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SEE Trade and Institutions: A Case Study on Bulgaria and the Region

The wiiw Balkan Observatory

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About

Shortly after the end of the Kosovo war, the last of the Yugoslav dissolution wars, the Balkan Reconstruction Observatory was set up jointly by the Hellenic Observatory, the Centre for the Study of Global Governance, both institutes at the London School of Economics (LSE), and the Vienna Institute for International Economic Studies (wiiw). A brainstorming meeting on Reconstruction and Regional Co-operation in the Balkans was held in Vouliagmeni on 8-10 July 1999, covering the issues of security, democratisation, economic reconstruction and the role of civil society. It was attended by academics and policy makers from all the countries in the region, from a number of EU countries, from the European Commission, the USA and Russia. Based on ideas and discussions generated at this meeting, a policy paper on Balkan Reconstruction and European Integration was the product of a collaborative effort by the two LSE institutes and the wiiw. The paper was presented at a follow-up meeting on Reconstruction and Integration in Southeast Europe in Vienna on 12-13 November 1999, which focused on the economic aspects of the process of reconstruction in the Balkans. It is this policy paper that became the very first Working Paper of the wiiw Balkan Observatory Working Papers series. The Working Papers are published online at www.balkan-observatory.net, the internet portal of the wiiw Balkan Observatory. It is a portal for research and communication in relation to economic developments in Southeast Europe maintained by the wiiw since 1999. Since 2000 it also serves as a forum for the Global Development Network Southeast Europe (GDN-SEE) project, which is based on an initiative by The World Bank with financial support from the Austrian Ministry of Finance and the Oesterreichische Nationalbank. The purpose of the GDN-SEE project is the creation of research networks throughout Southeast Europe in order to enhance the economic research capacity in Southeast Europe, to build new research capacities by mobilising young researchers, to promote knowledge transfer into the region, to facilitate networking between researchers within the region, and to assist in securing knowledge transfer from researchers to policy makers. The wiiw Balkan Observatory Working Papers series is one way to achieve these objectives.

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This study has been developed in the framework of research networks initiated and monitored by wiiw under the premises of the GDN–SEE partnership.

The Global Development Network, initiated by The World Bank, is a global network of research and policy institutes working together to address the problems of national and regional development. It promotes the generation of local knowledge in developing and transition countries and aims at building research capacities in the different regions.

The Vienna Institute for International Economic Studies is a GDN Partner Institute and acts as a hub for Southeast Europe. The GDN–wiiw partnership aims to support the enhancement of economic research capacity in Southeast Europe, to promote knowledge transfer to SEE, to facilitate networking among researchers within SEE and to assist in securing knowledge transfer from researchers to policy makers.

The GDN–SEE programme is financed by the Global Development Network, the Austrian Ministry of Finance and the Jubiläumsfonds der Oesterreichischen Nationalbank.

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Project
International and regional integration in SEE

SEE Trade and Institutions

A Case Study on Bulgaria and the Region

By Martin Dimitrov
Krassen Stanchev

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Introduction

Objectives and structure

The idea of this paper is to look at the challenges of regionalism from an institutional point of view.

In the first chapter, we discuss the take-off constellations, as they exist in the second half of the 1990's, 2000 and 2001. We make an attempt to give an overview of the most likely impacts of September 11 terrorist attacks on the region, to summarize the available sources and data on growth patterns and to underline the peculiarities of reforms, their direction and speed.

As an example of existing cooperation and trade in the region, we focus on Bulgaria. This is a brief case study, which outlines the regularities of changing trade partners in the second half of the nineties and deficiencies and disadvantages of different trade directions in order to highlight the role of the SEE for Bulgaria. In addition we provide detailed analyses on revealed comparative advantages for different commodity groups, in total nine, and where possible we give a five-year time series (from 1995 to 1999). This approach helps us to identify sectors where SEE market plays a special role vis-à-vis EU and CEFTA. We identify five characteristics of the SEE market for Bulgaria, which later give enough evidence to draw conclusions about the provisional role of these markets for other countries. We omit any discussion of services although transport and tourism are the sectors with the fastest growing share in Bulgaria's exports. We think that these sectors require special attention and additional fieldwork. We also avoid discussing Bulgaria's performance on markets different from EU, CEFTA, CIS and SEE because we think that such analysis would add details to the description of Bulgaria's trade performance but will contribute little to the deliberation on regional trade and cooperation.
We are confident that Bulgaria deserves this attention due to the following circumstances:
a) it is an average country in terms of demographics, nominal and PPP adjusted GDP per capita; b) it lacks extraordinary events and conflicts, which could deviate major patterns of economic policies and behavior; c) it has the average history of economic reforms, with its ups and downs and attempts to resort on different reform philosophies;

In the third part of the paper we focus on the institutional dimension of the cooperation. The need for this focus is justified by different reasons. In a relatively small economy patterns of trade often depend on the fortune of individual companies to cope with market pressures. It may happen that 50% contraction of the exports to given commodity market is due to the failure of a handful of companies. On the other hand, for such economies the ability to enlarge domestic market depends on the opportunity to retain low levels of competitiveness and if possible to improve them in the direction of markets with similar level of productivity and competitiveness. These markets are expected to be self-protecting in institutional terms and as underdeveloped as the original domestic market is vis-à-vis the others. If regionalism does not work for itself, institutions and policies related to institutions building may prevent or foster enlargement of the market. And last but not least, the institutional dimension of cooperation has attracted relatively little attention, especially with regard to SEE.
In this chapter we use recent and perhaps the only company study on issues related to cooperation and trade on the Balkans. And since there is an overall lack of information on institution building, we established an ad hoc group to give assessments and collect necessary data. The group consists of:
Zef Preci of the Albanian Center for Economic Research; Sead Kreso and Dzenan Donlagic from the Sarajevo University; Davor Galinec, National Bank of Croatia; Trajko Slaveski, Association for Modern economy in Macedonia; Gorana Krstic of the National Statistics in Belgrade and Liviu Voinea of the Romanian Center for Economic Policies. We use the opportunity to express our acknowledgment for the assistance and commitment of these prominent individuals without which we could hardly be able to prepare this paper. However, the responsibility for the content is entirely ours.

Some terminology

When discussing the institutional dimension we pay no attention to the role of different international organizations and we avoid reviewing different free trade agreements; the latter are reflected in the trade performance of different countries, in our case – of Bulgaria.
We understand institutions in the broadest possible sense.
We follow Douglas C. North's interpretation of institutions and their role in societal changes[1] as "the rules of the game in a society", and as "humanly decided constraints that shape human interaction". These are the rules that "structure incentives in exchange, whether political, social or economic".
Institutions have an impact by facilitating or blocking social interaction, including trade and economic cooperation. They have economic meaning in the long run through enforcing low-cost contracts. "Essential to efficiency over time are institutions that provide economic and political flexibility to adapt to new opportunities", says Douglas C. North. Specifically related to trade are institutions that handle en route cost and secure contract enforcement. [2]

Attachments

In order to facilitate reading and to allow discussants and readers to test our conclusions we supplement the paper with a series of attachments. The most important of them are the tables of revealed comparative advantages, compiled by Martin Dimitrov; others deal with background issues and give the questionnaires we used to collect the information for the institutional part of this paper. We would like to encourage the use of these or similar questionnaires in a future research.

I. Reform background

In this chapter we look at the economic reform conditions in the Balkans. Our objective is to see what are the common features and denominators, which may constitute a challenge for trade and cooperation between countries in the future.

1. 2001 constellation

A factor, which is difficult to account for, is the impact of September 11 terrorist attacks on the individual economies and the region as a whole. We assume that the following new realities must be taken into account:
There is a coincidence of different impacts: the economic slowdown in EU and USA, the crisis in Macedonia and September 11. In this constellation it is difficult to distinguish between the weights of individual factors. However, our general reasoning suggests that the former two impacts are of more direct nature and would be more significant for the economies of the Balkans, at least in short and medium term.
It is likely that the combined impact will be less FDI's, at least in a medium-term perspective:
SEE is being considered a risky region, and, under circumstances, this image would still be scaring investors away.

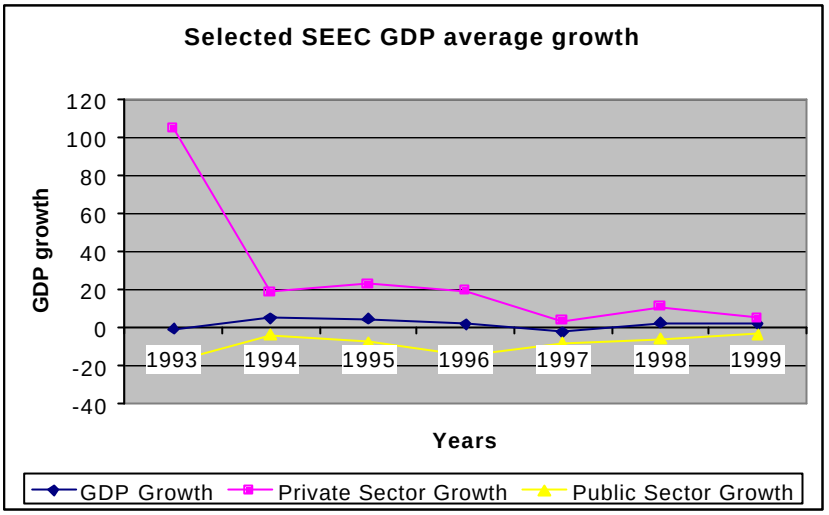
[1] See: Douglas C. North, Institutions, Institutional Change, and Economic Performance, Cambridge, Cambridge University Press, 1990, esp. chapter 9, pp. 73-104; here I use short version definitions prepared for the Occasional Papers N30 of the International Center for Economic Growth (ICEG), and entitled "Transaction Costs, Institutions, and Economic Performance"; see especially pp. 5,9.
[2] See on institutions that capture gains from trade: Douglas C. North, Institutions, Journal of Economic Perspectives, vol. 5, No 1, Winter 1991, pp. 98-102.

Domestic capital markets are in *status nascendi,* this aspect of underdevelopment would prevent direct impacts similar to the so-called capital flight to quality. The reorientation and slowdown of the portfolio investment would hardly have an impact on SEE since it never enjoyed such investment. Only two countries, Bulgaria and Romania [3], are exposed to international financial markets where they trade their foreign debt securities and Eurobonds. Country performance here would depend more on the performance on the reform front but other countries that would provisionally tap international sovereign debt (or corporate credit) market will face difficulties. Respectively, the borrowing for the needs of the Balkan economies will be more expensive. This also means that these countries can hope for finance predominantly from development banks: IMF, IBRD, EIB and EBRD. In other words, typical government involvement in transition and development issues would remain relatively high.
The nature of the provisional war on terrorism does not suggest it would be instantaneous. We think that there will be a longer-term reallocation of both equity and fixed-income investment towards companies and sovereigns that would spend more on the prerequisites of this war and on industrial sectors that serve security issues. Balkan economies have limited, if not any presence in such industries but governments will be expected to ensure needed security surveillance, i.e. to spend more on security issues. There is also an obvious shift in the political attention and in aid provision, on which Balkan countries tend to rely upon. Also it is clear that September 11 destroyed a considerable amount of wealth[4], that developed economies and US can repair the damage but it will just divert capital from other opportunities, one of them being investment in emerging market in search for better returns.

2. Reforms starting point: the second half of the 1990's

In 2000 all SEE countries registered positive economic growth. In countries like Albania, Bulgaria and Macedonia it is a third or fourth consecutive year of growth; other countries had interruption of growth performance, which is to be attributed to a variety of factors (see the table below on GDP growth).
In other words, the issue whether there is an achievement of cross-regional macroeconomic stability and sustained growth will inevitably remain without or with negative answer.
After the SEE countries have experienced more than 10 years of transition to market economy, they continue reforms with often vague or even contradictory success. Some of them (Yugoslavia or Serbia) have just made their first step into the reforms. It is not only a question of pace but also of direction, which still needs to be confirmed, if not for the insiders, for the international public opinion.
It is obvious, however, that in all the countries the development (as reflected in GDP) has been lead by the private sector. This is a common denominator for the region and is clearly observed in individual countries. The graph below summarizes the role of private and public sector growth in Albania, Bulgaria, Croatia, Macedonia and Romania, in 1993-1999. Serbia and Bosnia and Herzegovina (B&H) are not included due to missing data on private sector in GDP.

[3] Attempts to raise funds directly on the market are typical also for Croatia (there are issues of government US dollar denominated T-bills, depositary receipts of Zagrebacka banka, etc.) but respective amounts are negligible and maturity is short term (for T-bills average maturity is less than a year.)
[4] The total costs of the terrorist attack on WTC and the Pentagon are yet to be assessed; the most realistic estimate we know of is that of George Horowich of the Perdue University. He gave his back-of-the-envelope calculation of USD 200 billion speaking at special session of the Mont Pelerin Society Regional Meeting in Bratislava on September 12, 2001.



Source: National statistics and IME own estimates

The first year, 1993, reflects the end of the "explosive" emergence of the private sector in SEE. In 1994-1999, we observe gradual slowdown in the private sector growth rates, which put together with the stabilization of the slowdown in the public sector during 1997-1999, appears to be indicator of restructuring of these economies. The leading role of the private sector is obvious - 70-80% of GDP in all countries, and it often compensates for the decline in the public sectors. By the end of 1990's public and private shares in economic growth tend to converge but country-level data still indicate the leading role of the private sector. In this sense we may assume that direction of reforms – private sector based market economy – is, by and large, established.

3. Recession and restoration: 1990-2000

After more than ten years of transition to market economy, the SEE countries have restored between 70 and 80% of their pre-reforms GDP levels. As a result of the complicated situation in Serbia (in economic and political aspect in the last few years) this indicator has lower value there, compared to the other countries in the region. B&H, as a newly emerged country, is a statistical outlier with 621.8% GDP growth in 1994 - 2000. (In terms of GDP per capita, it is fairly typical SEE country).

GDP per capita in USD at PPP (Purchasing Power Parity)

	1995	1996	1997	1998	1999	2000
Albania	2571	1277	2692	2893	n.a	n.a.
B&H	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Bulgaria	5390	4990	4790	4950	5170	5610
Croatia	5610	6330	6730	7040	7110	7600
Macedonia	4060	4170	4260	4380	4530	4920
Romania	6210	6630	6330	6030	5920	6240
Yugoslavia	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Source: WIIW Database

When comparing the Central European countries' growth with those in SEE, we cannot miss the point of restoration of 1989 GDP per capita levels. In 2000 the Central Europe countries have with almost no exception reached the level of 1989. The pace of SEE is roughly twice slower. (The unique exception is Albania although it is because of the very low benchmark of 1989.)

SEE GDP growth: 1990-2000

GDP growth (in %)	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	**Index 1989=100 %**
Albania	-10	-28	-7.2	9.6	8.3	13.3	9.1	-7	8	8	6.5	**101.9**
Bulgaria	-9.1	-11.7	-7.3	-1.5	1.8	2.9	-10.1	-7	3.5	2.4	5.8	**71.9**
Croatia	-7.1	-21.1	-11.1	-8	5.9	6.8	5.9	6.8	2.5	-0.3	3.8	**81.3**
Macedonia	-10.2	-3.2	-6.6	-7.5	-1.8	-1.1	1.2	1.4	2.9	2.7	5.1	**83.1**
Romania	-5.6	-12.9	-8.8	1.5	3.9	7.1	3.9	-6.1	-5.4	-3.2	1.6	**76.8**
Serbia	-7.9	-11.6	-27.4	-29.6	8.5	7.0	7.8	10.1	1.9	-18.3	7	**51.1**
Czech Republic	-1.2	-11.6	-1.1	0	2.2	5.9	4.8	-1.0	-2.2	-0.8	2.7	**96.6**
Hungary	-3.5	-11.9	-3	-0.6	2.9	1.5	1.3	4.6	4.9	4.4	5.5	**104.8**
Poland	-11.6	-7	2.6	3.8	5.2	7.0	6	6.8	4.8	4.1	4	**126.6**
Slovak Republic	-2.5	-14.6	-6	-3.5	4.9	6.7	6.2	6.2	4.1	1.9	2	**103.2**

Source: National statistics, WIIW Database, IME own calculations

The above reasoning is rather obvious. The important fact is the lag behind the pace of Central Europe transition economies, and the more important is - why there is such a lag. In order to answer this question, we would like to start with mentioning that in principle all post-communist countries, even those that were the fastest to restore their pre-reform GDP per capita levels, spent considerably more time to do so in comparison with the countries, which were renovating economies after the World War II damages. All core European countries that suffered vast destruction as a result of the war managed to reach their respective pre-war levels of industrial output and per capita levels of GDP by the end of 1947 or mid-1948. Germany was an obvious exception but even it was at the level of pre-war by mid-1950. There is abundant evidence that the Marshal Plan was no reason for these successes.[5]

One of the available explanations in the literature show that these countries "had very little in the way of narrow special-interest lobbying or cartelization in the early years of their post-war democracy".[6] We believe this is to a great degree true, but what is behind is the lack of basic institutions that could promote growth and prosperity, among them: enforcement of private property rights and contracts, non-partisan rule of law and competitive political system.

Besides these lacks, 1998-2000 phase is characterized by three consecutive years of economic growth for Bulgaria, Albania, Macedonia and B&H. For the first time in the past 10 years, in 2000 GDP growth is recorded in all SEE economies[7]. In addition, all available sources suggest that: there is a relatively recent period of price stability[8]; there is a progress with structural reforms in Bulgaria, Croatia and Macedonia; across the region it is possible to assume that there was a gradual improvement of the business environment for foreign investors via decreasing the risk characteristic intrinsic for the countries in the region; and the stability at macroeconomic level was a relatively common phenomenon.[9]

The previous period, 1994-1998, however marks high (double-digit) inflation level in most of the countries (excluding Macedonia and Croatia after 1995) with peaks in Bulgaria, Romania (76% in 2000) and Serbia (48.7% in 2000).

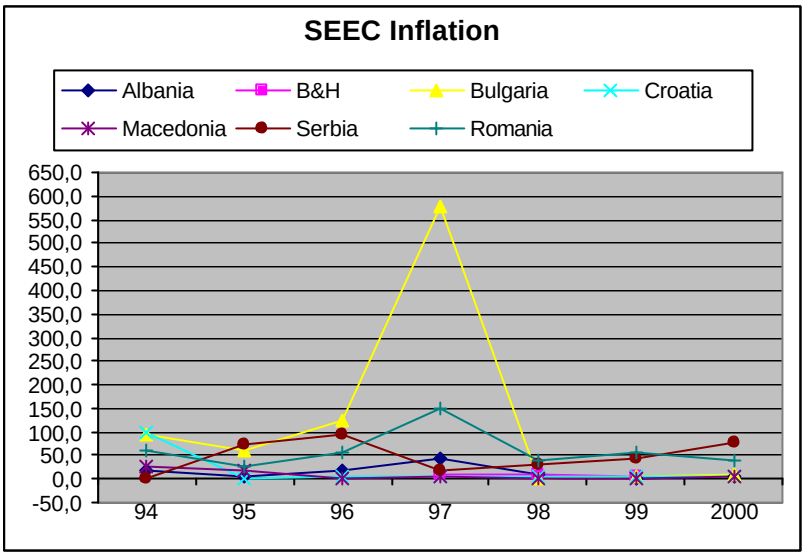
[5] See, for instance, Alan S. Milward, The Reconstruction of Western Europe: 1945-1951, London, Mathuen & Co. LTD., 1984.

[6] Mansur Olson, Power and Prosperity, Outgrowing Communist and Capitalist Dictatorship, New York, Basic Books, p. 169.

[7] Serbia (remaining Yugoslavia) might be one of the exceptions due to unclear statistical status of Montenegro; mutatis mutandis, however, IMF and World Bank reports assessment Serbia 2000 growth is intuitively correct.

[8] With the exception of Serbia and Romania (see the next graph).

[9] Again, with the exception of Serbia and Romania.



Source: National statistics and IME own calculations

In all countries periods of high inflation coincide with recession and decline in GDP. This is the case with all the countries in 1994-1995, with Albania, Bulgaria and Romania in 1996, 1997, and with Romania and Croatia in 1998-1999. Thus, this is an indication of reform mismanagement, which eventually causes a slower pace of transition.

While economic imbalances in Serbia might be excused by prolonged sanctions, wars and dissolution of key economic structures, Bulgaria, Romania, Albania and often Croatia suffered from inefficient public governance, lack of financial discipline and delayed structural reforms

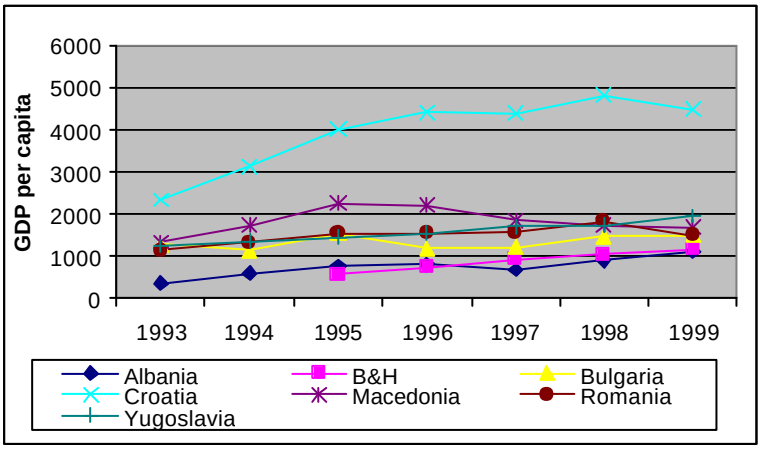
All these accumulated negative impacts on the economic development of the Balkans: high unemployment; fiscal instability; relatively paramount shadow economy and allegedly high corruption.

