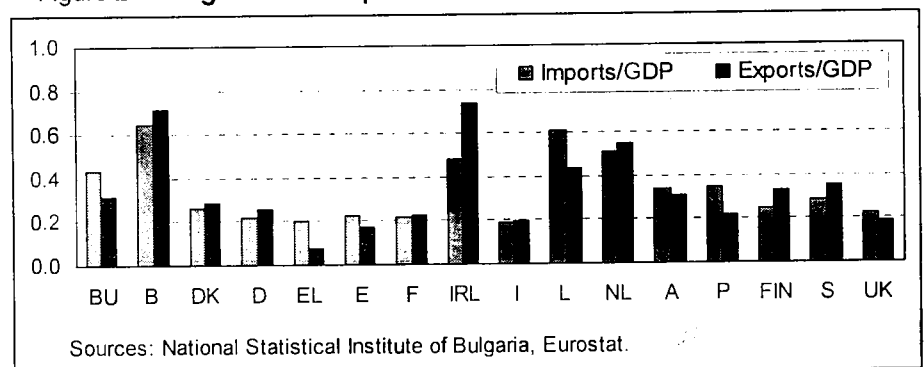
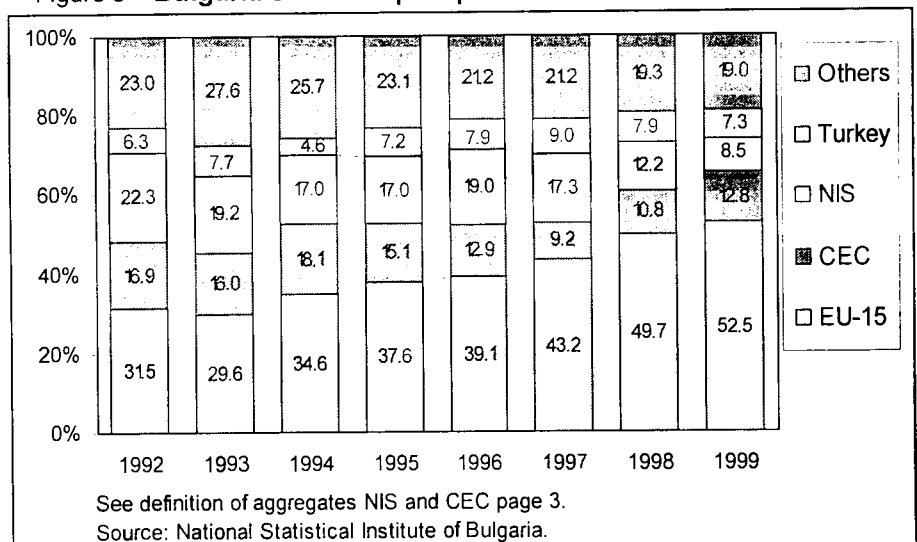


Figure 3 Bulgaria's main export partners



Germany, Italy and Greece.

Textiles increasingly important

Bulgaria's patchy trade performance mentioned above can also be explained by its limited product differentiation. Typically, as transition economies develop, the traditional reliance on exports of heavy industrial goods and machinery by exports of new products with increased specialisation at a finer level of product detail. This process is often fuelled by substantial foreign direct investment, but until the introduction of a currency board arrangement - amongst other measures - in mid-1997 such FDI flows were scarce in Bulgaria. Thus until recent years, its exports continued to be dominated by machinery, chemicals and metals. However, substantial increases in exports of clothing articles and textiles seem to point to the dawning of a new era (see table 2).

EU-Bulgarian trade in 1999 was characterised by imports of consumer and intermediary goods into the EU from Bulgaria (see table 3) - in particular consumer goods enjoyed strong growth rates over the past years. EU exports to Bulgaria were dominated by equipment and intermediary goods, which also saw some substantial growth rates (another sign that economic restructuring is now on its way).