In 1999, GDP per capita in the SEE countries, except Croatia, is somewhere between USD 1,000 and USD 2,000. The growth rate for the period 1993-1999 is relatively slow, although the upward trend is obvious (again the only exception is Croatia, which registers double increase over the period).

In 1999, Albania had the lowest value of GDP per capita – USD 1,089 which appears to be more than 4 times less compared to the highest indicator – that of Croatia (USD 4,784).

However, to some extend, the exceptional position of Croatia seems to be due to more favorable starting conditions. Over the period 1990-2000 the country restored 81.3% of its pre-transitional level of GDP, which is similar result to the other SEE countries and on this basis higher GDP per capita appears to reflect better initial conditions.

Dynamics of GDP per capita (1993-1999)



Source: National Statistics and IME own calculations

4. Import and restructuring

SEE countries are net importers of goods and services – a trend that appears to be intrinsic to all the countries in the region for the last 3 years. It is reflected in the current account statistics.

SEEC Current Account Balance in % of GDP

	1992	1993	1994	1995	1996	1997	1998	1999	2000
Albania	n.a.	1%	2%	1%	-2%	-11%	-1%	-4%	-4.6%*
B&H				-10%	-27%	-32%	-24%	-19%	-16%
Bulgaria	-4.2%	-10.2%	-0.3%	-0.2%	0.2%	4.4%	-0.3%	-5.5%	-5.8%
Croatia	8.0	5.6%	5.7%	-7.7%	-5.8%	-11.6%	-7.1%	-7.3%	-2.8%
Macedonia	n.a.	0.6%	-4.6%	-5.2%	-6.5%	-7.4%	-8.8%	-3.3%	-3.6%
Romania	-8%	-4.5%	-1.4%	19%	-7.2%	-6.7%	-7.2%	-3.8%	-3.8%
Serbia	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Source: National statistics

* The data for 2000 includes 1st half of the year (January – June 2000)

The obvious explanation is the low competitiveness of goods and services produced on the Balkans. On policy level, this situation often leads to attempts to foster exports through artificial measures: direct and indirect subsidies and protection to "sustain" domestic industries, jobs, etc. Such policies are very difficult to apply towards major markets, in the SEE case – towards the EU. For this reason they take place in other directions, including SEE itself.

At the same time, the omni-presence of trade deficits is to some extends natural; it reflects restructuring. An indicator here is the import of the so-called investment goods. In the Standard Industrial Trade Classification (SITC) they are reflected in the following categories: manufactured goods classified by materials, machinery and transport equipment and miscellaneous manufactured articles. For the entire period in question for all the countries the imports exceed 50% of exports.[10] It shows pressures to restructure and attract FDI's that might compensate for lack of competitiveness and shortages of capital.

II Bulgaria: A Trade Case Study

In this chapter we look at Bulgaria as a typical SEE country.

From 1990 to 1991, Bulgarian exports contracted four times in absolute terms. This is a unique case of such a shock in SEEs recent economic history; exports shrank in other countries as well but with a fifth or a quarter. In the reform years' exports grew in absolute terms only in Romania.[11] Bulgaria behaved like all other countries of the region.

Trade and economic growth depend on the development prospects of major markets. Bulgaria, similarly to other SEE countries, depends seriously on international trade. Presumably, in the years to come, the growth prospects of EU and other major partners would be of virtual importance to the growth potential of the country. The same is true for all the countries in the region. Another peculiarity here is that Bulgaria enjoys beneficial asymmetric 10-year trade agreements with EU, signed in 1993. By 2001 some preferences will fade away. Another important factor are the non-tariff barriers of the EU, which could impose a serious obstacle for Bulgarian companies (industrial and higher value added goods mostly), but there is a need for special and highly specific research on the

[10] See, for instance, data on imports by commodity groups for SEE for 1999 in: Vladimir Gligorov, Vasily Astrov, Prospects for Development in South-East Europe, Vienna, WIIW, Bank Austria, 2000, p. 20.

[11] See a comparative table in Vladimir Gligorov, Vasily Astrov, Op.cit. p. 21.

matter. Available sources allow for only general impressions[12]. Other SEE countries have signed similar, though not identical, agreements lately and they would presumably face similar challenges. Bulgaria's performance might hint at patterns to be avoided or followed.

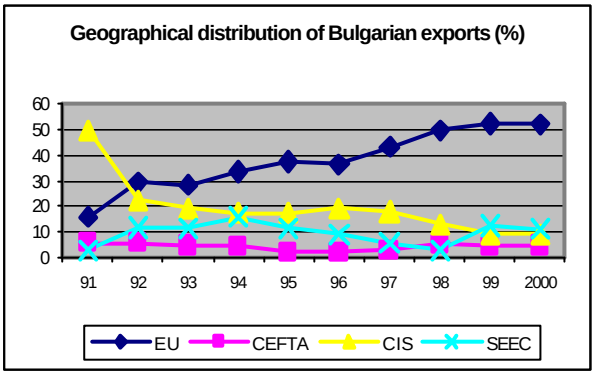
1. Re-orientation

Starting point

Bulgaria's openness have had a relatively long history but related to the former CMEA;[13] therefore the huge contraction of exports with the dissolution of the "mutual assistance". Thus, the openness did not produce sustained structure to underpin output and higher income. Compared to Slovenia, which in 1991 had close to 60% of its trade with EU and EFTA, Bulgaria had to re-orient its trade from the same trade volume to CMEA, seeking other markets. Bulgaria's starting point of reforms was significantly worse than that of other emerging economies of the Balkans and Central Europe. Also, Bulgaria lost markets in Iraq, Libya, and Iran. Sanctions against Iraq and Libya blocked USD 2 billion of their debts to Bulgaria.

Mid-1990

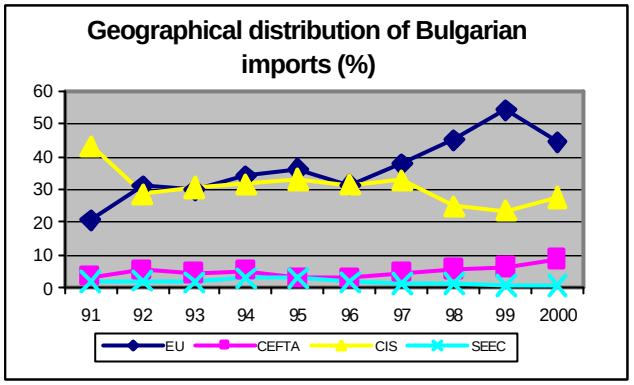
The following two graphs visualize the considerable redirection of Bulgaria's foreign trade: the result in 2000 is diametrically opposite to the situation at the start of the reforms.



Source: BNB and IME own calculations

Since 1998, imports from Russian Federation and CIS had virtually been limited to energy resources. It equalizes its rank as a market to CEFTA countries, while exports to EU have become ten times higher. The original decline in 1991-1993 in the "Eastern" trade is to be explained with two factors: the disappearance of the CMEA greenhouse and the fact that Bulgaria lost its "unique" access to COCOM-embargoed products, thus ceasing to be an exclusive supplier to the East. Until 1997 (i.e. before the Russian crisis), the share of exports to CIS in total Bulgaria's exports remained comparatively high. This is due to the so-called Yamburg agreement – an ex-CMEA (1987) agreement on natural gas supply at lower than international prices, which was paid back by pre-agreed reversed supply and barter.

[12] See, for instance: Stanislav Daskalov, Dimitar Hadjinikolov, The Impact of Technical Barriers to Trade on Bulgaria's Exports to the EU and to the CEFTA countries, Sofia, European Institute, 2001.
[13] See: Attachment 1and Attachment 2



Source: BNB and IME own calculations

After 1989, Bulgaria registered real GDP growth only in five years. In 1994, 1995 the growth was modest but fuelled by indebtedness of the state owned enterprises, quasi-fiscal subsidies and international conjecture. The experience of the mid-1990s suggests that the absence of straightjacket on government interference could hamper prospects for growth[14]. The country re-emerges in 1998 and 1999 on sounder fundamentals (stable currency, low inflation, liquidated loss making enterprises, etc.). In 2000, the registered growth of GDP was 5.8%, thus completing a three-year test period for growth sustainability. These circumstances suggest that the trade re-orientation, although taking place through out the period, did not back sustained economic stability and changed structure (which could build penetration to new markets due to higher productivity and competitiveness). In November 2001, EU report assessing compliance with the Copenhagen criteria (resistance to competitive pressures) found that Bulgaria "can cope with the single market competitive pressures" in a medium term.
During 1992-1997 leading exporting sectors were the petrochemicals, ferrous and non-ferrous metallurgy, chemicals plus tobacco and wines. These sectors have had a considerably larger global market share that the average Bulgaria's position in the global trade.[15] Tobacco was and is still a government monopoly. Though wineries remained government owned in mid-1990s, marketing of wines abroad was a private venture. Short-term "advantages" of the heavy industry sectors were either in the cheap natural gas supply under the Yamburg agreement or in different forms of quasi-fiscal subsidies (debt forgiveness, subsidized electricity or postponed environmental liabilities). What is important for our topic, however, is to mention that despite artificial structure of the Bulgarian economy in most of the 1990s was boosting Bulgaria's exports westwards.

2. A look at the trade partners in 1995-2000

This is an overview of trade-partners for 1995-2000. There was an option for Romania to be analyzed as SEE or CEFTA country. Geographical proximity suggests that it belongs to the Balkans. But the size and the above-mentioned export performance (though in absolute term) resemble CEFTA. Conventionally speaking, we include Romania in CEFTA; in addition, Bulgaria's trade commodity nomenclature with Romania is similar to that with CEFTA countries over the period 1995-2000.
After Bulgaria's trade reorientation since the beginning of the transition, the authors' aim is to analyse the quantitative changes in trade volumes by major trade partners, which occurred during 1995-2000, as well as to evaluate the changes in the quality characteristics in exports and imports for the same period.

[14] See Attachment 2
[15] Atanas Gochev (editor), Competitiveness of Bulgarian Economy, International Economics Departments, Sofia, 1998, p.15, 16-17.

Bulgaria`s export and import by trade partners 1995-2000 (in million USD)

	1995		1996		1997		1998		1999		2000	
	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.
EU	1951.2	1982.5	1878.6	1763.2	2127	1803.3	2114.1	2239.3	2088.6	2668.1	2464.3	2863.3
SEE[1]	411.2	71.3	362	72.4	223.4	64.6	193	76.8	316.5	43.1	522.8	52.9
CEFTA	191.3	220.5	161.9	220.6	153.8	239.1	207.3	274.6	178.1	353.7	192.3	567.1
CIS	888.7	1888.6	906	1775.9	845.6	1637.8	520.2	1235.7	358.7	1293.5	292.6	1805.7
EFTA	34.7	104.5	44.1	88.7	43.8	88.8	34.4	82.9	61.2	82.8	54.5	89.2
Other OECD[2]	590.4	309.2	539.4	252.9	655.4	349.2	508.4	401.6	496.9	441.6	734.3	488.9
Others	899.4	742.1	796.9	753.5	759.9	671.1	616.1	645.9	506.4	632.2	551.5	626.9
Total exports/ imports	**4967**	**5318.7**	**4689.2**	**4927.1**	**4809**	**4854.4**	**4193.5**	**4956.7**	**4006.4**	**5515.1**	**4812.3**	**6493.9**

[1] Includes Albania, B&H, Macedonia, Croatia and Yugoslavia
[2] Includes Australia, Canada, New Zealand, USA, Turkey and Japan
Source: BNB

During 1995-2000, as a whole, we observe a minor drop in overall exports and a major increase in imports of Bulgaria.

EU

Particularly intensive is the import from EU. It has grown by 44,5%. This development reflects on the coverage rate (the export/import ratio) of the Bulgarian trade with EU, which at the beginning was balanced for Bulgaria (98% in 1995, 106% in 1996), but at the end of this period we record relative set-back of the indicator, as in 2000 the trade coverage amounts at 86%. Considering the fact that in 1993 Bulgaria entered into an asymmetrical agreement of trade liberalization with EU, it may be concluded that with the opening of mutual frontiers with the EU, the import growth rates are much greater than the export growth rates, which may be explained by the differences in competitiveness. Nevertheless, the impartial interpretation of the situation requires to mention that Bulgaria cannot effectively take advantage of the asymmetrical principle of trade liberalization with the EU due to the structural reform slowdown and the crises in the country during 1996-1997.

CEFTA

Over the period 1995-2000 most dynamic is the change in trade between Bulgaria and CEFTA with respect to imports. During the period we record a 157% import increase in Bulgaria at a an insignificant export increase meanwhile. As a result the trade coverage ratio between Bulgaria and CEFTA changes from 87% in 1995 to 33% in 2000. Part of the explanation is in the late Bulgaria's entry into this structure (in 1999, while CEFTA is established in 1992) and thus the country lacks time in order to benefit from this favorable duty treatment. Another important issue is analysing the commodity structure in the trade exchange with the CEFTA countries in a dynamic manner from which we can draw the conclusion on the commodity characteristics of the serious import increase from these countries, which is to be made in this chapter.

SEE

As far as the trade with SEE is concerned the trend is a continuos export growth and an import contraction. Along with the objective factors such as the trade liberalization agreement which Bulgaria signs in 1999 with Macedonia, when analysing the Bulgarian trade with SEE countries, we should note the extremely complicated political and military situation in the region during the last years, which had a negative impact on Balkan trade.

CIS

In spite of the trend towards slight decrease the Bulgarian dependence on energy and raw material imports from the former Soviet union countries continues to be remarkable. The coverage rate in the trade between Bulgaria and the CIS has worsened considerably during 1995-2000, as in 1995 the ratio is 47%, and in 2000 the abrupt export drop for these countries leads to a new ratio of 16%, resulting in a serious negative balance in mutual trade.

Bulgaria's exports and imports % change over the period 1995-2000 by main trade partners

	Exports	**Imports**
Trade with EU	**+26.3%**	**+44.5%**
Trade with SEE	**+27%**	**-25.8%**
Trade with Cefta	**+0.5%**	**+157%**
Trade with CIS	**-67%**	**-4.4%**
Total trade	**-3%**	**+22%**

Source: BNB and IME calculations

3. Comparative advantages

The above overview of trade dynamics gives the opportunity to reveal the approximate dimensions of comparative advantages, which Bulgaria could utilize in different regions and commodities. We focus on the following conventional approaches:

1. Trade analysis according to (SITC)[16] by major trade partners for the period 1995-1999.[17] We apply a more detailed comparison between SITC and SITC TWO-DIGIT classification, limiting ourselves to 1999 (due to lack of space).
2. After the grouping the evaluation is made on the basis of the revealed comparative advantage (RCA). This indicator can take values from -1 to +1. A positive and high value of RCA for a particular commodity approximates the take off point, which companies may (or may not) convert into better competitiveness of different commodities on different markets. We assume that the primary role in these further developments is rather dependent on company strategies and ability to enhance productivity, and these eventually will be reflected in greater (smaller) country market shares on different commodity markets. In turn, a strongly negative RCA indicates already existing or a provisional lack of competitiveness; and respectively – significant challenge to identify niches and opportunities. Changes in the value of RCA over time can be interpreted accordingly. For example, an increase in RCA of more sophisticated products can be a sign of successful industrial restructuring. At this point, however, conclusions may be made concerning the resistance (volatility) of RCA's characteristic for commodity groups.

We have calculated RCA, according to the conventional formula:

$$RCA_i^j = \frac{(X_i^j - M_i^j)}{(X_i^j + M_i^j)}$$

RCA_i^j - is revealed comparative advantage in production of commodity i in respect of a given country
X_i^j - is the value of exports of commodity i to a given country by country j
M_i^j - is the value of imports of commodity i from a given country to country j

3.1 RCA on EU market

Overview

[16] For more information, refer trade statistic tables on different SITC-groups (0 to 8) in the Attachment 5
[17] Trade data by commodity is not available for 2000.

In 1995-1999, there are positive RCA values on EU direction, for the commodity groups from SITC 0 to SITC 3 (see Attachment 5), i.e. on articles with low level of processing and low value added.
In other SITC groups in Bulgaria's trade with EU positive RCA's are only in the group SITC 8 (Miscellaneous manufacturing). Here we observe an improvement during 1995-1999, from 0.19 to 0.35. SITC 8, however, consists of broad range commodities. More detailed analysis of these is made in the next paragraph.
Another commodity group, which deserves special attention in EU market, is SITC 6 (Manufactured goods). Here we observe constant RCA worsening from 0.12 in 1995 to –0.04 in 1999. At the same time, this is a development in a segment of roughly neutral RCA values. But it indicates that with higher processing levels there is a tendency towards worsening RCA values. Partially, the explanation is in the weak competitiveness of Bulgarian goods in the EU.

Institutional factors
We believe this is an evidence that Bulgaria has failed to take advantage of the asymmetric EU trade agreement. Perhaps the reason is in prolonged economic restructuring and delayed reforms, but on this level of analysis we cannot provide hard facts to prove it.
Considering greater details, one would find that exports of goods with no EU technical barriers and exports under mutual recognition agreement, increases much more during the entire period 1995-1999, compared to goods subject to different non-tariff barriers. Examples are: textile articles, footwear and leather products, drawing cold rolling of steel, furniture and other goods made of wood, non-hazardous basic chemical products, etc. The opposite example is in goods like: machines and equipment – electrical and non-electrical, pharmaceutical and cosmetic articles, organic chemical substances, cement, etc.
In 1999, there was a significant change in the status of Bulgarian standards: from obligatory they become voluntary, according to the National Standardization Act (enforced in September, 1999)[18]. The amendment was motivated by the need to reduce compliance costs of the industries and prepare for the adoption of standard imposed by EU regulations. As of mid-2001 Bulgaria has adopted 10% of the EU standards (roughly 10,000 altogether).

3.2 RCA on CEFTA markets

Overview
Bulgaria become a CEFTA member in 1999, so for the period in question formal association is no factor.
SITC classification shows negative values of the RCA indicator for all commodity groups except SITC 1 (Beverages and tobacco) and SITC 3 (Mineral fuels, lubricants and related materials). Even at first glance, we see significant difference between trade with CEFTA and EU: Bulgaria appears to be net importer not only of industrial goods, but also of raw materials. The volume of trade was basically low in 1995 in comparison with EU, and increases were inevitably in times-dimensions. Besides this, dynamics is still rather telling. Bulgaria's growth of export to CEFTA for the period (1995-2000) is only 0.5%, while the imports grew by 157%.

Institutional factors
CEFTA obviously serves well the trade between members and neighbors Our hypothesis is that Bulgarian case would be similar to other SEE countries, respectively to their trade with CEFTA and provisional membership. By no means competitiveness of Central European economies matters and underlines goods exports to non-members and new members. On the other hand, there is no benefit of asymmetric agreements, while there is a different pace in terms of EU accession. Although there is a need for additional research, we believe that the situation is the following: Central European countries are ahead of the other transition economies in adoption of EU technical requirements, so these impose trade disadvantages to countries that do not comply with the standards in question at the same pace. Thus, a difference even between members of CEFTA may occur. As Stanislav Daskalov and Dimitar

[18] See Article 5 of the law for details.

Hadjinikolov have noted, the significance of EU harmonized standards and mutual recognition of documents for compliance "in intra-CEFTA trade [is] not diminishing but even growing in importance".[19] These authors have also some empirical evidence that Bulgarian companies that covered EU standards have less impediment trading with CEFTA.[20]

3.3 RCA on SEE markets

Overview

Bulgaria has positive RCA values for all SITC commodity groups in the trade with SEE countries. In respect of SEE, the country is net exporter not only of raw materials, but also of industrial goods. Consequently that positive RCA values mean good trade potential on the Balkans. This is observed in the trade with SEE countries during 1995-1999 in the following commodity groups: SITC 0 (Food and live animals) 0.47-0.83[21], SITC 3 (Mineral fuels, lubricants and related materials) 0.39-0.98, SITC 4 (Animal and vegetable oils, fats and waxes) 0.73-1 and SITC 8 (Miscellaneous manufactured articles) – 0.29-0.91.

However, we observe abrupt changes in the quantitative and qualitative structure of exports and imports within 1995-1999 for the Balkan countries, which may be explained by the complicated political situation during the last years.

Institutional factors

The numerous conflicts, as well as the still continuing tension in Macedonia, have played an extremely negative role for trade relations in the region. This is evidently if we check trade performance of more detailed commodity levels. (E.g., see below charts on SITC one and two digits.)

Nevertheless, the restricting factor is a weak absorbing power of these markets, which decreases export opportunities. In 2000, the situation changed: trade is more active in both directions; GDP grew across the Peninsula (except Turkey) and incomes were higher.

3.4A more detailed analysis of Bulgaria`s RCA

Beverages and tobacco (SITC 1)

In order to make narrower specification of the commodity groups, where Bulgaria has comparative advantage in the trade with EU, CEFTA, and SEE countries there is a necessity of more detailed analysis on SITC 2 DIGIT level, which is to be made in this chapter.

Total Trade**.** The relative weight of SITC 1 in the country's total exports is 4.8% in 1999, while in 1995, this ratio is 9.9%. Regarding RCA on total trade within the analysed period, we note a slight decrease in indicator's values, which in 1999 is 0.6. Low level of processing, as well as low value added are characteristic of the commodity group. Thus, the comparative advantage in the group is mainly with respect of raw materials

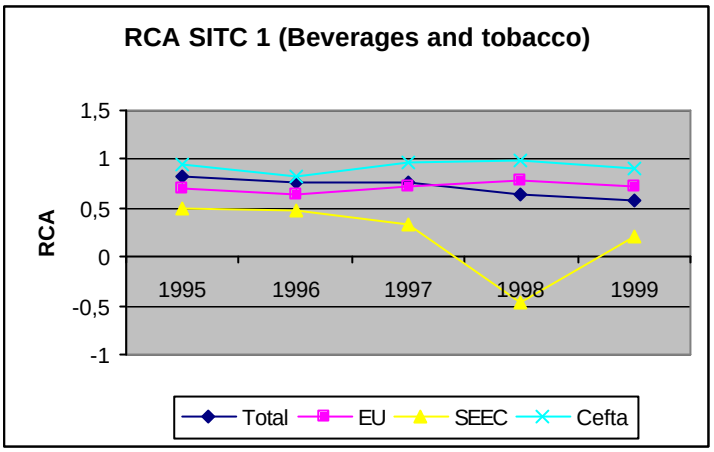
EU. In Bulgarian trade with EU, the highest RCA value is for SITC 1 (Beverages and tobacco), as the value of the indicator remains stable during 1995-1999 at about 0.71-0.72. A more detailed analysis on SITC (2 Digit) shows comparative advantages in 1999 in respect of both subgroups – 11 Beverages and 12 Tobacco and tobacco manufactures, as the RCA figures are 0.69 ? 0.79 respectively in 1999.

CEFTA. In the trade with CEFTA countries, the value of the indicator is again high – between 0.94 at the beginning of the period and 0.9 at the end. The analysis on SITC TWO-DIGIT level reveals concrete values for the respective subgroups in 1999 that appear to be quite high: 11 Beverages 0.89 ? 12 Tobacco and tobacco manufactures 0.89.

SEE. The trade with SEE countries is quite different. It is observed a trend towards increase of Beverages and tobacco import for the period, which reflects in RCA decrease from 0.49 in 1995 to 0.2 in 1999. In 1998 there is a negative value of the indicator (-0.47), which reveals a tendency that

[19] Stanislav Daskalov, Dimitar Hadjinikolov, Op. cit., p. 12.
[20] Ibidem.
[21] The low and the high value of the indicator in the analysed period.

Bulgaria become net importer of this commodity group from the Balkans. Regarding the corresponding subgroups (SITC TWO-DIGIT), it is identified that the RCA is 1 (only export) in 1999 in respect of Tobacco and tobacco manufactures. However, the small volumes of the commodity, that are being traded within the Balkans (0.8 million dollars in 1999), means either weak demand of the commodity group in the region or ineffective use of this comparative advantage.



Source: NSI and IME own calculations

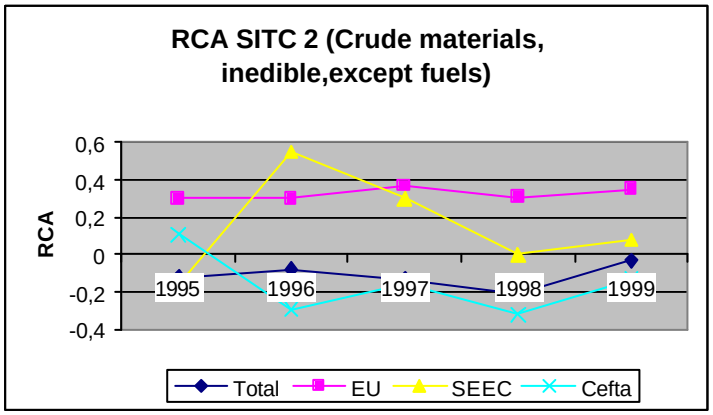
Crude materials, inedible, except fuels (SITC 2)

The commodity group increased its relative weight in Bulgarian exports from 5,5% in 1995 to 7% in 1999.

EU. Bulgaria has comparative advantage in the trade with EU in respect of this commodity group. There are relatively constant values of RCA over 1995-1999 (between 0.3 and 0.35). The analysis reveals strongly expressed comparative advantage in 1999, in respect of 21 Hides, skins and fureskins, raw (RCA=0.97) and 24 Cork and wood (RCA=0.96). However, we should have in mind that we are dealing with a commodity group of raw materials and low value added.

CEFTA. In contrast to trade with EU, the total trade with the commodity group has a prevailing import to export ratio. Part of the explanation is in the trade with CEFTA countries, for which RCA stands at negative value (–0.13) in 1999 (the lowest RCA value is for 24 Cork and wood – 0.82).

SEE. RCA on SEE trade appears to be volatile taking negative to positive values in different years (indicator values vary from –0.16 to 0.55). The explanation of the abrupt fluctuations over the period might be sought in the complicated economic situation in former Yugoslavia (embargo, sanctions), which in some years imports higher quantities of raw materials from Bulgaria.



Source: NSI and IME own calculations

Chemical and related products (SITC 5)

Total Trade. The relative weight of the commodity group in total exports dropped from 16,9% in 1995 to 13,7% in 1999. The subgroup with highest relative weight is fertilizers. So, we should have in mind that there are only four enterprises in Bulgaria producing fertilizers, which production and export potential considerably diminished when China entered the EU market.

Regarding comparative competitiveness, we note considerable worsening of RCA values.

RCA Chemical and related products, change 1995-1999

	1995	1999	% change
Total	0.12	-0.14	-216%
EU	-0.1	-0.49	-390%
SEEC	0.91	0.85	-6,6%%
CEFTA	-0.34	-0.53	-56%

Source: NSI and IM E own calculations

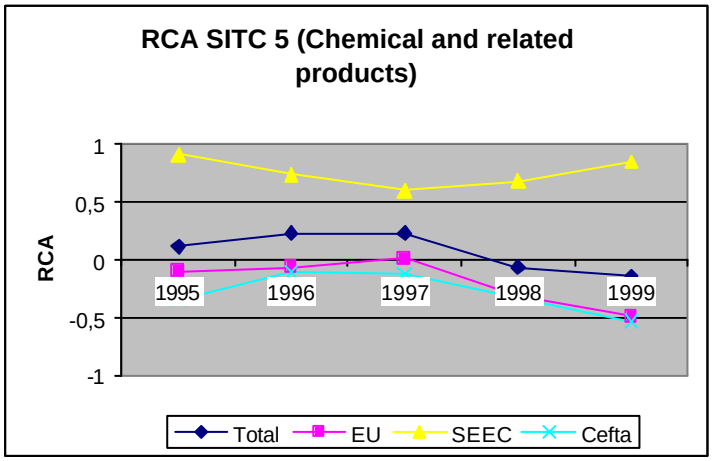
The table above shows serious decrease in RCA values during 1995-1999, as this trend actually holds true for a considerable part of Bulgarian trade in respect of the commodity group.

SEE. The only exception are SEE countries, for which the indicator keeps its positive values. It is obvious that the chemical industry export recorded a considerable decrease in the last years. An additional research on this situation is necessary in order to be determined to what extent this tendency stands for the respective subgroups of the sector.

EU. The more detailed analysis on the basis of SITC (2 Digit) in respect of EU trade in 1999 shows RCA figures near the minimal possible indicator`s value (-1) for the following subgroups: 53 Dyeing, tanning and coloring materials (-0.98), 54 Medical and pharmaceutical products (-0.62), 57 Plastic in non-primary form (-0.9) etc. Within the commodity group, of comparative advantage towards EU, we may consider only in two cases: 52 Inorganic chemicals and 56 Fertilizers manufactured, as the RCA value in the first case is 0.42, and in the second 0.95.

CEFTA. With respect to the trade with CEFTA countries, it is indicative that for almost all the subgroups of the chemical industry, the RCA values are negative in 1999. The only exception is 52 Inorganic chemicals, which has a balanced import/export ratio. From all this, we may draw the conclusion that Bulgaria, from year to year, becomes greater importer of chemical goods from the CEFTA countries.

The RCA value remains positive throughout the period only in the trade with SEE countries. The current potential of the sector presumes good development perspectives mainly in the Balkan region.



Source: NSI and IME own calculations

Manufactured goods classified chiefly by material

Total Trade. As we found out for just mentioned commodity group for the period 1995-1999, statistical data can confirm that RCA values worsen not only in trade with EU and CEFTA but also in total trade. These figures differ only for SEE countries.

RCA Manufactured goods classified by material, %, 1995-1999

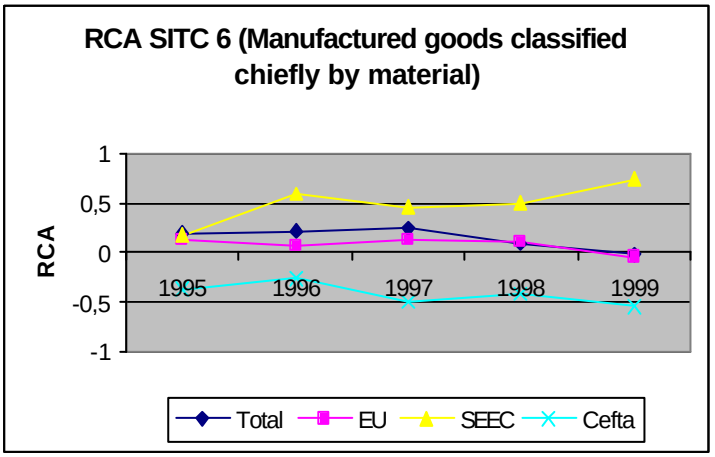
	1995	1999	%ch.
Total	0.19	-0.03	-116%
EU	0.12	-0.04	-133%
SEEC	0.17	0.75	+341%
CEFTA	-0.38	-0.54	-42%

Source: NSI and IME own calculations

EU. We used SITC TWO-DIGIT data for EU trade. For 1999 the following subgroups had positive RCA values: (63) Wood and Cork Manufactures (exc. Furniture) - (0.43), Iron and Steel - (0.61) and (68) Non-ferrous Metals - (0.7). In fact, these are goods with raw material supply from the domestic market. The data used shows that in the past years Bulgaria imported more industrial goods from the EU compared to previous years. This could be explained with existing differences in production potential and almost impossible economies on scale for local firms. Mutual trade has been liberalized which can also explain why EU export to Bulgaria has increased, especially for industrial products in large numbers.

CEFTA. The same figures we found in trade with CEFTA countries. For the past years RCA worsened for the commodity group. Comparative advantages we can find only for two subgroups: (61) Leather, Leather Manufactures - (0.26) and (68) Non-ferrous Metals - (0.04).

SEE. These figures are completely different for SEE countries. Bulgaria is net exporter for all subgroups of the manufactured goods, which are classified by material. In 1999 Bulgaria had definitively comparative advantages in the following groups: (61) Leather, Leather Manufactures - (0.9), (63) Wood and Cork Manufactures (exc. Furniture) - (0.98) and (64) - Paper, Paperboard and Manufactures - (0.98). The findings are different for commodity goods with higher level of processing and only direction of improvement in RCA values is SEE.



Source: NSI and IME own calculations

Machinery and transport equipment

The next part in comparative advantages analysis will be on the machinery and transport equipment. The figures show that for the period 1995-1999 this group import increased.

RCA SITC 7 (Machinery and transport equipment)

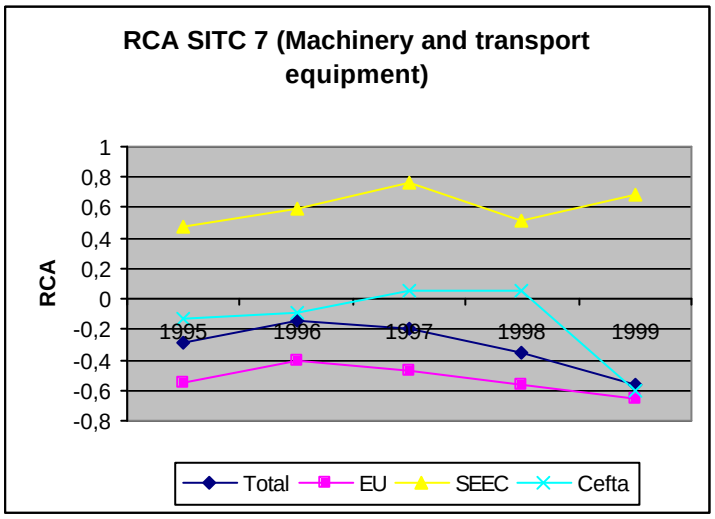
	1995	1999	%ch.
Total	-0.29	-0.56	-93%
EU	-0.55	-0.65	-18%
SEEC	0.48	0.68	+42%
CEFTA	-0.13	-0.6	-360%

Source: NSI and IME own estimates

EU. After comparing different figures, we found out that several commodity subgroups have had positive comparative advantages value. These are: (71) Power generating machinery and equipment (RCA=0.14) and (73) Metal-processing machinery (0.2). These figures might be explained with past experience in the industries. Those companies, which in the socialist period were producing such products, piled up considerable debts and after the COMECON`s disintegration did not develop their products with slightly different market strategy. We can explain that with their low competitive potential. The only market strategy for these industries could be to specialize in narrow segments with high value added.

CEFTA. For the period 1995-1999 in trade with CEFTA countries we found a considerable increase in machinery and equipment imports. Even in SITC (Two Digit) data figures for Bulgaria are with neutral RCA only for the subgroup, which includes office machines and automatic data processing machines (74) - (RCA=0.01). For all others RCA values are between (–0.6) and (-0.9).

SEE. We found positive figures for Bulgaria in the export of machinery and transport equipment only in trade with the other Balkan countries, i.e. the only market where export potential seems to be progressive for the commodity group is the SEE region.



Source: NSI and IME own estimates

Miscellaneous manufactured articles

EU. We include this commodity group in the report, because Bulgaria can trade with comparative advantages on the EU market. Although it involves much effort in processing, it is the only group (with high level of processing) with advantages compared to EU. Furthermore, the relative weight of the group in total exports grew from 9.1% in 1995 to 21% in 1999.

RCA SITC 8 (Miscellaneous manufactured articles)

	1995	1999	%ch.
Total	0.21	0.3	+43%
EU	0.19	0.35	+84%
SEEC	0.29	0.91	+214%
CEFTA	-0.13	-0.38	-192%

Source: NSI and IME own estimates

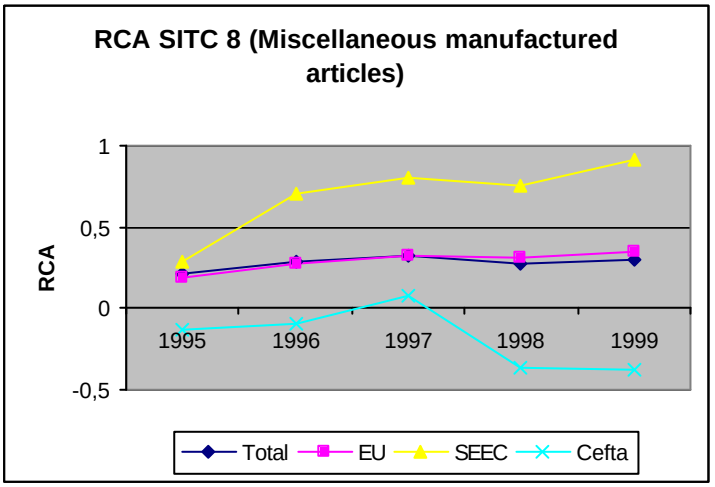
The more detailed analysis specifies comparative advantages towards EU in the following subgroups:

SITC (2 DIGIT) ?		RCA 1999	Exports 1999*
81	Prefabricated structures, sanitary, plumbing, heating, lighting etc.	0.54	27,9
82	Furniture and parts thereof	0.34	31,3
83	Travel goods, handbags and the like	0.65	15,9
84	Articles of apparel and clothing	0.57	490,2
85	Footwear	0.46	106,9

Source: NSI and IME own estimates
* In million USD

In the examined 5 subgroups we observe relatively firm improvement of comparative advantages in the trade with EU during 1995-1999. The results are rather telling on what Bulgarian companies manage to supply to EU.

SEE. With respect of the SEE countries, Bulgaria is net exporter, as the RCA figures in most subgroups are between 0.8 and 1. This issue is strengthening the conviction that only in trade with SEE, we reveal positive comparative advantages in all high value added groups of SITC.
CEFTA. As a whole, the RCA values for this commodity group are negative. I.e., we observe a gradual export decrease towards CEFTA countries - even for goods that Bulgaria has good export positions (with respect to RCA) in trade with EU, regarding CEFTA, restrictions in the export quantities are reported. Bulgaria joined CEFTA in 1999, so on this basis it had all reasons to expect that in the next years export to these countries will be favourably influenced by the preferential trade conditions. But in all cases, the country fails to compete.



Source: NSI and IME own calculations

4. Tariff measures

Over the period 1996-2000, Bulgaria gradually liberalized its foreign trade regime, which was illustrated by the decrease in the mean tariff from 16.1% in 1996 to 10.99% in 2000. Moreover, tariff unification for the period was observed, as the standard deviation of the mean tariff decreased in 2000 to 8.11 (the highest value for the period was 9.13 in 1999).
Bulgaria's trade (during 1995-1999) has shown prevailing growth of import compared to export, as this trend is especially strong in the trade with EU and CEFTA countries. With respect to EU, Bulgaria has a separate agreement for trade liberalization, whose asymmetrical principle was strongly

expressed during the first years after entering in force. But since 1999 we have been observing gradual levelling of access conditions to both markets, according to the initial agreement of complete trade liberalization. On this basis, the import growth from EU is natural (taking into consideration the difference in competitiveness), but the major problem in that case is that it was assumed that at that stage of the negotiations Bulgaria would already have restructured its economy and would be able to endure the EU common market competitive pressure. In November 2001, the EU Commission that would be able to coup with EU competitive pressures in a medium term assessed the country.

Background of tariff measures (Bulgaria)

Year	Mean	Median	Minimum	Maximum	Std. Dev.
1996	16.1	15	5	40	8.31
1997	15.49	15	0	40	9.04
1998	15.24	15	0	40	9.01
1999	12.55	10	0	40	9.13
2000	10.99	10	0	40	8.11

Source: Ministry of Finance

The table below summarizes the above overview of the comparative advantages. It is obvious that:

a) The more the value added the less the RCA on EU and CEFTA markets;
b) The concentration of RCA is yet more frequent on EU market, presumably because of the asymmetric agreement still in force;
c) Even on the remaining RCA's, the intensity is minimal, and perhaps temporary;
d) The SEE market is a concentration of Bulgaria's RCA's; it compensates for lack of position in other directions; however current account situation shows that the Balkans serve as compensatory market only in the sense that it harbors remnants of non-competitive products to other markets and from the legacies of the past industrial structures.
e) Bulgaria's presence on SEE market is diverse and hardly specialized. It covers almost evenly the entire SITC classification. Although there is an obvious interest to maintain this presence, the improved restructuring of other economies will result in a challenge to improve own competitiveness of Bulgarian companies trading on the Balkans.
f) 2001 crisis in Macedonia, to which Bulgaria's exports almost equals those to USA or Russia, is warning about the risks associated with greater Balkan exposure and must signal political efforts to maintain stability in the region as a pre-condition for trade and cooperation.