Tab. 2 Bulgaria's main imports and exports, 1999

HS products	1999 (Mio euro)	Share in total	Annual variation	
			99/98	99/92
			(%)	
Main imports				
99 Other products	1,034	20.3	887.9	3.5
84 Machinery & mechanical appliances	667	13.1	52.5	11.8
87 Road vehicles	427	8.4	101.1	8.2
85 Electrical machinery & equipment	348	6.8	47.8	12.1
27 Mineral fuels	149	2.9	-84.7	-16.5
39 Plastics & plastic products	148	2.9	29.8	14.1
Main exports				
62 Articles of apparel not knitted or crocheted	332	9.0	30.8	21.2
27 Mineral fuels	259	7.0	8.3	3.3
99 Other products	253	6.8	65.4	22.4
84 Machinery & mechanical appliances	245	6.6	2.1	2.0
72 Iron & steel	245	6.6	-33.6	1.9
61 Articles of apparel knitted or crocheted	202	5.5	39.3	21.8

Source: National Statistical Institute of Bulgaria.

Tab. 3 EU-Bulgaria trade by product classified by type of use, 1999
(Reporter: EU-15, partner: Bulgaria)

Product groups (CEA)	Imports	Exports	Share in total		Annual variation 99/96	
			Imports	Exports	Imports	Exports
	(Mio euro)		(%)		(%)	
Total	2 246	2 684	100.0	100.0	9.5	16.5
Agricultural products	106	46	4.7	1.7	11.9	-2.2
Food products	166	147	7.4	5.5	1.9	6.5
Consumer goods	742	505	33.0	18.8	19.6	16.5
Automobile	9	205	0.4	7.6	6.4	9.1
Equipment goods	215	652	9.6	24.3	13.3	27.2
Intermediary goods	966	950	43.0	35.4	4.5	12.9
Energy	14	56	0.6	2.1	-17.2	40.1
Miscellaneous products	12	22	0.5	0.8	11.9	49.8

Source: Eurostat.

➤ ESSENTIAL INFORMATION – METHODOLOGICAL NOTES

The country aggregates: EU: EU-15.

NIS (New Independent States): Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Uzbekistan, Russia, Tajikistan, Turkmenistan, Ukraine.

CECs (Central European Countries): Albania, Bulgaria, Hungary, Poland, Romania, Estonia, Latvia, Lithuania, Bosnia-Herzegovina, Croatia and Slovenia; Czech Republic, Slovakia, Serbia Montenegro and the FYROM.

Data sources: Customs sources (data are stored in Eurostat Comext database). Divergences between the sources on figures concerning bilateral trade can be partly explained by the use of different methodolo-

gies and concepts.

System: Special trade.

Classification: Table 2: Harmonised system (HS). The nomenclature used in table 3 (CEA or Classification for Economic Analysis) facilitates the analysis of macroeconomic issues (production, investment, consumption, employment, etc.) by offering indicators that are less geared to production analysis.

Statistical values: EU: values CIF for imports and FOB for exports; Bulgaria: CIF/FOB.

In this report, 1 Bn euro = 1000 million euro

Basic figures for 1999

	Bulgaria	EU-15
Population (Mio)	8.2	375.3
GDP/capita (in PPS)	4 700	21 190
Unemployment rate	17.0%	9.2%
Inflation rate	2.6% *	1.2%

* PROXY HICP.

See also "Eurostat Statistics in focus, External trade, no 10/1997, Bulgaria's foreign trade" which you can order.

For further information, please consult www.europa.eu.int/comm/eurostat

Further information:

➤ Reference publications

Title External and intra-EU trade - monthly statistics
 Catalogue No CA-AR-00-010-EN-C Price EUR 20

➤ Databases

Comext, Domains EC Special Trade, PHARE

To obtain information or to order publications, databases and special sets of data, please contact the **Data Shop network**:

BELGIQUE/BELGIË	DANMARK	DEUTSCHLAND	ESPAÑA	FRANCE	ITALIA – Roma
Eurostat Data Shop Bruxelles/Brussel Planistat Belgique 124 Rue du Commerce Handelsstraat 124 B-1000 BRUXELLES / BRUSSEL Tel. (32-2) 234 67 50 Fax (32-2) 234 67 51 E-Mail: datashop@planistat.be	DANMARKS STATISTIK Bibliotek og Information Eurostat Data Shop Sejrogade 11 DK-2100 KØBENHAVN Ø Tel. (45-39) 17 30 30 Fax (45-39) 17 30 03 E-Mail: bib@dst.dk	STATISTISCHES BUNDESAMT Eurostat Data Shop Berlin Otto-Braun-Straße 70-72 (Eingang: Karl-Marx-Allee) D-10178 BERLIN Tel. (49)-18 88 6 44 94 27/28 Fax (49)-18 88-6 44 94 30 E-Mail: datashop@statistik-bund.de	INE Eurostat Data Shop Paseo de la Castellana, 183 Oficina 009 Entrada por Estébanez Calderón E-28046 MADRID Tel. (34-91) 583 91 67 Fax (34-91) 579 71 20 E-Mail: datashop.eurostat@ine.es	INSEE Info Service Eurostat Data Shop 195, rue de Bercy Tour Gamma A F-75582 PARIS CEDEX 12 Tel. (33-1) 53 17 88 44 Fax (33-1) 53 17 88 22 E-Mail: datashop@insee.fr	ISTAT Centro di Informazione Statistica Sede di Roma, Eurostat Data Shop Via Cesare Balbo, 11a I-00184 ROMA Tel. (39-06) 46 73 31 02/06 Fax (39-06) 46 73 31 01/07 E-Mail: dipdiff@istat.it
ITALIA – Milano	LUXEMBOURG	NEDERLAND	NORGE	PORTUGAL	SCHWEIZ/SUISSE/SVIZZERA
ISTAT Ufficio Regionale per la Lombardia Eurostat Data Shop Via Fieno 3 I-20123 MILANO Tel. (39-02) 8061 32460 Fax (39-02) 8061 32304 E-mail: mileuro@tin.it	Eurostat Data Shop Luxembourg BP 453 L-2014 LUXEMBOURG 4, rue A. Weicker L-2721 LUXEMBOURG Tel. (352) 43 35 22 51 Fax (352) 43 35 22 21 E-Mail: dslux@eurostat.datashop.lu	STATISTICS NETHERLANDS Eurostat Data Shop-Voorburg po box 4000 2270 JM VOORBURG Nederland Tel. (31-70) 337 49 00 Fax (31-70) 337 59 84 E-Mail: datashop@cbs.nl	Statistics Norway Library and Information Centre Eurostat Data Shop Kongens gate 6 P. b. 8131, dep. N-0033 OSLO Tel. (47-22) 86 46 43 Fax (47-22) 86 45 04 E-Mail: datashop@ssb.no	Eurostat Data Shop Lisboa INE/Serviço de Difusão Av. António José de Almeida, 2 P-1000-043 LISBOA Tel. (351-21) 842 61 00 Fax (351-21) 842 63 64 E-Mail: data.shop@ine.pt	Statistisches Amt des Kantons Zürich, Eurostat Data Shop Bleichenweg 5 CH-8090 Zürich Tel. (41-1) 225 12 12 Fax (41-1) 225 12 99 E-Mail: datashop@zh.ch Internetadresse: http://www.zh.ch/statistik
SUOMI/FINLAND	SVERIGE	UNITED KINGDOM	UNITED KINGDOM	UNITED STATES OF AMERICA	
Eurostat Data Shop Helsinki Tilastokirjasto Postiosoite: PL 2B Käymäläsoite: Työpajakatu 13 B, 2 krs FIN-00022 Tilastokeskus Tel. (358-9) 17 34 22 21 Fax (358-9) 17 34 22 79 S-posti datashop.tilastokeskus@tilastokeskus.fi Internetadresse: http://www.tilastokeskus.fi/tiv/ku/datashop.html	STATISTICS SWEDEN Information service Eurostat Data Shop Karlavägen 100 - Box 24 300 S-104 51 STOCKHOLM Tel. (46-8) 50 69 48 01 Fax (46-8) 50 69 48 99 E-Mail: infoservice@scb.se URL: http://www.scb.se/info/datashop/eurostat.asp	Eurostat Data Shop Enquiries & advice and publications Office for National Statistics Customers & Electronic Services Unit 1 Drummond Gate - B1/05 UK-LONDON SW1V 2QQ Tel. (44-207) 533 56 76 Fax (44-1633) 812 762 E-Mail: eurostat.datashop@ons.gov.uk	Eurostat Data Shop Electronic Data Extractions, Enquiries & advice - R.CADE Unit 1L Mounjoy Research Centre University of Durham UK - DURHAM DH1 3SW Tel: (44-191) 374 7350 Fax: (44-191) 384 4971 E-Mail: r-CADE@dur.ac.uk URL: http://www.rcade.dur.ac.uk	HAVER ANALYTICS Eurostat Data Shop 60 East 42nd Street Suite 3310 USA-NEW YORK, NY 10165 Tel. (1-212) 986 93 00 Fax (1-212) 986 69 81 E-Mail: eurodata@haver.com	