RCA on Bulgaria's trade: Summary*

	EU					CEFTA					SEEC				
	1995	1996	1997	1998	1999	1995	1996	1997	1998	1999	1995	1996	1997	1998	1999
SITC 0	+	+	-	+	+	++	-	- -	-	-	+++	++	++	++	+++
SITC 1	+ ++	++	+++	+++	+++	+++	+++	+++	+++	+++	++	++	+	- -	+
SITC 2	+	+	++	+	++	+	-	-	-	-	-	++	+	0	+
SITC 3	+	++	++	-	+	++	- -	++	+	+	+++	+++	++	++	+++
SITC 4	- -	- - -	- -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	+++	+++	+++	+++	+++
SITC 5	-	-	0	-	- -	-	-	-	-	- -	+++	++	++	++	++
SITC 6	+	+	+	+	-	--	-	- -	- -	- -	+	++	++	++	+++
SITC 7	- -	- -	- -	- -	- -	-	-	+	+	- -	++	++	+++	++	++
SITC 8	+	+	+	+	++	-	-	+	- -	- -	+	+++	+++	+++	+++

Legend*:
RCA values between 0.7 and 1 (+++)
RCA values between 0.35 and 0.7 (++)
RCA values between 0 and 0.35 (+)
RCA value 0 (0)
RCA values between 0 and -0.35 (-)
RCA values between -0.35 and -0.7 (- -)
RCA values between -0,7 and -1 (- - -)

SITC 0 - Food and live animals
SITC 1 - Beverages and tobacco
SITC 2 - Crude materials, inedible, except fuels
SITC 3 - Mineral fuels, lubricants and related materials
SITC 4 - Animal and vegetable oils, fats and waxes
SITC 5 - Chemical and related products
SITC 6 - Manufactured goods classified chiefly by material
SITC 7 - Machinery and transport equipment
SITC 8 - Miscellaneous manufactured articles

We think that the relative position of other Balkan countries on the EU and CEFTA market will be very similar to that of Bulgaria. We cannot discuss without further (field) research whether Bulgaria is taking advantage from its agreements and general openness towards these markets, e.g. there is no evidence that Bulgaria re-exports to SEE markets. It is likely, that the legacy of previous industrialization have found a refuge to less competitive markets. From a development point of view, Balkans may well serve as a rescuing intermediary stop in restructuring.

III. Institutions, trade and cooperation

So far, the comparative advantages analysis on Bulgaria showed the most favourable values for the Balkan region. Meanwhile, Bulgarian trade with SEE countries has fluctuations in the quantitative and qualitative characteristics, which governments and observers explain mainly with the political and military crisis in the region in the last years.

In order to get more detailed notion on the specific characteristics of the region, in this chapter we focus on the institutional environment. We do not discuss, however, trade and other international agreement. Their efficiency can be assessed on case-by-case basis, dealing with countries and/or regions involved. Here we deal with factors of the overall business environment and institutions such mental models, payment systems and banks, reliability of company information and regulations that presumably might have an influence on trade and cooperation.

1. Methodology

For the need of information gathering for this chapter we have the permission to use some of the results of Structured interviews with 125 export-oriented firms from five Balkan countries and autonomous regions[22]. The aim is via spreading in-depth structured interviews to acquire generalized idea on the market situation, on how the very market participants define the major obstacles in trade development[23]. This is one of the unique cross-Balkan company surveys on trade and cooperation related issues. We are cautious interpreting the results and granting them region-wide representative merits. But we believe, there is a heuristic element.

On the other hand, as mentioned, we focus on institutions that may induce or hamper more complicated forms of exchange and cooperation. In order to collect this information we created an ad hoc working group of experts from the region, whose aim was to prepare statistical comparisons, as well as to deliver an expert assessment on how the institution of impersonal contract enforcement work. The group was asked to fulfill a Matrix-Questionnaire in order to obtain comparable results on investigated issues[24].

2. Why trading with the Balkans?

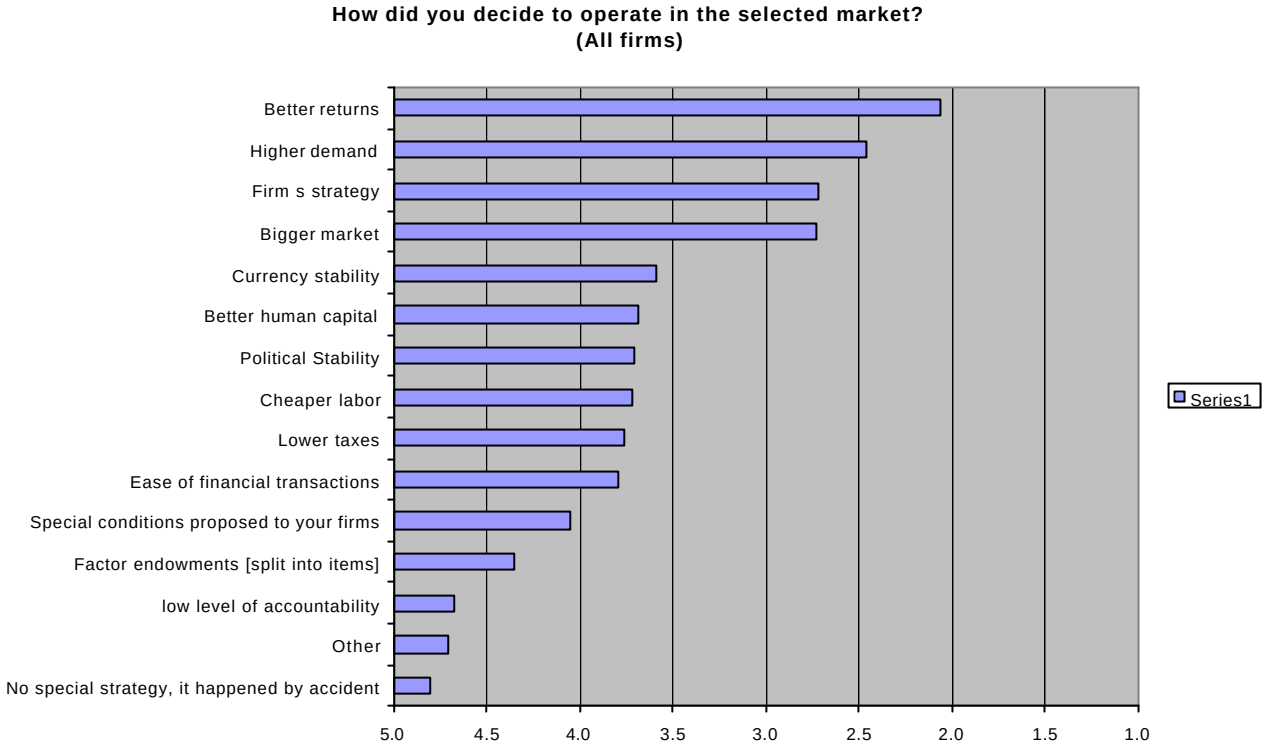
In the above-mentioned questionnaire we asked 125 companies to answer which factors motivated them to start trading in the region? The possible answers we divided into four categories: firm strategy (better returns, higher demand, firm strategy, bigger market); resources (better human capital, cheaper labor, factor endowments); and external conditions (currency stability, ease of financial transactions, political stability, lower taxes and lower environment liability).

[22] This research is part of the Balkan network Initiative 2000, it consists of interviews and ten company case studies, and was conducted in December 2000 – April 2001 (when the case studies were finalized) in Albania, Bulgaria, Kosovo, Macedonia and Montenegro; the results are published in: Obstacles to Trade, Growth, Investment and Competitiveness: Ten Case Studies of Balkan Business, Sofia, The Balkan Network, 2001. It is also available at: www.balkannetwork.org. In the text below we use the original information from the questionnaires, for the purposes of visual presentation on Internet, some scales in charts and graphs reshaped.

[23] See the Questionnaire in Attachment 3

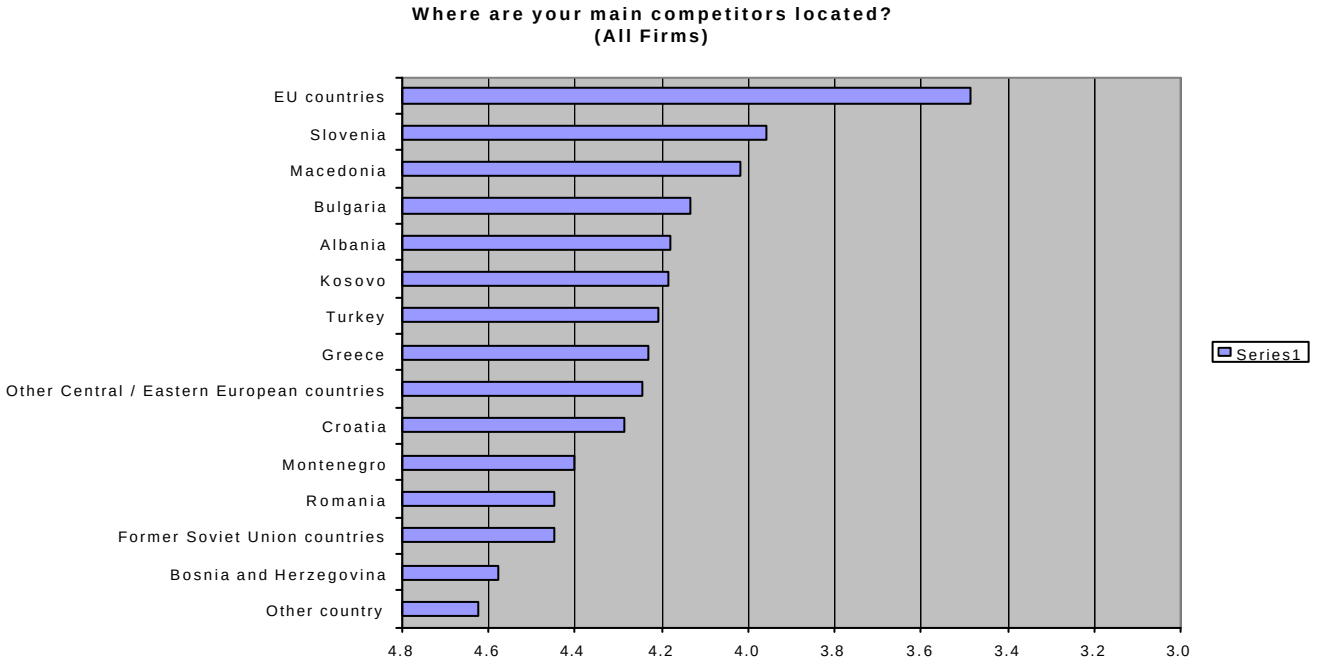
[24] See the Matrix-Questionnaire in Attachment 4

The companies responded that they sought bigger market then the domestic one and better returns. The Balkan market is seen as an opportunity to access economies of scale with larger demand compensating for the size of the market abroad. (Scale mean: 1-highest importance, 5 –lowest)



Interviewers were told that firms have long-term interests in the region, which is a part of their strategy. Other factors, which may lead to incentives like lower taxes, subsidized production and labour, are relatively insignificant.

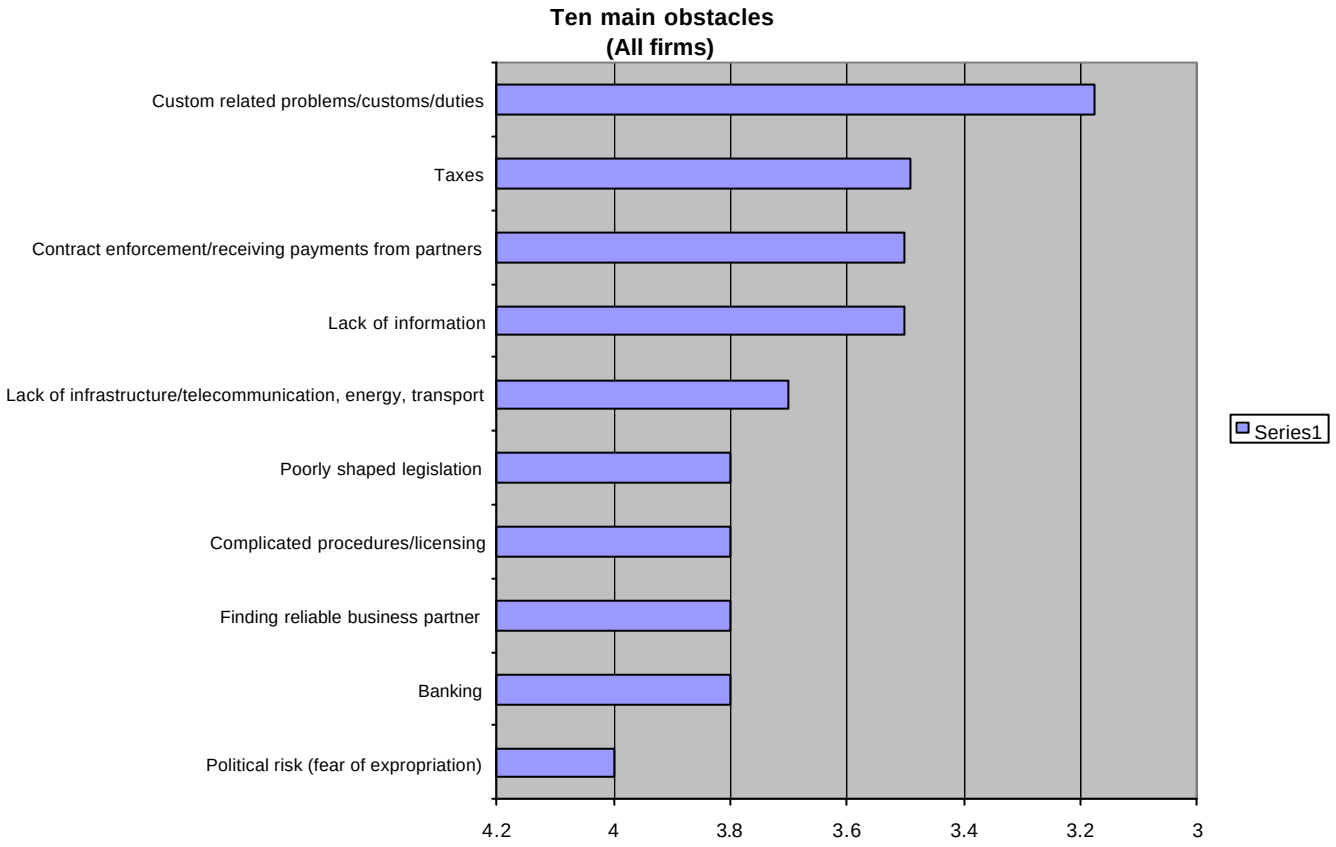
The market comprises about 54 million consumers, and, in recent years, there is a growth in purchasing power. The expectation seems completely rational. On the other hand, the competition on the market is lower compared to EU or the CEFTA markets. Major competitive threat, however, is perceived from EU located companies.



It is likely that the overall situation on company level resembles what is rather obvious from the case on Bulgaria's trade: SEE markets compensate for the lack of strength to compete in other directions. An issue that may be of interest for further research is to what extend the relatively low presence of EU companies (especially in some countries), which are still supposed to consider the region risky, allows for penetration from neighbours.

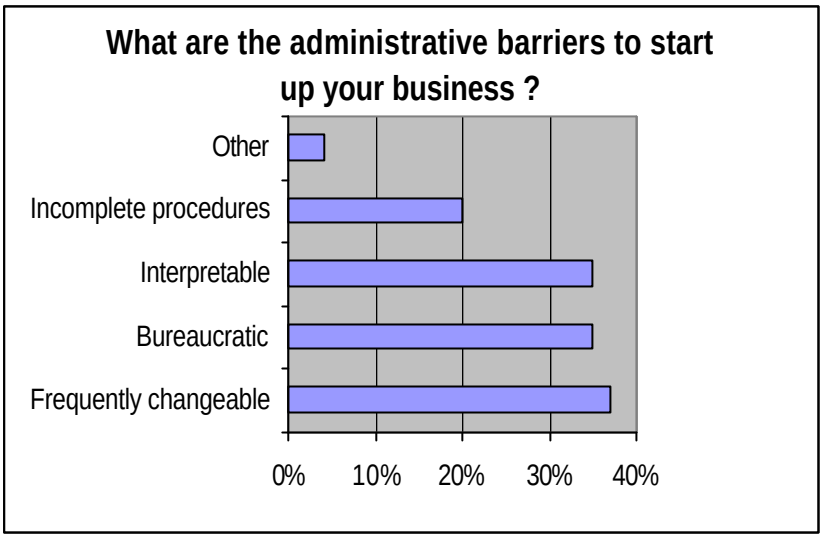
3. Administrative barriers, entry and exit

A major problem that interviewed companies face trading in the region is customs formalities, duties and procedures. Another key problems of equal importance are found in: taxes, contract enforcement and lack of information. These answers suggest that the basic institutional infrastructure to mediate trade is missing.



The Coasean hypothesis that a firm emerges when markets and contract do not resolve an issue related to transactions[25] suggests that a normal reaction would be to enter the neighbouring Balkan market via establishing a company. The sample of companies interviewed identifies serious administrative obstacles to registering and operation in the regional market. Often the opinion is that the legislation "frequently changeable" (37%), "bureaucratic" (35%) and subject to "discretionary interpretation" (35%).

[25] As Ronald Coase puts it: "although production could be carried out in a completely decentralized way by means of contracts between individuals, the fact that it costs something to enter into these transactions means that firms will emerge to organize what otherwise be market transactions whenever their costs were less than the costs of carrying out the transactions through the market" (R.H. Coase, The Firm, the Market, and the Law, Chicago and London, 1988, p. 7).



Source: Balkan Network survey

Bankruptcy procedures refer to the smoothness of exit and creditor rights execution, both significant for foreign investment. The working group members gave their answer on whether the necessary bankruptcy legislation framework exists and their assessment, if any what is the average procedure duration in each country.

In all the countries in the region, the necessary bankruptcy legislation is in place. In respect of the enforcement, the practice is rather diverse. As most prolonged appears to be the procedure in Albania – 36 months, and the shortest in B&H and Croatia, 3 and 6 months respectively. For the rest of the countries, the procedure continuation is about 12 months.

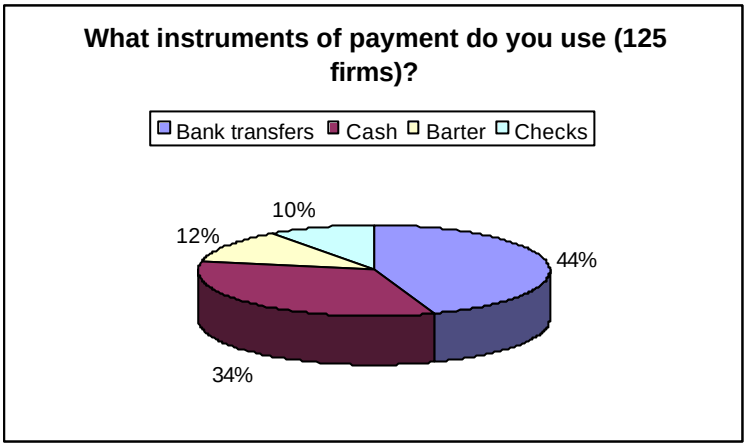
Bankruptcy procedures

	Does the necessary legal framework exist?	Average term of the procedure (months)	How often used?
Albania	Yes	36 months	Rarely
B&H	Yes	3 months	Rarely
Bulgaria	Yes	12 months	Frequently
Croatia	Yes	6 months	Rarely
Macedonia	Yes	20 months	Rarely
Serbia	Yes	n.a.	Rarely
Romania	Yes	12-24 months	Rarely

Source: SEE research team estimates

4. Payment system

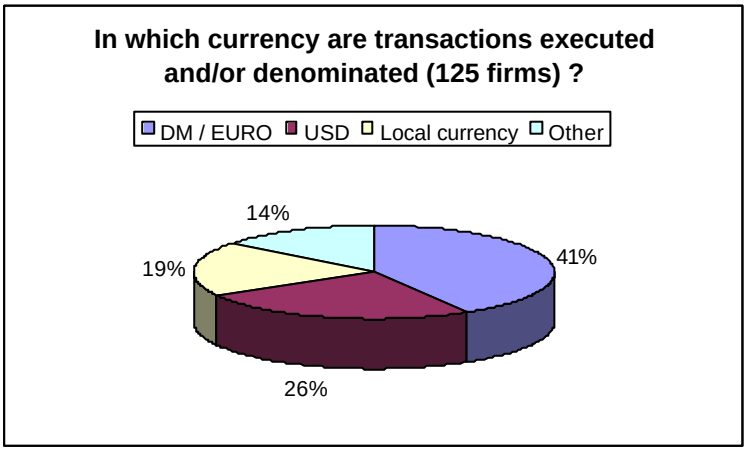
A company level research appears to be the only possible way to analyse the instruments of payment in SEE. Moreover, when doing such a research, we may analyse the ratios of the different instruments of payment.



Source: Balkan Network survey

One third of all payments in the Balkans are claimed to be in cash. A possible explanation of this situation is that in that way tax payment is avoided, and moreover, if the money origin is illegal, using banks is not an alternative at all. Together with barter the non-bank component in the payment system equalizes the bank segment. It looks as if, however, the system operates through correspondent links with banks outside the region or at least through branches of institutions located in Greece and Turkey.

Preferable payments are in DM (respectively Euro). Local currencies are used three times less than DM and USD.



Source: Balkan Network survey

Five to six international banks operate in every Balkan country, except Yugoslavia. Most significant is the presence of Greek and Turkish banks, which have branches in almost all the countries in the region. A great share of the Macedonian market – 40% is hold by Greek banks, while in the other countries the combined share of the Turkish and Greek banks does not overrun 16%.

International bank branches/presence

	Which international banks	Bank branches from Balkan countries	Share in the banking system assets
Albania	American Bank of Albania, Italian-Albanian Bank, Malaysian Bank, FEFAD Bank(Germany), Arabic bank	National bank of Greece, Alpha Credit Bank Greece, First Investment Bank (Bulgaria)	Greek Banks – 4.9% Bulgarian Banks – 0.1%
B&H	International Commercial Bank (Malaysia), Islamic development bank, Raiffeizen Bank (Austria), Volksbank (Austria)	Universal bank Sarajevo (Croatia), Commercebank (Slovenia), Ziraat Bank (Turkey)	n.a.
Bulgaria	Bulbank (Unicredito Italiano), SG Expressbank (Societe Generale), BNB Dresdnerbank, Citibank, Raiffeixenbank, Hypovereinsbank (Germany) etc.	UBB (National Bank of Greece), Demirbank (Turkey), Xiosbank (Athens), Ionian and popular Bank of Greece, T.C. Ziraat Bank (Turkey), International Commercial Bank (Greece)	Greek Banks – 14.4% Turkish Banks – 2%
Croatia	Bayerische Hypo-und Vereinsbank (Germany), Bank Austria, BNP – Dresdner (Germany and France), Cassa di Risparmio di Trieste (Italy), Convest Banka (Hungary), Dalmatinska Banka (USA), Hypo Alpe Adria (Austria) etc.	n.a.	Austria, Italy, Hungary, Germany – 80%
Macedonia	LHB (Germany), Nova Ljubljanska Banka (Slovenia)	T.C. Ziraat Bankasi – (Turkey), NBG (Greece), Balkanska Banka (Bulgaria)	Greek Banks – 40%
Romania	ING, ABN-AMRO, BRD-Societe Generale	Commercial bank of Greece, Alpha Bank (Greece), BTR (Bayindir participation – Turkey), Finansbank (Turkey), Demirbank (Turkey), RIB (Summerbanks participation)	Greek and Turkish Banks – less than 5%
Serbia	n.a.	n.a.	n.a.

Source: SEE Working Group

Information, enforcement and trust structures

SEE company demographics according to registration

In an unknown business environment, more transparent companies and/or partners are expected to be joint-stock companies while partnership, limited liability companies and sole proprietorship would rather fall in the category of less transparent ones. More transparent companies would find partners more easily, they will be relatively easier to identify and make business with, and they would constitute in a given engine of growth economy.

SEE companies ownership structure in 2000

Country	Total number	Sole proprietorship companies	Limited liability companies	Joint-stock companies	Year
Albania*	63,670	-	-	-	2000
Bulgaria	769,969	533,512	101,350	23,472	May 2001
Croatia	189,576	30,474**	51,993**	1,927**	2000
Macedonia	128,802	68,662	35,071	812	2000
Romania***	318,376	-	-	12,422	1998
Serbia	268,167	122,842	81,135	1,490	2000

* The total number of firms in Albania is 63,670, of which 74% are physical persons and 26% are juridical persons

** Number of active companies in Croatia

*** According to Romanian legislation and practice, there can be no distinction between sole proprietors and limited liability companies. As of 1998, a total of 318,376, of which: regies autonomes-183 (state-owned companies of strategic importance); stock companies-12,422; limited liability companies-291,106; other types of non-cooperative companies-12,429; cooperative companies-2,236.

Source: National statistics

The total number of the companies in Bulgaria is quite high due to the number of sole proprietors. It reflects the favourable tax-treatment of this organizational form, especially given the opportunities to reduce mandated social welfare contributions or pay a patent (lump) tax for practicing a profession.

The only division of companies, which is used in Albania, is between juridical and physical bodies, as only 26% (16,554) of all the companies are juridical bodies. Unlike in other countries, in Albania the legislation does not envisage creation of Limited liability companies and Joint-stock companies, which limits the possibilities of business organization.

In Romania, the companies' organization is quite specific. In practice, there is no difference between sole proprietors and limited liability companies. State monopolies are classified in a separate chapter under the title – *regies autonomes* and their number in 1998 is 183. Moreover, there exists additional division of companies between cooperative and non-cooperative.

Generally, for the whole region the small number of joint-stock companies makes impression. Explanation of this situation may be sought in the underdeveloped capital markets in the SEE countries. Furthermore, foreign investments in the region are too limited (except the FDI inflow in Croatia, Bulgaria and Romania during the last 2-3 years), compared to those in the Central European Countries.

Real Estate Property Registers

An important condition for legislation framework effectiveness is that property registers are centralized and accessible in electronic form. To what extent it is valid in SEE, we can see in the following table:

Real estate property registers

	Existence	Centralized	In electronic form	Based on
Albania	Yes	Yes	Yes[26]	Person & property
B&H	Yes	Yes	No	Property
Bulgaria	Yes	No	Yes	Person
Croatia	Yes	No	No	Property
Macedonia	Yes	Yes	No	Person
Serbia	Yes	-	-	-
Romania	Yes	No*	No	Property

* With the exception of the region of Transylvania

Source: SEE Working

[26] Only a small part of the real estate property registers are available in electronic form.

Property registers are not centralized in Bulgaria, Croatia, and Romania, which makes manipulations with them considerably complicated. This means that if, for example, a given bank wishes to certify the existence of the bank guarantee proposed, as well as to check its coverage (properties in different parts of the country), it should be done separately for each case. As a result, bank expenditures on the transaction are increasing, which naturally reflects the interest rate due, as well as the credit allowance procedure prolongs, from which both sides lose. Otherwise, property registers are accessible in electronic form only in Bulgaria and a small part of them in Albania, but in both countries they are not centralized.

Contract enforcement

The efficiency of the legislation that settles contract enforcement in SEE may be overviewed in terms of the time for collecting claims via court. In this case, the necessary statistical observations for the region are lacking. That is why, in order to acquire general outlook on the issue, we use expert evaluations of law specialists in the region, as each member of SEE research team makes consultations for its own country. For four of the countries, namely Albania, Bulgaria, Croatia and Romania, the evaluations are 12 months average continuation of the term for collecting claims via court. For Macedonia the term is 20 months. Moreover, it is pinpointed for all countries, that the procedure implementation is bad, as the only exception in this respect seems to be Romania[27].

There is no doubt, that data do not pretend to be extremely precise but, actually, we get a better notion on the term for court collection of the receipts on the Balkans, than we got from the common definition of "unacceptably long term". The above quoted results of the sample of 125 export-oriented firms show that contract enforcement is one of the major problems that companies face in the region. Still 46% of them say they would rely on courts to fix damages when contracts fail. This opinion may be compared to the average term valuation of court collection of receipts, which is 12 months. It is obvious that at 12 months term of collecting receipts considering the high inflation levels characteristic to the Balkan countries (all the SEE countries recorded high level of inflation in the 90`s), such term may result in a company`s bankruptcy. Furthermore, considering the high interest rate on credits in the region (it is explained with the risky structure of the Balkans), when the given company relies on bank credits, such a time lag of 12 months, may considerably decrease its liquidity, and respectively its credit covering powers. That is why, part of the companies do not recognize the court as the necessary guarantee for contract enforcement and prefer to work with familiar companies or use other instruments to guarantee the contracts.

Contract enforcement

	Estimated time to collect claims via court (in months)	Application
Albania	12 months	Bad
B&H	-	Bad
Bulgaria	12 months	Bad
Croatia	12 months	Bad
Macedonia	20 months	Bad
Serbia	n.a.	Bad
Romania	12 months	Good

Source: SEE research team estimates

Existence of Public/Private Monopolies in selected sectors

Lack of infrastructure and inefficient provision of communications, power, and transport infrastructure comes forth in place as obstacle to trade and cooperation in the survey of 125 companies. But it is of basic importance for trade and investment facilitation. Many regional initiatives focus on infrastructure.

[27] That is the opinion of the responsible consultant for Romania.

Although the privatization process in SEE countries started quite a long time ago for major sectors of the economy such as electricity, transport (roads), communications and gas transmission, still it either has not finished or, in some case, has not started at all. In the following table, we present the development expectations in the privatization process in these sectors on the basis of the declared government intentions and the existence of interest and, eventually, negotiations on behalf of potential investors

Existence of public/private monopolies

	Transport	Plans for privatization	Communications	Plans for privatization	Electricity	Plans for privatization	Gas transmission	Plans for privatization
Albania	Yes	No	Yes	2003[28]	Yes	2003[29]	Yes	No
B&H	Yes	No	Yes	2001/2001	Yes	2001/2002	Yes	No
Bulgaria	Yes	No	Yes	2001/2002	Yes	2001[30]	Yes	No
Croatia	Yes	No	Yes	2001	Yes	2002	Yes	No
Macedonia	Yes	No	Yes	2000[31]	Yes	2003	Yes	No
Serbia	Yes	Yes	Yes	Yes	Yes	No	Yes	No
Romania	Yes	No	Yes[32]	2003	Yes	No	Yes[33]	No

Source: SEE team own estimations

For most of these monopolies, it is characteristic that they rely on subsidies from the State and generally work on loss. Considering their strategic character, there is no fear in these sectors that factories might be closed or declared insolvent. The conception is that the State has always to interfere and finance them in the name of public good. Contrary to that perception the market logic shows that maybe it will be better if these factories are privatized, as this creates competitiveness in the sector. Thus the market compels the different participants either to improve their functioning or to loose the edge in competitiveness and drop out of the market. Of course, for some sectors, it is very difficult via privatization to be created competitiveness (for example the privatization of highways). But in this case the alternative option for the consumer would be using other roads if the highway toll is high.

In most SEE countries the communications sector is expected to be privatized during 2001-2003. Similar are the expectations with respect in electricity production while in case we may expect partial privatization in the sector during 2001-2003. Only Romania and Yugoslavia have not declared privatization intentions in the electricity production sector. As for the roads (highways) and gas transportation network privatization, so far, no development is observed on the issue in SEE, and no such thing is expected in medium-run.

[28] The two Albanian mobile operators have been privatized in July 2000, but regarding fixed telephones, they are still 100% owned by the State Company Albtelecom, which is planned to be privatized in 2003.
[29] The State monopoly, Albanian Energetic Company, is planned to be privatized after 2003.
[30] In 2001 is expected NEC (National Electric Company) to finalize the contracts between two of the big Bulgarian Electric Enterprises – Maritza 1 and Maritza 3 and the Companies AIS and Entergy respectively.
[31] The sector has been privatized in 2000, and currently Communications in Macedonia are private owned monopoly.
[32] Private monopoly OTE in fixed telecom operators
[33] Two regional public monopolies.

Instead of conclusions: SEE challenges for trade and cooperation

In the first part of this paper we have made an attempt to outline the starting point of any future development, trade and cooperation of the Balkan countries. It is to be found in recent reform years, in the progress of the reforms and the abilities of the countries to restore their pre-reform levels of production.

There are positive signs, although not so many. As indicated in the Statistical Background Data of WIIW in 2000 the purchasing power is rising across the region (for the countries where data is available), but presumably for other counties as well. Countries like Serbia and Montenegro, which for years have been excluded from normal international exchange, are coming back and launch their first reform efforts. For the second half of the nineties, and in 2001 the leading role in economic growth is held by the private sector.

For the first time from the beginning of the transition to market economy, in 2000 all the SEE countries registered economic growth. Trade routs through Yugoslavia and Danube navigation, after having been twice interrupted for the past ten years, have been restored and remaining issues like the navigation have all the chances to be resolved in a short term. The important issue is, however, to what extent will this positive growth prove to be stable over time. It is outside the scope of that paper to speculate on the political developments in the region, but it is impossible to miss that there is a vast room to hope for better constellations. Companies interviewed in the framework of the quoted Balkan Network survey do not refer to political backgrounds as an impediment to trade. Balkan insiders perceive political risk as relatively low. It is difficult to explain why; we think that similar survey, which includes more countries, will presumably pay more attention to political risks related to conflicts and political instability. At the same time classical understanding of the political risk as fear of expropriation, in terms of legal means to do so, is likely to be really low. On the other hand, insiders in Balkan trade may be considered risk – a customs. Perhaps we can speak of quasi-choice to operate in the Balkans, since it remains a relatively easily accessible market, given the competitive challenges on other markets. Reviewing the Bulgarian case we did not find evidence that association and stabilization agreements with the EU have a significant impact on cooperation and trade. Constellations on different commodity markets often depend of the performance of a small number of companies and may differ from one year to another depending on market constellations or other accidental factors.

Balkans remain relatively untouched by international capital markets. September 11 sets a difficult constellation, which will result most probably in less FDI`s than expected and relatively more expensive borrowing. Countries inevitably will rely on development banks, which in medium term will serve as an almost exclusive creditor of last resort. This means that development banks constitute a major channel of influence that may put requirements for regional cooperation and uniformity of institutional frameworks.

As mentioned in the first part of this paper, SEE countries restored their pre-reform levels of GDP at a slower pace than countries of the Central Europe. On the other hand the low starting point may still reassure longer periods of GDP growth, a pattern which has been concerned in the recent GDP performance of Bulgaria

If we were right assuming that Bulgarian case is rather typical for the Balkans, the following conclusions seem relevant:

The regional exposure to trade may exist as a strategy of penetrating larger markets. If it is so the Balkans are unlikely to provide a sustainable refuge to otherwise non-competitive products and services. For the first three SITC categories comparative advantages of different Balkan economies must be rather similar, given the fact that Bulgaria's RCAs values are just slightly positive. Countries of the region have embarked on the integration path in different years and have different statuses vis a vis the European Union and the European market. Bulgaria's aged experience in asymmetric agreement with EU tells that asymmetric agreements are not necessarily good. Since growth and cooperation is led by the private sector it is apt to the companies to utilize both the agreements and the opportunities on the Balkan market that may temporarily compensate for missing competitive positions in all other directions. The merit of the Balkan market is that it provides room for an

enlargement of the domestic market and leaves companies some room to seek effects similar to those of economies of scale. In the end of the day, competitiveness on EU and CEFTA directions coincide. However, collection of critical mass of evidence that this is a regularity requires additional research and parallel efforts to design cases similar to that we provided in the second part of that paper.

Number of observations suggest that cooperation and regional competitiveness depend on qualities of the company strategies and that conditions under different free trade and other political agreements would work if and only if companies are enough flexible to enhance their products and services. There is a need for additional research but even company case studies we had in mind working on this paper[34], provide abundant anecdotic evidence that success in regional trade and possible cooperation is linked to foreign investment. The conventional wisdom is that both domestic and foreign investment would capture gains from trade and cooperation if there are impersonal structures of contract enforcement, transparent company structures and easy access and exit to and from markets. Since we discuss Balkans as a region, distinguishing between domestic and foreign companies has little sense. The company survey we used in the third part of this paper as well as the assessments of the working group members give sufficient evidence that these pre-conditions of trade and cooperation are hardly in place.

If we consider "foreign" investment the one which comes outside the region the respective motivation to invest could be found in market sizes and returns. If individual country' markets are insufficient for companies originating from the region, there is no reason to suppose that investors outside the region would consider attractive domestic country markets. Obviously it is a chicken-egg problem: regionalism, regional exposure in trade and cooperation do not exist or are inefficient because there is no trade and there are diverse frameworks to operate in different countries; and these frameworks are diverse and there are barriers to trade and cooperation because there is no regional approach and no regionalism. The review of the institutional dimension demonstrated that even those pre-conditions to trade and cooperation, which depend on the governmental policies are either not in place or deserved little attention. At the same time companies that have stakes in the regional market may seek protection from opening up the region and may have vested interests in maintaining risks and impediments to doing business in the region since they have the expertise of tackling these barriers.

[34] See: Obstacles to Trade, Growth, Investment and Competitiveness: Ten Case Studies on Balkan Businesses

Attachment 1

Trade and economic structure at the beginning of transition

Bulgarian exports prior to political and economic reform of 1990-1991 had the highest CMEA-share in comparison to other member countries. Also, Bulgaria (along with Czechoslovakia) was the last to reduce CMEA-export in 1989, while others started as early as in 1986. Another peculiarity was that Bulgaria exported mostly to the ex-Soviet Union while others traded more significant volumes with one another. Roumen Dobrinski calculated that Bulgarian CMEA-trade in the second half of 1970's and 1980's averaged around 60% of the total. Closest to Bulgaria was Czechoslovakia, with 51-52%, Romania had a less than 30%, while Hungary and Poland were always between 40% and 50%.[35] In early 1980's Bulgaria has had an exclusive intermediary position between East and the West, importing cheap row material and resources from the Former Soviet Union (FSU) and selling it recycled to international markets, and trying to resell back to the East COCOM-embargoed hi-tech products and computers. Between 1984 and 1989 it enjoyed virtual CMEA-monopoly in this trade. This pre-history has long-term impacts on the reform years.

Bulgaria's economic structure in 1989 (59.4% industry, 29.7% services, 12.9% agriculture)[36], although similar to those of other Eastern block was more artificial (including the hi-techs component) and less competitive. It also depended on 90% FSU energy supply, used energy wasting technology and, with COCOM produce becoming obsolete, produced lower value added.

It was, in fact, a rent-seeking position. But in the 1980's it was interpreted as one of a good borrower, and the government sought financing from private lenders.[37];

[35] *Rumen Dobrinski*, Transition Failures: Anatomy of the Bulgarian Crisis, Vienna, WIIW, 1997, p.7.

[36] Source: Bulgarian National Bank (BNB) Annual Report 1991, p. 17.

[37] In March 1990 Bulgaria unilaterally announced a moratorium on its foreign debt payments, and in 1991 - the first reform year - the Bulgarian foreign debt amounted to 150% of GDP and 271% of the exports (BNB Annual Report 1991, p. 30), and the structure of the foreign debt was 80% to private lenders and 20% to official lenders.

Attachment 2

Bulgaria: Initial conditions for trade performance in 1990`s.

For all countries in SEE there were shocks, which distorted trade volumes and routs through adjustments international capital flows or via impacts of military conflicts and embargoes. Bulgaria's experience is as follows.

There have been five shock waves related to: the disappearance of the CMEA, the embargoes on ex-Yugoslavia and Macedonia, 1997 capital market turbulence, 1998 Russian crisis, and the Kosovo crisis of 1999, plus the hike of oil prices and depreciation of the EURO in 2000. The impact has been of different significance and consequence.

1. As mentioned above the longest-term impact came from the first shock. The disappearance of FSU and ex-Eastern block as market led to under-investment and contraction of GDP: by 31% in `1991 compared to 1989[38]. In 1990, FSU still hold for 52% of Bulgaria's exports (down from 56% previous year) and 49% of the imports (down from 54% in 1989). As reported by BNB, in 1991, the total export volume contracted by 34.6%. Important imports remain mostly in energy resources, but situation is changing there as well: these import in 1994-1997 were equal to average 10% of GDP, for next three years – to 4.5% of GDP.

2. The impact of the embargoes on ex-Yugoslavia and Macedonia was of a more institutional than of pure structural nature. It contributed to the preservation of high port fees of Varna and Bourgas, making them not competitive even after 1995. In 1992-1994, Macedonia doubled its share in Bulgaria's trade compensating for the lost markets in FR Yugoslavia. Violation of the UN embargo on FRY had become an important factor to feed the informal and semi-legal economic activities within the country thus implanting longer-term pro-corrupt domestic economic ethics. This period coincided with Bulgaria moratorium on its foreign debt payment. The central bank followed policies of managed floating and base interest rates. Profit and asset repatriation regulations were fairly liberal, interest rates were attractive and this constellation contributed to estimated USD 300-330 million capital flight from neighboring countries to Bulgaria. Cheaper access to financing combined with a cross-subsidy via energy prices, soft loans and postponed liabilities contributed to a temporary improvement of exports in 1994, which was not sustained in the next period.[39] The 1994 Brady Plan with the London Club of private lenders (backed by international financial institutions) required stricter financial discipline. Foreign capital inflow was not linked to investment opportunities due continued until 1997 stalemate in privatization and quasi-fiscal support to loss-making state owned enterprises. On the balance, 1992-1995 embargoes (coinciding with other developments) could create growth, investment and export opportunities for Bulgaria provided there were healthy economic structure and proper policy-mix to utilize those opportunities.

3. Besides its openness, Bulgarian economy remained virtually untouched during October - November 1997 crisis of the global capital market, the Asian Crisis and the Russian financial collapse of Summer 1998. The explanation for the former is in the underdeveloped nature of the Bulgarian stock market; in the unclear supply and doubtful demand side of this market. The direct consequences of the Russia's crisis have been minor as well, because low Russia's share in Bulgarian exports (about 6.6% in the first half 1998), further declining to 5.2% in the first six months of 2000. Bulgarian products have already had difficulty accessing Russian markets, due to both economic and political reasons. The economic reason was mainly the low competitiveness of Bulgarian industries, while the political one was in the high import tariffs. Hence, the collapse of the Russian market did not drastically affect Bulgarian exports to Russia, given the fact that they were not high anyway. Imports from Russia accounted for around 28% in the first half of 1998 of all Bulgarian imports, mainly energy resources and mineral products. Since Russia was interested in achieving a stable supply of hard currency, imports were not affected as well.

[38] Source: National Statistic Institute (NSI).

[39] See the paragraph on trade orientation.