E-mail: mileuro@tin.it

E-mail: dslux@eurostat.datashop.lu

E-mail: datashop@cbs.nl

E-mail: datashop@ssb.no

E-mail: data.shop@ine.pt

Internetadresse:
http://www.zh.ch/statistik

E-mail: eurostat.datashop@ons.gov.uk

E-mail: r-CADE@dur.ac.uk

E-mail: eurodata@haver.com

Media Support Eurostat (for professional journalists only).

Bech Building Office A3/48 • L-2920 Luxembourg • Tel. (352) 4301 33408 • Fax (352) 4301 32649 • e-mail: eurostat-mediasupport@cec.eu.int

For information on methodology

Tim Allen, Eurostat/C4, L-2920 Luxembourg, Tel. (352) 4301 35098, Fax (352) 4301 34339, E-mail: timothy.allen@cec.eu.int

Eurostat thanks Andreas Petermann and Catherine Pochet for their collaboration on this report.

ORIGINAL: English

Please visit our web site at www.europa.eu.int/comm/eurostat/ for further information!

A list of worldwide sales outlets is available at the **Office for Official Publications of the European Communities**.

2 rue Mercier – L-2985 Luxembourg
 Tel. (352) 2929 42118 Fax (352) 2929 42709
 Internet Address <http://eur-op.eu.int/fr/generals-ad.htm>
 e-mail: info.info@cec.eu.int

BELGIQUE/BELGIË – DANMARK – DEUTSCHLAND – GREECE/ELLADA – ESPAÑA – FRANCE – IRELAND – ITALIA – LUXEMBOURG – NEDERLAND – ÖSTERREICH
 PORTUGAL – SUOMI/FINLAND – SVERIGE – UNITED KINGDOM – ISLAND – NORGE – SCHWEIZ/SUISSE/SVIZZERA – BALGARIJA – CESHÁ REPUBLIKA – CYPRUS
 EESTI – HRVATSKA – MAGYARORSZÁG – MALTA – POLSKA – ROMÂNIA – RUSSIA – SLOVAKIA – SLOVENIA – TÜRKIYE – AUSTRALIA – CANADA – EGYPT – INDIA
 ISRAËL – JAPAN – MALAYSIA – PHILIPPINES – SOUTH KOREA – THAILAND – UNITED STATES OF AMERICA

Order form

I would like to subscribe to Statistics in focus (from 1.1.2000 to 31.12.2000):
 (for the Data Shop and sales office addresses see above)

Formula 1: All 9 themes (approximately 140 issues)

Paper: EUR 360

PDF: EUR 264

Paper + PDF: EUR 432

Language required: DE EN FR

Formula 2: One or more of the following seven themes:

Theme 1 'General statistics'
 Paper: EUR 42 PDF: EUR 30 Combined: EUR 54

Theme 2 'Economy and finance'

Theme 3 'Population and social conditions'

Theme 4 'Industry, trade and services'

Theme 5 'Agriculture and fisheries'

Theme 6 'External trade'

Theme 8 'Environment and energy'

Paper: EUR 84 PDF: EUR 60 Combined: EUR 114

Language required: DE EN FR

Please send me a free copy of 'Eurostat Mini-Guide' (catalogue containing a selection of Eurostat products and services)
 Language required: DE EN FR

I would like a free subscription to 'Statistical References', the information letter on Eurostat products and services
 Language required: DE EN FR

Mr Mrs Ms

(Please use block capitals)

Surname: _____ Forename: _____

Company: _____ Department: _____

Function: _____

Address: _____

Post code: _____ Town: _____

Country: _____

Tel.: _____ Fax: _____

E-mail: _____

Payment on receipt of invoice, preferably by:

Bank transfer

Visa Eurocard

Card No: _____ Expires on: ____/____

Please confirm your intra-Community VAT number:

If no number is entered, VAT will be automatically applied. Subsequent reimbursement will not be possible.