4. Direct costs of the Kosovo[40] crisis for Bulgaria were negligible. They include $ 0.7 million aid to the government of Macedonia, and officially registered 317 Yugoslav refugees. The war rather highlighted inherited weaknesses than served as a sole reason for Bulgaria's poor economic performance in 1999. In 1999, exports of goods and services went down by 16%, while imports decrease by 3% only. During the first three months of the year, effectively before the war, export industrial sales had already fallen by 26%. Domestic sales fell by 12% for the same period, and GDP went down by 0.7% compared to the same period of 1998. The poor performance was already there before NATO air strikes. The immediate shock was perhaps most obvious in April 1999 when exports dropped from $ 335.1 million[41] in March to $ 283.7 in April. Imports went down as well, but at much slower pace: from $ 453.7 to 442.9 million. The aggregated decline in the imports for the first half of 1999 is only 1% while exports were down by 21.7%. This difference suggests that physically interrupted trade routes were no single factor of worsened Bulgaria's competitiveness, although there were delays in deliveries. In fact exports improve in April - June 1999, and the GDP has picked up by 1.6% compared to the same quarter of the previous year. Eventually, the real GDP growth in 1999 was 2.4%. It seems that for pure domestic reasons Bulgarian has reach the bottom of economic performance before the crisis and on its aftermath it behaved relative independently from external influence, the main reason being, perhaps, the low recovery starting point in 1997.

5. 2000 brought about continuous increases of the petroleum prices and weakness of the EURO against US dollar. Depreciation of the EURO approaches 30% since the introduction, the Bulgarian currency; the Lev (BGN) is pegged to the EURO at 1.96, and in the first half of November BGN is 2.3 for US dollar (up from 1.9 a year ago).

Oil and natural gas import is 23% of the total Bulgaria import in the first 6 months of 2000. If oil and gas are excluded form the current account the deficit is rather modest, USD 23 million in the first quarter of 2000. (In 1999, the same figure would be USD 170 million.) The reason is in the fairly good performance of non-oil exports. Although the current account deficit would probably exceed 5% of GDP (the government forecast is 4.5%[42]), the balance of payment of the country will remain enough strong to absorb pressures from hiking oil and gas prices. It is due to the high foreign investment record in the fist nine months of 2000, amounting USD 600 million. On the other hand, in the period of 1994-1997 Bulgaria was spending on average 10% of its GDP on oil and gas imports; in 1998-2000 this figure is 5%, which basically means that there is a tendency towards lowering the overall energy dependency.

As to the depreciation of the EURO, it does not harm significantly the country's balance of payment, though 65% of its foreign debt is US dollar denominated. The weaker EURO adds 0.23-0.24% of GDP to 2000 fiscal costs of debt service.[43] The exports is, perhaps, benefiting from the cheaper EURO, although the history of the 1990's proved that structural factors are more important than the exchange rate in Bulgaria's export performance.[44]

[40] Views of the authors differ from those of the majority on Bulgaria economic observers.

[41] March was exceptionally good month for 1999 exports, the only month equaling to the average monthly export volume of 1998; April represents rough average monthly export for the first half of 1999.

[42] Marcin Wiszniewski has calculated that the current account deficit would increase by 0.17% for each USD 1 increase of the average oil price, see: *Marcin Wiszniewski*, Bulgaria Resilient to Oil Shocks, Fixed Income Research, Morgan Stenley Dean Witter, September 2000, p. 2.

[43] 2000 debt service ratio would be 17.6-18%.

[44] See: Assenka Yonkova, Krassen Stanchev (editors), In Search for Growth: Policies and Lessons from Bulgarian Transition, *IME Newsletter*, Vol. 5, ? 11-12, 1999. See also similar on the exchange rate impact on Bulgaria's competitiveness in: Bulgaria: Selected Issues and Statistical Appendix, IMF Staff Country Report No 00/54, IMF, April 2000, p. 14-18.

Attachment 3

Questionnaire

The purpose of this survey is to better understand constraints that hinder the development of businesses like yours This study is being conducted to provide recommendations to further develop the regional cooperation, as well as to determine the factors that increase the competitiveness, investments, cooperation and regional trade. The information obtained here will be treated strictly confidentially, and neither your name nor the name of your firm will be printed or used in any documents.
Any firm will have a code number instead, and the data will be averaged with other respondents. No data from individual questionnaires will be used. ACER is performing the survey.

Please state your company……..
[1]
Number of employees above 20 below 20 **[2]**

1. What is your company' s ownership structure?
[3]
1= Domestic capital
2= Capital from other Balkan countries
3= Other foreign capital
4= Mixed capital

2. What do you produce / trade / or offer as a good or service? **[4]**
_____

3. What are your important markets?
(Please rank them from 1 to 5, in order of their importance: 1-highest, 5-lowest)

A	Albania	(1) (2) (3) (4) (5)	**[5]**
B	Bosnia and Herzegovina	(1) (2) (3) (4) (5)	**[6]**
C	Bulgaria	(1) (2) (3) (4) (5)	**[7]**
D	Croatia	(1) (2) (3) (4) (5)	**[8]**
E	Greece	(1) (2) (3) (4) (5)	**[9]**
F	Kosovo	(1) (2) (3) (4) (5)	**[10]**
G	Macedonia	(1) (2) (3) (4) (5)	**[11]**
H	Montenegro	(1) (2) (3) (4) (5)	**[12]**
I	Romania	(1) (2) (3) (4) (5)	**[13]**
J	Slovenia	(1) (2) (3) (4) (5)	**[14]**
K	Turkey	(1) (2) (3) (4) (5)	**[15]**
L	Other Central / Eastern European countries (please specify) _____	(1) (2) (3) (4) (5)	**[16] [16a]**
M	Former Soviet Union countries (please specify) _____	(1) (2) (3) (4) (5)	**[17] [17a]**
N	EU countries	(1) (2) (3) (4) (5)	**[18]**
O	Other, please name	(1) (2) (3) (4) (5)	**[19] [19a]**

4. Where are your main competitors located?
(Please rate them according to their importance from 1 to 5: 1= highest, 5= lowest)

A	Albania	(1) (2) (3) (4) (5)	**[20]**
B	Bosnia and Herzegovina	(1) (2) (3) (4) (5)	**[21]**
C	Bulgaria	(1) (2) (3) (4) (5)	**[22]**
D	Croatia	(1) (2) (3) (4) (5)	**[23]**
E	Greece	(1) (2) (3) (4) (5)	**[24]**
F	Kosovo	(1) (2) (3) (4) (5)	**[25]**

G	Macedonia	(1) (2) (3) (4) (5)	**[26]**
H	Montenegro	(1) (2) (3) (4) (5)	**[27]**
I	Romania	(1) (2) (3) (4) (5)	**[28]**
J	Slovenia	(1) (2) (3) (4) (5)	**[29]**
K	Turkey	(1) (2) (3) (4) (5)	**[30]**
L	Other Central / Eastern European countries (please specify) _____	(1) (2) (3) (4) (5)	**[31] [31a]**
M	Former Soviet Union countries (please specify) _____	(1) (2) (3) (4) (5)	**[32] [32a]**
N	EU countries	(1) (2) (3) (4) (5)	**[33]**
O	Other, please name	(1) (2) (3) (4) (5)	**[34] [34a]**

5. How long have you been operating in the region or outside it?
(Please, indicate starting year.)

a. Region, since _____ **[35]**

b. Outside, since _____ **[36]**

6. How did you decide to operate in the selected market?
(Please mark as appropriate and rate them according to their importance from 1 to 5: 1=highest, 5=lowest)

A	Better returns	(1) (2) (3) (4) (5)	**[37]**
B	Higher demand	(1) (2) (3) (4) (5)	**[38]**
C	Currency stability	(1) (2) (3) (4) (5)	**[39]**
D	Ease of financial transactions	(1) (2) (3) (4) (5)	**[40]**
E	Political Stability	(1) (2) (3) (4) (5)	**[41]**
F	Lower taxes	(1) (2) (3) (4) (5)	**[42]**
G	Better human capital	(1) (2) (3) (4) (5)	**[43]**
H	Cheaper labor	(1) (2) (3) (4) (5)	**[44]**
I	Lower environment liability	(1) (2) (3) (4) (5)	**[45]**
J	Factor endowments [split into items]	(1) (2) (3) (4) (5)	**[46]**
K	Bigger market	(1) (2) (3) (4) (5)	**[47]**
L	Special conditions proposed to your firms	(1) (2) (3) (4) (5)	**[48]**
M	Firm s strategy	(1) (2) (3) (4) (5)	**[49]**
N	No special strategy, it happened by accident	(1) (2) (3) (4) (5)	**[50]**
O	Other (Please, identify)	(1) (2) (3) (4) (5)	**[51] [51a]**

7. How did you start your operations there? **[52]**
(Please mark the appropriate answer)
1= Sporadic exports
2= Exports through an intermediary
3= Own affiliate
4= A mix of exports and direct investments
5= Local production plant

8. How do you operate there at the time? **[53]**
(Please mark the appropriate answer)
1= Sporadic exports
2= Exports through an intermediary
3= Own affiliate
4= A mix of exports and direct investment
5= Local production plant

9. How did you register your firm? (0=No, 1=Yes)

1. On your own 0 1 - if yes, how long did it take? _____ Days **[54] [54a]**
2. Through an intermediary 0 1 - If yes, how long did it take? _____ Days **[55] [55a]**

10. Were there any administrative barriers to start up your business? 0= No, 1= Yes

A	Incomplete administrative procedures	(0) (1)	**[56]**
B	Bureaucratic	(0) (1)	**[57]**
C	Interpretable	(0) (1)	**[58]**
D	Frequently changeable	(0) (1)	**[59]**
E	Other (please, specify) _____	(0) (1)	**[60] [60a]**

11. Is there any (expected) financial result of your cooperation/operation in the region? **[61]**
0=No 1=Yes

12. What is the (expected) financial result of your cooperation/operation in the region compared to the option not to cooperate or operate regionally?
1=Less then 50%, 2= More than 50 %

A	Better profits	(1) (2)	**[62]**
B	Lower costs	(1) (2)	**[63]**
C	Other	(1) (2)	**[64]**

13. What kind of products (goods/services) do you trade most frequently and in what country?

	Product		Country in the region		Country outside the region	
A		**[65]**		**[65a]**		**[65b]**
B		**[66]**		**[66a]**		**[66b]**
C		**[67]**		**[67a]**		**[67b]**

14. How do you cooperate or trade in your industrial sector? **[68]**
(Please mark the appropriate answer)
1= We produce different parts (inputs) of one and the same product
2= We assemble parts (inputs) produced
3= We subcontract semi-made products
4= Partners provide us with services

15. What kind of transport do you use for delivering and why?
a. Railway 0 1 !…….. **[69]** **[69a]**
b. Water transport 0 1 !…….. **[70] [70a]**
c. Road transport 0 1 !…….. **[71] [71a]**
d. Air transport 0 1 !…….. **[72] [72a]**

16. What are the major obstacles that you face when operating in other country (s) of the region?
(Please rank them from 1 to 5, in order of their importance: 1- highest, 5-lowest)

A	Custom-related problems	(1) (2) (3) (4) (5)	**[73]**
B	Receiving payment from our partners	(1) (2) (3) (4) (5)	**[74]**
C	Lack of information	(1) (2) (3) (4) (5)	**[75]**
D	Lack of infrastructure	(1) (2) (3) (4) (5)	**[76]**
E	Local authorities	(1) (2) (3) (4) (5)	**[77]**
F	Poorly shaped legislation (please explain) _____	(1) (2) (3) (4) (5)	**[78] [78a]**
G	Contract enforcement	(1) (2) (3) (4) (5)	**[79]**
H	Energy	(1) (2) (3) (4) (5)	**[80]**
I	Banking	(1) (2) (3) (4) (5)	**[81]**
J	Telecommunications	(1) (2) (3) (4) (5)	**[82]**
K	Transport	(1) (2) (3) (4) (5)	**[83]**
L	Customs	(1) (2) (3) (4) (5)	**[84]**
M	Licensing	(1) (2) (3) (4) (5)	**[85]**
N	Duties	(1) (2) (3) (4) (5)	**[86]**
O	Political risk (fear of expropriation)	(1) (2) (3) (4) (5)	**[87]**
P	Taxes	(1) (2) (3) (4) (5)	**[88]**
Q	Complicated procedures	(1) (2) (3) (4) (5)	**[89]**
R	Ease of buying/renting property	(1) (2) (3) (4) (5)	**[90]**
S	Finding reliable business partner	(1) (2) (3) (4) (5)	**[91]**
T	Other (please identify)	(1) (2) (3) (4) (5)	**[92] [92a]**

17. Regarding doing business in the region, do you think that **[93]**
(Please mark the appropriate answer)
1= The situation is improving now, as compared to one year ago
2= The situation is the same
3= The situation is worsening now, as compared to one year ago

18. What can be done to improve the situation? **[94]**
_____

19. Where do you get information about the other country's market?
(Please rank them from 1 to 5, in order of frequency: 1-highest, 5-lowest)

A	Mass-media	(1) (2) (3) (4) (5)	**[95]**
B	Your business partner (intermediary, affiliate, etc.)	(1) (2) (3) (4) (5)	**[96]**
C	Other business channels	(1) (2) (3) (4) (5)	**[97]**
D	Official information	(1) (2) (3) (4) (5)	**[98]**
E	Informal channels (friends, acquaintances, relatives)	(1) (2) (3) (4) (5)	**[99]**

20. Is there something special about other countries of the region that facilitates cooperation, investment and trade?
0= No **[100]**
1= Yes (please describe)……. **[101]** **[101a]**

21. Is there something special about other countries of the region that inhibits cooperation, investment and trade?
0= No **[102]**

1= Yes (please describe)……. **[103] [103a]**

22. What instruments of payment do you use? 0= No, 1= Yes

A	Bank transfers	(0) (1)	**[104]**
B	Checks	(0) (1)	**[105]**
C	Cash	(0) (1)	**[106]**
D	Barter	(0) (1)	**[107]**

23. Could you name the rough share of the above means of payment in your total regional deals?

A	Bank transfers	_____%	**[108]**
B	Checks	_____%	**[109]**
C	Cash	_____%	**[110]**
D	Barter	_____%	**[111]**

24. In which currency (currencies) are transactions executed and/or denominated? 0= No, 1= Yes

A	Local Currency	(0) (1)	**[112]**
B	DM/EURO	(0) (1)	**[113]**
C	US Dollar	(0) (1)	**[114]**
D	Other	(0) (1)	**[115]**

25. How do you make sure that contracts are enforced? **[116]**

(Please describe) _____

26. In case of contract failure, how do you intend to get the damages fixed? **[117]**

1= I would rely on courts system

2= I will use commercial arbitrage or business based dispute resolution mechanism (please point it out)

3= I would rely on government institutions

4= I am insured against such risks and will not border

5= I would try to fix the problem through informal channels (please name them)

[117a]

27. Do you have some fear of crime in the countries of the region? If yes, could you mark those you think crime related risks are high.

0= No **[118]**

1=Yes (please specify)_____ **[119] [119a]**

28. You operate regionally, which are the countries you do not work in, why? 0=No 1=Yes

				If NO why	
A	Albania	(0) (1)	**[120]**		**[120a]**
B	Bosnia and Herzegovina	(0) (1)	**[121]**		**[121a]**

C	Bulgaria	(0) (1)	**[122]**		**[122a]**
D	Croatia	(0) (1)	**[123]**		**[123a]**
E	Greece	(0) (1)	**[124]**		**[124a]**
F	Kosovo	(0) (1)	**[125]**		**[125a]**
G	Macedonia	(0) (1)	**[126]**		**[126a]**
H	Montenegro	(0) (1)	**[127]**		**[127a]**
I	Romania	(0) (1)	**[128]**		**[128a]**
J	Slovenia	(0) (1)	**[129]**		**[129a]**
K	Turkey	(0) (1)	**[130]**		**[130a]**
L	Other Central / Eastern European countries (please specify) _____	(0) (1)	**[131]**		**[131a]**
M	Former Soviet Union countries (please specify) _____	(0) (1)	**[132]**		**[132a]**
N	EU countries	(0) (1)	**[133]**		**[133a]**
O	Other, (please name)	(0) (1)	**[134]**		**[134a]**

29. You operate regionally, which are the countries you would consider best to work in, why?

				If Yes why	
A	Albania	(0) (1)	**[135]**		**[135a]**
B	Bosnia and Herzegovina	(0) (1)	**[136]**		**[136a]**
C	Bulgaria	(0) (1)	**[137]**		**[137a]**
D	Croatia	(0) (1)	**[138]**		**[138a]**
E	Greece	(0) (1)	**[139]**		**[139a]**
F	Kosovo	(0) (1)	**[140]**		**[140a]**
G	Macedonia	(0) (1)	**[141]**		**[141a]**
H	Montenegro	(0) (1)	**[142]**		**[142a]**
I	Romania	(0) (1)	**[143]**		**[143a]**
J	Slovenia	(0) (1)	**[144]**		**[144a]**
K	Turkey	(0) (1)	**[145]**		**[145a]**
L	Other Central / Eastern European countries (please specify) _____	(0) (1)	**[146]**		**[146a]**
M	Former Soviet Union countries (please specify) _____	(0) (1)	**[147]**		**[147a]**
N	EU countries	(0) (1)	**[148]**		**[148a]**
O	Other, (please name)	(0) (1)	**[149]**		**[149a]**

30. If you were in a position to change the situation, could you name five improvements in order increase opportunities for trade and prosperity in the region?

1. _____ **[150]**

2. _____ **[151]**

3. _____ **[152]**

4. _____ **[153]**

5. _____ **[154]**

Please state your position in the company **[155]**
1= Executive director, 2=Owner, 3=Co-owner, 4=Manager

Attachment 4

Matrix-Questionnaire

1. Number of cross-border points by neighboring countries:

2. Population share by (in %) mention year of census:

sex
age
ethnic identity
education

3. Households structure (How many generations live together) *mention year of last census*:

4. Economic indicators:

	1992	**1993**	**1994**	**1995**	**1996**	**1997**	**1998**	**1999**	**2000**
Nominal GDP (in $)									

	1992	**1993**	**1994**	**1995**	**1996**	**1997**	**1998**	**1999**	**2000**
Real GDP growth									

Relative share of the private sector in GDP, GVA and Employment in %

Share in %	**1996**	**1997**	**1998**	**1999**	**2000**
GDP					
Gross Value Added					
Employment					

Contribution to GDP growth of the Private and the State sector*

	1996	**1997**	**1998**	**1999**	**2000**
GDP growth					
Private sector contribution to growth					
Public sector contribution to growth					

* A given sector contribution to GDP growth is equal to the relative share of the sector in the economy multiplied by the annual sector`s growth.

Demand-side structure of GDP

	1996	**1997**	**1998**	**1999**	**2000**
Private consumption					

Government consumption					
Investments (GDI)					
Net exports					

	1992	1993	1994	1995	1996	1997	1998	1999	2000
Inflation (implicit GDP defliator)									

	1992	1993	1994	1995	1996	1997	1998	1999	2000
Gross Domestic Savings as a % of GDP									

	1992	1993	1994	1995	1996	1997	1998	1999	2000
Current account balance as a % of GDP									
Capital account balance as a % of GDP									

	1992	1993	1994	1995	1996	1997	1998	1999	2000
Retail sales as a share in GDP									

	1992	1993	1994	1995	1996	1997	1998	1999	2000
Household expenditures structure (% of total)									
Food									
Rent									
Clothing									
Energy									
Health									
Education									
Other (what)									

	1992	1993	1994	1995	1996	1997	1998	1999	2000
Household incomes by source (% of total)									
Salary									
Pension									
Entrepreneur ship									
Rent									
Agribusiness									

Social payments									
Other (what)									

5. Foreign trade with Balkan countries

Average (1993-2000) trade flows between your country and respective countries in % of total Southeast Europe trade*)										
Countries:	**ALB**	**BG**	**B-H**	**GRE**	**MAC**	**CRO**	**SLO**	**RO**	**TUR**	**YU**
Export to a given country (1993-2000) / Total export to SEE (1993-2000)										
Import to a given country (1993-2000) / Total export to SEE (1993-2000)										

*Southeast Europe – ALB, BG, B-H, GRE, MAC, CRO, RO, TUR, YU +SLO

Trade flows between your country and respective countries in USD										
Countries:		**ALB**	**BG**	**B-H**	**GRE**	**MAC**	**CRO**	**SLO**	**RO**	**TUR**	**YU**
Export	1999										
Import	1999										
Export	2000										
Import	2000										

Commodity exchanges

Existence € *yes* € *no*

Significance € *yes* € *no*

Stock exchanges

Existence € *yes* € *no*

Significance € *yes* € *no*

6. Tariff measures

Year	Mean	Median	Minimum	Maximum	St. deviation
1996					
1997					
1998					
1999					
2000					

Non-tariff measures: What kinds of non-tariff instruments are implemented in your country? What is the relative share of "managed" trade resulting of these measures?

7. Company demographics

	1992	1993	1994	1995	1996	1997	1998	1999	2000
Number of companies registered									

Sectoral distribution (most recent data, mention the year)									
Companies	Industry	Agriculture &	Construction	Trade	Transport	Services	Finances	Other	Total
Number									
Number of employees									
% of private									

Companies ownership structure (most recent data, mention the year)

	Total	% of Foreign	% of Balkan
Sole proprietorship companies			
Limited liability companies			
Joint-stock companies			

On your opinion what is the % of subsistence, survival and competitive companies in your country according to the following criteria:

1. Subsistence (little distinction between household and firm`s finance, high social value added – employment of family members who do not appear in official statistics)
2. Survival (incorporated, niche filling, relatively immobile, dependent on "single" suppliers or buyers)
3. Competitive (productivity and quality driven, mobile)

8. Employment

8.1. Distribution by age, qualification, branches, ethnic groups (most recent data, mention year)

8.2. Existence of seasonal employment opportunities

Share of seasonal employment in total

Average term of temporary employment

9. Infrastructure

9.1. Existence of public/private monopolies in:

Transport (roads)	€ *yes*	€ *no*
Communications (telecoms and mobile operators)	€ *yes*	€ *no*
Electricity (production and transmission)	€ *yes*	€ *no*
Gas (transmission)	€ *yes*	€ *no*

9.2. Development in:

Transport (roads length in km)

Communications (telephone posts per 100 people)
Electricity (deficit or surplus)
Gas (transmission volumes, where does it come from)

9.3. Privatization and plans for privatization or deregulation (deadlines/expectations)

Transport (roads)	€ *yes*	€ *no; when* €
Communications (telecoms and mobile operators)	€ *yes*	€ *no; when* €
Electricity (production and transmission)	€ *yes*	€ *no; when* €
Gas (transmission)	€ *yes*	€ *no; when* €

9.4. Priority transit corridors

10. Investments

9.1 Levels of fixed capital investments (% of GDP)	**1992**	**1993**	**1994**	**1995**	**1996**	**1997**	**1998**	**1999**	**2000**

9.2 **(% of GDP)**	**1992**	**1993**	**1994**	**1995**	**1996**	**1997**	**1998**	**1999**	**2000**
Domestic Investment									
Government Investment									
Private Investment									
Foreign Investment									
Investment from Balkan countries									
Investment outside the country									

Government's investment program intentions (Planned public investments for coming 1-3 years):

11. Institutional

11.1. Real estate property registers

Existence	€ *yes*	€ *no*
Centralized	€ *yes*	€ *no*
In electronic form	€ *yes*	€ *no*
Based on	€ *person*	€ *property location*

11.2. Bankruptcy procedures (banks - separate answer)

Does the necessary legal framework exist?	€ *yes*	€ *no*
Average term of the procedure (months):		
How often used?	€ *frequently*	€ *rarely*

11.3. Contract enforcement

Estimated time necessary to collect claims via court (in months):

Application	€ *good*	€ *bad*

11.4. Availability of bank financing against receivables € *yes* € *no*

11.5. Public procurement

Wide use of open tenders € *yes* € *no*

Application € *fair* € *unfair*

11.6. Use of concession procedures € *yes* € *no*

12. Political aspects

Party system interaction with business - is there political protection in:			
	Yes	No	If yes, in what form
Tender procedures			
Privatization			
Access to subsidies			

Number of governments during the last 10 years	

	Yes	No	If yes, which ethnicities		
Ethnic parties existence					

Average duration of political crisis	

Average duration of economic crisis	

	Yes	No	If yes, against whom		
Territorial claims (problems with neighbors)					

Big international banks branches presence								
Which banks								
Number of branches in respective country								
Share in the banking system assets (if data not available, estimate is welcome)								

Bank branches from Balkan countries										
Banks from which countries:	**ALB**	**BG**	**B-H**	**GRE**	**MAC**	**CRO**	**SLO**	**RO**	**TUR**	**YU**
Share in the banking system assets (if data not available, estimate is welcome)										

Bank branches from other countries
Banks from which countries:
Share in the banking system assets (if data not available, estimate is welcome)

Attachment 5

Statistical tables[45]

Bulgaria`s Exports and Imports according to the SITC Total (in million USD)

	1995		1996		1997		1998		1999	
	Export	Import	Export	Import	Export	Import	Export	Import	Export	Import
0 Food and live animals	562,6	365,2	413,5	313	327,6	362,9	350,2	289,7	330,8	252,4
1 Beverages and tobacco	493,3	47,1	431,4	55,9	306,4	40,8	250,3	56,6	193,8	51,3
2 Crude materials, inedible, except fuels	270,6	347,6	247,3	288,9	270,4	352,3	231,6	354,9	279,7	294,7
3 Mineral fuels, lubricants and related materials	324,9	1525	318,1	1711	375	1500	271,9	1105	358,3	1189
4 Animal and vegetable oils, fats answaxes	48,7	23,1	19,1	17,2	21,3	14,2	21	19,2	23,2	17,4
5 Chemical and related products	905,5	713,4	896,6	561	841,3	521,7	549,6	620,3	424,2	558,6
6 Manufactured goods classified chiefly by material	1497	1026	1295	832,4	1460	909,6	1156	965	940,4	1001
7 Machinery and transport equipment	605,1	1094	608,9	812,4	548,8	802,9	496,8	1027	448,7	1598
8 Miscellaneous manufactured articles	489,2	322,7	539,5	297,6	612,6	315,7	700,9	393,2	860,2	462,5
9 Commodities and transactions not classified elsewhere	148	173,8	121,2	184,2	176	112,3	165,1	126,2	147,2	90,8

RCA Bulgaria`s total trade

	1995	1996	1997	1998	1999
	RCA	RCA	RCA	RCA	RCA
0 Food and live animals	0,21	0,14	-0,05	0,09	0,13
1 Beverages and tobacco	0,83	0,77	0,76	0,63	0,58
2 Crude materials, inedible, except fuels	-0,12	-0,08	-0,13	-0,21	-0,03
3 Mineral fuels, lubricants and related materials	-0,65	-0,69	-0,60	-0,61	-0,54
4 Animal and vegetable oils, fats ans waxes	0,36	0,05	0,20	0,04	0,14
5 Chemical and related products	0,12	0,23	0,23	-0,06	-0,14
6 Manufactured goods classified chiefly by material	0,19	0,22	0,23	0,09	-0,03
7 Machinery and transport equipment	-0,29	-0,14	-0,19	-0,35	-0,56
8 Miscellaneous manufactured articles	0,21	0,29	0,32	0,28	0,30
9 Commodities and transactions not classified elsewhere	-0,08	-0,21	0,22	0,13	0,24

Bulgaria`s Exports and Imports according to the SITC with the EU (in million USD)

	1995		1996		1997		1998		1999	
	Export	Import	Export	Import	Export	Import	Export	Import	Export	Import
0 Food and live animals	137	101,2	104,8	66,1	88,2	103,9	117,5	111,9	111,3	89,8
1 Beverages and tobacco	82,6	14	95,4	21,9	75,5	12,1	73,2	8,5	71,4	11,5
2 Crude materials, inedible, except fuels	172	93,4	125,6	68,2	169,6	77,1	145,8	77,3	152,9	73,9
3 Mineral fuels, lubricants and related materials	30,2	22,1	60,9	13,5	90,8	18,3	46	50,3	55,9	41,3
4 Animal and vegetable oils, fats ans waxes	8,6	18,9	0,6	7,7	1,9	9,7	0,8	13,9	0,6	11,7
5 Chemical and related products	297,9	361,9	280	318,7	287,3	279,7	181,3	347,8	128,9	374,2
6 Manufactured goods classified chiefly by material	714,5	565,6	604,7	535,8	737,4	585	758,7	626,5	616,1	671,2
7 Machinery and transport equipment	197,4	681,8	223,1	516,1	187,2	522,6	198,2	693,9	218,1	1045
8 Miscellaneous manufactured articles	350,1	237,4	407,9	230,3	489,3	250,8	584,4	306	717,7	344,2
9 Commodities and transactions not classified elsewhere	21,7	1,5	9,4	2	8,7	1,4	8,2	3,2	15,7	5,4

RCA Bulgaria`s trade with the EU

	1995	1996	1997	1998	1999
	RCA	RCA	RCA	RCA	RCA
0 Food and live animals	0,15	0,23	-0,08	0,02	0,11
1 Beverages and tobacco	0,71	0,63	0,72	0,79	0,72
2 Crude materials, inedible, except fuels	0,30	0,30	0,37	0,31	0,35
3 Mineral fuels, lubricants and related materials	0,15	0,64	0,66	-0,04	0,15
4 Animal and vegetable oils, fats ans waxes	-0,37	-0,86	-0,67	-0,89	-0,90
5 Chemical and related products	-0,10	-0,06	0,01	-0,31	-0,49
6 Manufactured goods classified chiefly by material	0,12	0,06	0,12	0,10	-0,04
7 Machinery and transport equipment	-0,55	-0,40	-0,47	-0,56	-0,65
8 Miscellaneous manufactured articles	0,19	0,28	0,32	0,31	0,35
9 Commodities and transactions not classified elsewhere	0,87	0,65	0,72	0,44	0,49

[45] Source: NSI and IME own calculations

Bulgaria`s Exports and Imports according to the SITC with SEE (in million USD)

	1995		1996		1997		1998		1999	
	Export	Import	Export	Import	Export	Import	Export	Import	Export	Import
0 Food and live animals	97,9	8,85	75,3	27,26	20,7	4,52	14	4,37	29	3,49
1 Beverages and tobacco	7,43	2,57	3,6	1,31	3,35	1,7	4,06	11,37	5,85	3,89
2 Crude materials, inedible, except fuels	26,3	36,29	43,82	12,82	22,27	11,92	17,18	17,2	19,67	16,69
3 Mineral fuels, lubricants and related materials	109,6	0,43	57,05	3,03	20,84	9,11	15,55	5,83	103,2	0,9
4 Animal and vegetable oils, fats ans waxes	14,09	0,12	45,32	0,01	31,09	0,3	6,43	1,01	12,46	0,36
5 Chemical and related products	138,1	6,36	46,69	7	34,45	8,62	40,61	7,79	45,02	3,7
6 Manufactured goods classified chiefly by material	147,3	104,8	128,3	32,72	91,25	34,07	70,05	23,2	63,47	9,04
7 Machinery and transport equipment	32,84	11,5	24,66	6,3	28,18	3,9	14,58	4,56	21,08	3,95
8 Miscellaneous manufactured articles	23,27	12,88	13,92	2,4	11,52	1,3	10,38	1,43	16,25	0,77
9 Commodities and transactions not classified elsewhere	0,44	0,02	0,15	0,07	0,01	0,01	0	0,026	0,24	0,2

RCA of Bulgaria`s trade with the SEE

	1995	1996	1997	1998	1999
	RCA	RCA	RCA	RCA	RCA
0 Food and live animals	0,83	0,47	0,64	0,52	0,79
1 Beverages and tobacco	0,49	0,47	0,33	-0,47	0,20
2 Crude materials, inedible, except fuels	-0,16	0,55	0,30	0,00	0,08
3 Mineral fuels, lubricants and related materials	0,99	0,90	0,39	0,45	0,98
4 Animal and vegetable oils, fats ans waxes	0,98	1,00	0,98	0,73	0,94
5 Chemical and related products	0,91	0,74	0,60	0,68	0,85
6 Manufactured goods classified chiefly by material	0,17	0,59	0,46	0,50	0,75
7 Machinery and transport equipment	0,48	0,59	0,76	0,52	0,68
8 Miscellaneous manufactured articles	0,29	0,71	0,80	0,76	0,91
9 Commodities and transactions not classified elsewhere	0,91	0,36	0,00	-1,00	0,09

Bulgaria`s Exports and Imports according to the SITC with Cefta (in million USD)

	1995		1996		1997		1998		1999	
	Export	Import	Export	Import	Export	Import	Export	Import	Export	Import
0 Food and live animals	19,8	7,4	13,8	24,1	10,3	50,4	14,1	18,7	15,4	24,5
1 Beverages and tobacco	14,9	0,5	14,8	1,45	10,4	0,22	12,8	0,12	14,9	0,8
2 Crude materials, inedible, except fuels	13,4	10,7	11	20,1	12,8	17,8	13,3	26,1	18,6	24,4
3 Mineral fuels, lubricants and related materials	26,2	7,4	1	4,2	10,4	3,3	37,6	19,3	49	35
4 Animal and vegetable oils, fats ans waxes	0,3	1,9	0,01	0,6	0,02	1,2	0	1,5	0,002	1,6
5 Chemical and related products	35,2	71,4	35,1	43,8	34,1	43,1	21,3	41,6	18,9	60,8
6 Manufactured goods classified chiefly by material	33,9	76,2	40,7	71,2	26	75,8	40,7	96,3	28,7	95
7 Machinery and transport equipment	40,6	53,2	43,9	53,1	47,4	43,2	60,1	54,9	21,6	87
8 Miscellaneous manufactured articles	8,6	11,2	9,9	11,8	12,1	10,4	7,5	16,2	11	24,4
9 Commodities and transactions not classified elsewhere	0,006	0,1	0,16	0,16	0,09	0,01	0,009	0,01	0,001	0,02

RCA of Bulgaria`s trade with Cefta

	1995	1996	1997	1998	1999
	RCA	RCA	RCA	RCA	RCA
0 Food and live animals	0,46	-0,27	-0,66	-0,14	-0,23
1 Beverages and tobacco	0,94	0,82	0,96	0,98	0,90
2 Crude materials, inedible, except fuels	0,11	-0,29	-0,16	-0,32	-0,13
3 Mineral fuels, lubricants and related materials	0,56	-0,62	0,52	0,32	0,17
4 Animal and vegetable oils, fats ans waxes	-0,73	-0,97	-0,97	-1,00	-1,00
5 Chemical and related products	-0,34	-0,11	-0,12	-0,32	-0,53
6 Manufactured goods classified chiefly by material	-0,38	-0,27	-0,49	-0,41	-0,54
7 Machinery and transport equipment	-0,13	-0,09	0,05	0,05	-0,60
8 Miscellaneous manufactured articles	-0,13	-0,09	0,08	-0,37	-0,38
9 Commodities and transactions not classified elsewhere	-0,89	0,00	0,80	-0,05	-0,90

Bulgaria`s exports and imports by sections and divisions of SITC, rev. 3 (2 digit) Total trade 1999 (million USD)

	Exports	Imports
0 Food and live animals	330,8	252,4
00 Live animals	3,9	2,2
01 Meat and meat preparations	41,8	35,2
02 Dairy products and bird eggs	19,6	12,9
03 Fish, crustaceans, mollucs and the like and preparations thereof	7,9	11,7
04 Cereals and cereal preparations	107,7	21,1
05 Vegetable and fruits	92,8	40,4
06 Sugar, sugar preparations and honey	15,6	55,4
07 Coffee, tea, cocoa, spices and manufactures thereof	10,4	28,6
08 Feeding stuff for animals(excl. unmilled cereals)	25,7	18,4
09 Miscellaneous edible products and preparations	5,4	26,5
1 Beverages and tobacco	193,8	51,3
11 Beverages	91,7	16,1
12 Tobacco and tobacco manufactures	102,1	35,3
2 Crude materials, inedible (except fuel)	279,7	294,7
21 Hides, skins and furskins, raw	4,7	0,5
22 Oil seeds and oleaginous fruits	65,4	10,5
23 Crude rubber (incl. Synthetic and reclaimed)	18,6	5,7
24 Cork and wood	52,9	4,3
25 Pulp and waste paper	17,2	11,5
26 Textile fibres (excl. wool) and combed wool and their wastes not manufactured into yearn or fabric	7,8	46,8
27 Crude fertilizers and minerals (excl. coal, petroleum and precious stones)	23,2	31,1
28 Metalliferous ores and metal scrab	72,8	175,6
29 Crude animal and vegetable materials n.e.c.	17	8,6
3 Mineral fuel, lubricants and related materials	358,3	1189
32 Coal, coke and briquettes	1,7	135,1
33 Petroleum, petroleum products and related materials	292,5	794
34 Gas, natural and manufactured	0,8	260
4 Animals and vegetable oils, fats and waxes	23,2	17,4
41 Animal oils and fats	0,5	0,5
42 Fixed vegetable fats and oils, crude, refined or fractionated	21,5	7,6
43 Animal and vegetable fats and oils, processed; waxes of animal or vegetable origin	1,2	9,3
5 Chemicals and related products n.e.c.	424,2	558,6
51 Organic chemicals	57,9	55,4
52 Inorganic chemicals	86	21,5
53 Dyeing, tannig and colouring materials, fractionated	5,1	40,9
54 Medical and pharmaceutical products	74,4	123,2
55 Essential oils and perfume materials; toilet, polishing and cleansing preparations	84,3	102,1
56 Fertilizers manufactured	37,2	3,4
57 Plastic in primary form	55,7	64,9
58 Plastic in non-primary form	11,3	57,7
59 Chemical materials and products n.e.c.	12,2	89,6
6 Manufactured goods classified chiefly by material	940,4	1000,7
61 Leather, leather manufactures, n.e.c.	9,7	42,3
62 Rubber manufactures n.e.c.	24,2	61,6
63 Wood and cork manufactures (excl. furniture)	48,7	17,6
64 Paper, paperboard and manufactures	28,1	124,1
65 Textile yearn, fabrics, made-up articles n.e.c., and related products	118,5	413,5
66 Non-metalic mineral manufactures n.e.c.	72	62,2
67 Iron and steel	269,3	122,3
68 Non-ferrous metals	295,2	69,5
69 Manufactures of metals n.e.c.	74,6	87,6
7 Machinery and transport equipment	448,7	1597,5
71 Power generating machinery and equipment	44,7	131,5
72 Machinery specialized for particular industries	48,5	185
73 Metalworking machinery	43,8	25,4
74 General industrial machinery and equipment and parts, n.e.c.	130,1	234,3
75 Office machines and automatic data processing machines	10,9	134,6
76 Telecommunications, sound recording and reproducing apparatus and equipment	10,2	162,7

77 Electrical machinery and parts thereof	101,9	224,2
78 Road vehicles	42,3	451,5
79 Other transport equipment	16,5	48,4
8 Miscellaneous manufactured articles	860,2	462,5
81 Prefabricated structures, sanitary, plumbing, heating and lighting fixtures and fittings n.e.c.	36,3	13,8
82 Furniture and parts thereof	46,4	23,4
83 Travel goods, handbags and the like	16,1	4,6
84 Articles of apparel and clothing	567,1	156,2
85 Footwear	111,9	46,9
87 Professional, scientific and controlling instruments and apparatus n.e.c.	14,5	72,1
88 Photographic and optical goods, n.e.c., watches and clocks	18	17,1
89 Miscellaneous manufactured articles n.e.c.	190,2	219,2
9 Commodities and transactions n.e.c.	147,2	90,8

RCA of Bulgaria`s Total trade in 1999, SITC (2 DIGIT), rev.3

	RCA
0 Food and live animals	0,13
00 Live animals	0,28
01 Meat and meat preparations	0,09
02 Dairy products and bird eggs	0,21
03 Fish, crustaceans, mollucs and the like and preparations thereof	-0,19
04 Cereals and cereal preparations	0,67
05 Vegetable and fruits	0,39
06 Sugar, sugar preparations and honey	-0,56
07 Coffee, tea, cocoa, spices and manufactures thereof	-0,47
08 Feeding stuff for animals(excl. unmilled cereals)	0,17
09 Miscellaneous edible products and preparations	-0,66
1 Beverages and tobacco	0,58
11 Beverages	0,70
12 Tobacco and tobacco manufactures	0,49
2 Crude materials, inedible (except fuel)	-0,03
21 Hides, skins and furskins, raw	0,81
22 Oil seeds and oleaginous fruits	0,72
23 Crude rubber (incl. Synthetic and reclaimed)	0,53
24 Cork and wood	0,85
25 Pulp and waste paper	0,20
26 Textile fibres (excl. wool) and combed wool and their wastes not manufactured into yearn or fabric	-0,71
27 Crude fertilizers and minerals (excl. coal, petroleum and precious stones)	-0,15
28 Metalliferous ores and metal scrab	-0,41
29 Crude animal and vegetable materials n.e.c.	0,33
3 Mineral fuel, lubricants and related materials	-0,54
32 Coal, coke and briquettes	-0,98
33 Petroleum, petroleum products and related materials	-0,46
34 Gas, natural and manufactured	-0,99
4 Animals and vegetable oils, fats and waxes	0,14
41 Animal oils and fats	0,00
42 Fixed vegetable fats and oils, crude, refined or fractionated	0,48
43 Animal and vegetable fats and oils, processed; waxes of animal or vegetable origin	-0,77
5 Chemicals and related products n.e.c.	-0,14
51 Organic chemicals	0,02
52 Inorganic chemicals	0,60
53 Dyeing, tannig and colouring materials, fractionated	-0,78
54 Medical and pharmaceutical products	-0,25
55 Essential oils and perfume materials; toilet, polishing and cleansing preparations	-0,10
56 Fertilizers manufactured	0,83
57 Plastic in primary form	-0,08
58 Plastic in non-primary form	-0,67
59 Chemical materials and products n.e.c.	-0,76
6 Manufactured goods classified chiefly by material	-0,03
61 Leather, leather manufactures, n.e.c.	-0,63
62 Rubber manufactures n.e.c.	-0,44
63 Wood and cork manufactures (excl. furniture)	0,47
64 Paper, paperboard and manufactures	-0,63
65 Textile yearn, fabrics, made-up articles n.e.c., and related products	-0,55
66 Non-metalic mineral manufactures n.e.c.	0,07
67 Iron and steel	0,38

68 Non-ferrous metals	0,62
69 Manufactures of metals n.e.c.	-0,08
7 Machinery and transport equipment	-0,56
71 Power generating machinery and equipment	-0,49
72 Machinery specialized for particular industries	-0,58
73 Metalworking machinery	0,27
74 General industrial machinery and equipment and parts, n.e.c.	-0,29
75 Office machines and automatic data processing machines	-0,85
76 Telecommunications, sound recording and reproducing apparatus and equipment	-0,88
77 Electrical machinery and parts thereof	-0,38
78 Road vehicles	-0,83
79 Other transport equipment	-0,49
8 Miscellaneous manufactured articles	0,30
81 Prefabricated structures, sanitary, plumbing, heating and lighting fixtures and fittings n.e.c.	0,45
82 Furniture and parts thereof	0,33
83 Travel goods, handbags and the like	0,56
84 Articles of apparel and clothing	0,57
85 Footwear	0,41
87 Professional, scientific and controlling instruments and apparatus n.e.c.	-0,67
88 Photographic and optical goods, n.e.c., watches and clocks	0,03
89 Miscellaneous manufactured articles n.e.c.	-0,07
9 Commodities and transactions n.e.c.	0,24

Bulgaria`s EU trade 1999, SITC 2 Digit, rev.3 (in million USD)

	Export	Import
0 Food and live animals	**111,3**	**89,8**
00 Live animals	0,2	1,6
01 Meat and meat preparations	34,1	18,4
02 Dairy products and bird eggs	0,6	7,9
03 Fish, crustaceans, mollucs and the like and preparations thereof	4,6	4,7
04 Cereals and cereal preparations	2,8	4,2
05 Vegetable and fruits	50,0	16,7
06 Sugar, sugar preparations and honey	3,7	4,1
07 Coffee, tea, cocoa, spices and manufactures thereof	1,5	6,7
08 Feeding stuff for animals(excl. unmilled cereals)	11,5	9,1
09 Miscellaneous edible products and preparations	6,0	16,7
1 Beverages and tobacco	**71,4**	**11,5**
11 Beverages	47,1	8,7
12 Tobacco and tobacco manufactures	24,3	2,9
2 Crude materials, inedible (except fuel)	**152,9**	**73,9**
21 Hides, skins and furskins, raw	2,2	**0,0**
22 Oil seeds and oleaginous fruits	42,3	1,6
23 Crude rubber (incl. Synthetic and reclaimed)	14,5	3,8
24 Cork and wood	28,5	0,6
25 Pulp and waste paper	9,5	2,0
26 Textile fibres (excl. wool) and combed wool and their wastes not manufactured into yearn or fabric	3,1	31,0
27 Crude fertilizers and minerals (excl. coal, petroleum and precious stones)	14,3	12,9
28 Metalliferous ores and metal scrab	24,9	16,5
29 Crude animal and vegetable materials n.e.c.	13,6	5,5
3 Mineral fuel, lubricants and related materials	**55,9**	**41,3**
32 Coal, coke and briquettes	0,0	0,0
33 Petroleum, petroleum products and related materials	55,9	34,6
34 Gas, natural and manufactured	0,0	6,7
4 Animals and vegetable oils, fats and waxes	**0,6**	**11,7**
41 Animal oils and fats	0,1	0,5
42 Fixed vegetable fats and oils, crude, refined or fractionated	0,1	2,6
43 Animal and vegetable fats and oils, processed; waxes of animal or vegetable origin	0,4	8,6
5 Chemicals and related products n.e.c.	**128,9**	**374,2**
51 Organic chemicals	28,0	29,4
52 Inorganic chemicals	26,7	11,0
53 Dyeing, tannig and colouring materials, fractionated	0,3	31,2
54 Medical and pharmaceutical products	18,3	78,8
55 Essential oils and perfume materials; toilet, polishing and cleansing preparations	6,0	65,4
56 Fertilizers manufactured	20,5	0,6
57 Plastic in primary form	23,4	42,8

58 Plastic in non-primary form	2,5	45,8
59 Chemical materials and products n.e.c.	3,2	69,2
6 Manufactured goods classified chiefly by materia	**616,1**	**671,2**
61 Leather, leather manufactures, n.e.c.	6,4	39,9
62 Rubber manufactures n.e.c.	17,2	26,3
63 Wood and cork manufactures (excl. furniture)	30,9	12,4
64 Paper, paperboard and manufactures	8,8	73,8
65 Textile yearn, fabrics, made-up articles n.e.c., and related products	73,4	337,8
66 Non-metalic mineral manufactures n.e.c.	32,8	36,6
67 Iron and steel	205,0	49,6
68 Non-ferrous metals	198,0	34,3
69 Manufactures of metals n.e.c.	43,6	60,6
7 Machinery and transport equipment	**218,1**	**1044,9**
71 Power generating machinery and equipment	29,0	22,1
72 Machinery specialized for particular industries	16,1	149,4
73 Metalworking machinery	26,9	18,1
74 General industrial machinery and equipment and parts, n.e.c.	80,0	179,0
75 Office machines and automatic data processing machines	2,3	64,3
76 Telecommunications, sound recording and reproducing apparatus and equipment	5,2	119,0
77 Electrical machinery and parts thereof	45,2	144,1
78 Road vehicles	8,5	335,6
79 Other transport equipment	4,8	13,5
8 Miscellaneous manufactured articles	**717,6**	**344,2**
81 Prefabricated structures, sanitary, plumbing, heating and lighting fixtures and fittings n.e.c.	27,9	8,2
82 Furniture and parts thereof	31,3	15,5
83 Travel goods, handbags and the like	15,9	3,3
84 Articles of apparel and clothing	490,2	135,3
85 Footwear	106,9	39,3
87 Professional, scientific and controlling instruments and apparatus n.e.c.	9,6	47,5
88 Photographic and optical goods, n.e.c., watches and clocks	8,6	10,8
89 Miscellaneous manufactured articles n.e.c.	38,2	89,5
9 Commodities and transactions n.e.c.	**15,6**	**5,4**

Bulgaria`s trade with the EU RCA in 1999, SITC (2 Digit), rev.3

	RCA
0 Food and live animals	**0,11**
00 Live animals	-0,75
01 Meat and meat preparations	0,30
02 Dairy products and bird eggs	-0,86
03 Fish, crustaceans, mollucs and the like and preparations thereof	-0,01
04 Cereals and cereal preparations	-0,19
05 Vegetable and fruits	0,50
06 Sugar, sugar preparations and honey	-0,04
07 Coffee, tea, cocoa, spices and manufactures thereof	-0,64
08 Feeding stuff for animals(excl. unmilled cereals)	0,12
09 Miscellaneous edible products and preparations	-0,47
1 Beverages and tobacco	**0,72**
11 Beverages	0,69
12 Tobacco and tobacco manufactures	0,79
2 Crude materials, inedible (except fuel)	**0,35**
21 Hides, skins and furskins, raw	0,97
22 Oil seeds and oleaginous fruits	0,93
23 Crude rubber (incl. Synthetic and reclaimed)	0,59
24 Cork and wood	0,96
25 Pulp and waste paper	0,65
26 Textile fibres (excl. wool) and combed wool and their wastes not manufactured into yearn or fabric	-0,82
27 Crude fertilizers and minerals (excl. coal, petroleum and precious stones)	0,05
28 Metalliferous ores and metal scrab	0,20
29 Crude animal and vegetable materials n.e.c.	0,42
3 Mineral fuel, lubricants and related materials	**0,15**
32 Coal, coke and briquettes	-0,38
33 Petroleum, petroleum products and related materials	0,24
34 Gas, natural and manufactured	-1,00
4 Animals and vegetable oils, fats and waxes	-0,90
41 Animal oils and fats	-0,55

42 Fixed vegetable fats and oils, crude, refined or fractionated	-0,96
43 Animal and vegetable fats and oils, processed; waxes of animal or vegetable origin	-0,91
5 Chemicals and related products n.e.c.	**-0,49**
51 Organic chemicals	-0,03
52 Inorganic chemicals	0,42
53 Dyeing, tannig and colouring materials, fractionated	-0,98
54 Medical and pharmaceutical products	-0,62
55 Essential oils and perfume materials; toilet, polishing and cleansing preparations	-0,83
56 Fertilizers manufactured	0,95
57 Plastic in primary form	-0,29
58 Plastic in non-primary form	-0,90
59 Chemical materials and products n.e.c.	-0,91
6 Manufactured goods classified chiefly by material	**-0,04**
61 Leather, leather manufactures, n.e.c.	-0,72
62 Rubber manufactures n.e.c.	-0,21
63 Wood and cork manufactures (excl. furniture)	0,43
64 Paper, paperboard and manufactures	-0,79
65 Textile yearn, fabrics, made-up articles n.e.c., and related products	-0,64
66 Non-metalic mineral manufactures n.e.c.	-0,05
67 Iron and steel	0,61
68 Non-ferrous metals	0,70
69 Manufactures of metals n.e.c.	-0,16
7 Machinery and transport equipment	**-0,65**
71 Power generating machinery and equipment	0,14
72 Machinery specialized for particular industries	-0,81
73 Metalworking machinery	0,20
74 General industrial machinery and equipment and parts, n.e.c.	-0,38
75 Office machines and automatic data processing machines	-0,93
76 Telecommunications, sound recording and reproducing apparatus and equipment	-0,92
77 Electrical machinery and parts thereof	-0,52
78 Road vehicles	-0,95
79 Other transport equipment	-0,48
8 Miscellaneous manufactured articles	**0,35**
81 Prefabricated structures, sanitary, plumbing, heating and lighting fixtures and fittings n.e.c.	0,54
82 Furniture and parts thereof	0,34
83 Travel goods, handbags and the like	0,65
84 Articles of apparel and clothing	0,57
85 Footwear	0,46
87 Professional, scientific and controlling instruments and apparatus n.e.c.	-0,66
88 Photographic and optical goods, n.e.c., watches and clocks	-0,12
89 Miscellaneous manufactured articles n.e.c.	-0,40
9 Commodities and transactions n.e.c.	**0,49**

Bulgaria`s trade with CEFTA countries in 1999, SITC 2 Digit (in million USD), rev.3

	Export	Import
0 Food and live animals	**15,4**	**24,6**
00 Live animals	0,0	0,5
01 Meat and meat preparations	0,0	4,6
02 Dairy products and bird eggs	0,6	2,3
03 Fish, crustaceans, mollucs and the like and preparations thereof	0,3	0,1
04 Cereals and cereal preparations	3,3	5,3
05 Vegetable and fruits	9,0	4,7
06 Sugar, sugar preparations and honey	0,9	0,9
07 Coffee, tea, cocoa, spices and manufactures thereof	0,2	2,0
08 Feeding stuff for animals(excl. unmilled cereals)	0,9	0,9
09 Miscellaneous edible products and preparations	0,2	3,3
1 Beverages and tobacco	**14,9**	**0,7**
11 Beverages	11,9	0,7
12 Tobacco and tobacco manufactures	3,0	0,0
2 Crude materials, inedible (except fuel)	**18,6**	**24,4**
21 Hides, skins and furskins, raw	0,4	0,1
22 Oil seeds and oleaginous fruits	0,5	1,7
23 Crude rubber (incl. Synthetic and reclaimed)	2,5	0,1
24 Cork and wood	0,2	2,3
25 Pulp and waste paper	3,4	0,4
26 Textile fibres (excl. wool) and combed wool and their wastes not manufactured into yearn or fabric	0,6	1,7
27 Crude fertilizers and minerals (excl. coal, petroleum and precious stones)	2,4	1,3

28 Metalliferous ores and metal scrab	8,2	16,3
29 Crude animal and vegetable materials n.e.c.	0,5	0,4
3 Mineral fuel, lubricants and related materials	**49,0**	**35,0**
32 Coal, coke and briquettes	0,1	9,9
33 Petroleum, petroleum products and related materials	48,9	15,1
34 Gas, natural and manufactured	0,0	10,0
4 Animals and vegetable oils, fats and waxes	**0,0**	**1,6**
41 Animal oils and fats	0,0	0,0
42 Fixed vegetable fats and oils, crude, refined or fractionated	0,0	1,6
43 Animal and vegetable fats and oils, processed; waxes of animal or vegetable origin	0,0	0,0
5 Chemicals and related products n.e.c.	**18,9**	**60,8**
51 Organic chemicals	2,8	4,9
52 Inorganic chemicals	3,7	3,3
53 Dyeing, tannig and colouring materials, fractionated	0,1	2,6
54 Medical and pharmaceutical products	2,7	10,7
55 Essential oils and perfume materials; toilet, polishing and cleansing preparations	6,6	20,1
56 Fertilizers manufactured	0,3	1,9
57 Plastic in primary form	1,6	8,1
58 Plastic in non-primary form	0,2	5,4
59 Chemical materials and products n.e.c.	0,9	3,7
6 Manufactured goods classified chiefly by material	**28,7**	**95,1**
61 Leather, leather manufactures, n.e.c.	1,0	0,6
62 Rubber manufactures n.e.c.	1,0	17,3
63 Wood and cork manufactures (excl. furniture)	0,9	3,4
64 Paper, paperboard and manufactures	1,7	23,2
65 Textile yearn, fabrics, made-up articles n.e.c., and related products	6,0	12,3
66 Non-metalic mineral manufactures n.e.c.	1,8	10,0
67 Iron and steel	3,9	11,5
68 Non-ferrous metals	10,4	9,6
69 Manufactures of metals n.e.c.	2,0	7,2
7 Machinery and transport equipment	**21,5**	**87,0**
71 Power generating machinery and equipment	0,9	9,0
72 Machinery specialized for particular industries	1,4	5,7
73 Metalworking machinery	0,8	2,2
74 General industrial machinery and equipment and parts, n.e.c.	12,5	15,2
75 Office machines and automatic data processing machines	0,7	0,7
76 Telecommunications, sound recording and reproducing apparatus and equipment	0,4	11,0
77 Electrical machinery and parts thereof	2,3	25,6
78 Road vehicles	1,7	15,2
79 Other transport equipment	0,8	2,3
8 Miscellaneous manufactured articles	**11,0**	**24,5**
81 Prefabricated structures, sanitary, plumbing, heating and lighting fixtures and fittings n.e.c.	1,5	3,1
82 Furniture and parts thereof	0,6	5,0
83 Travel goods, handbags and the like	0,1	0,1
84 Articles of apparel and clothing	4,1	2,2
85 Footwear	1,2	0,8
87 Professional, scientific and controlling instruments and apparatus n.e.c.	0,5	2,1
88 Photographic and optical goods, n.e.c., watches and clocks	0,8	0,6
89 Miscellaneous manufactured articles n.e.c.	2,2	10,6
9 Commodities and transactions n.e.c.	**0,0**	**0,0**

RCA of Bulgaria`s trade with CEFTA countries, 1999 (SITC 2 Digit), rev.3

	RCA
0 Food and live animals	-0,23
00 Live animals	-1,00
01 Meat and meat preparations	-0,99
02 Dairy products and bird eggs	-0,59
03 Fish, crustaceans, mollucs and the like and preparations thereof	0,47
04 Cereals and cereal preparations	-0,23
05 Vegetable and fruits	0,31
06 Sugar, sugar preparations and honey	0,04
07 Coffee, tea, cocoa, spices and manufactures thereof	-0,84
08 Feeding stuff for animals(excl. unmilled cereals)	0,02
09 Miscellaneous edible products and preparations	-0,88
1 Beverages and tobacco	0,90
11 Beverages	0,89
12 Tobacco and tobacco manufactures	0,97

2 Crude materials, inedible (except fuel)	-0,13
21 Hides, skins and furskins, raw	0,51
22 Oil seeds and oleaginous fruits	-0,57
23 Crude rubber (incl. Synthetic and reclaimed)	0,92
24 Cork and wood	-0,82
25 Pulp and waste paper	0,77
26 Textile fibres (excl. wool) and combed wool and their wastes not manufactured into yearn or fabric	-0,51
27 Crude fertilizers and minerals (excl. coal, petroleum and precious stones)	0,30
28 Metalliferous ores and metal scrab	-0,33
29 Crude animal and vegetable materials n.e.c.	0,11
3 Mineral fuel, lubricants and related materials	0,17
32 Coal, coke and briquettes	-0,98
33 Petroleum, petroleum products and related materials	0,53
34 Gas, natural and manufactured	-1,00
4 Animals and vegetable oils, fats and waxes	-1,00
41 Animal oils and fats	-1,00
42 Fixed vegetable fats and oils, crude, refined or fractionated	-1,00
43 Animal and vegetable fats and oils, processed; waxes of animal or vegetable origin	#DIV/0!
5 Chemicals and related products n.e.c.	-0,52
51 Organic chemicals	-0,26
52 Inorganic chemicals	0,06
53 Dyeing, tannig and colouring materials, fractionated	-0,90
54 Medical and pharmaceutical products	-0,59
55 Essential oils and perfume materials; toilet, polishing and cleansing preparations	-0,51
56 Fertilizers manufactured	-0,70
57 Plastic in primary form	-0,66
58 Plastic in non-primary form	-0,94
59 Chemical materials and products n.e.c.	-0,63
6 Manufactured goods classified chiefly by material	-0,54
61 Leather, leather manufactures, n.e.c.	0,26
62 Rubber manufactures n.e.c.	-0,89
63 Wood and cork manufactures (excl. furniture)	-0,58
64 Paper, paperboard and manufactures	-0,86
65 Textile yearn, fabrics, made-up articles n.e.c., and related products	-0,35
66 Non-metalic mineral manufactures n.e.c.	-0,70
67 Iron and steel	-0,49
68 Non-ferrous metals	0,04
69 Manufactures of metals n.e.c.	-0,56
7 Machinery and transport equipment	-0,60
71 Power generating machinery and equipment	-0,82
72 Machinery specialized for particular industries	-0,60
73 Metalworking machinery	-0,49
74 General industrial machinery and equipment and parts, n.e.c.	-0,10
75 Office machines and automatic data processing machines	0,01
76 Telecommunications, sound recording and reproducing apparatus and equipment	-0,93
77 Electrical machinery and parts thereof	-0,83
78 Road vehicles	-0,80
79 Other transport equipment	-0,49
8 Miscellaneous manufactured articles	-0,38
81 Prefabricated structures, sanitary, plumbing, heating and lighting fixtures and fittings n.e.c.	-0,34
82 Furniture and parts thereof	-0,79
83 Travel goods, handbags and the like	0,34
84 Articles of apparel and clothing	0,31
85 Footwear	0,20
87 Professional, scientific and controlling instruments and apparatus n.e.c.	-0,63
88 Photographic and optical goods, n.e.c., watches and clocks	0,12
89 Miscellaneous manufactured articles n.e.c.	-0,66
9 Commodities and transactions n.e.c.	-0,88

Bulgaria`s trade with SEE countries in 1999, SITC 2 Digit (in million USD), rev.3

	Export	Import
0 Food and live animals	**29,0**	**3,5**
00 Live animals	0,4	0,0
01 Meat and meat preparations	0,8	0,0
02 Dairy products and bird eggs	2,5	0,1
03 Fish, crustaceans, mollucs and the like and preparations thereof	0,6	0,0
04 Cereals and cereal preparations	9,7	1,7

05 Vegetable and fruits	5,7	1,2
06 Sugar, sugar preparations and honey	7,2	0,1
07 Coffee, tea, cocoa, spices and manufactures thereof	0,9	0,0
08 Feeding stuff for animals(excl. unmilled cereals)	0,8	0,0
09 Miscellaneous edible products and preparations	0,4	0,5
1 Beverages and tobacco	**5,8**	**3,9**
11 Beverages	5,0	3,9
12 Tobacco and tobacco manufactures	0,8	0,0
2 Crude materials, inedible (except fuel)	**19,9**	**16,7**
21 Hides, skins and furskins, raw	0,0	0,1
22 Oil seeds and oleaginous fruits	0,8	0,4
23 Crude rubber (incl. Synthetic and reclaimed)	0,6	0,0
24 Cork and wood	11,3	0,0
25 Pulp and waste paper	0,7	0,2
26 Textile fibres (excl. wool) and combed wool and their wastes not manufactured into yearn or fabric	1,6	0,6
27 Crude fertilizers and minerals (excl. coal, petroleum and precious stones)	1,3	0,9
28 Metalliferous ores and metal scrab	3,3	14,2
29 Crude animal and vegetable materials n.e.c.	0,4	0,1
3 Mineral fuel, lubricants and related materials	**103,3**	**0,9**
32 Coal, coke and briquettes	1,6	0,0
33 Petroleum, petroleum products and related materials	100,9	0,7
34 Gas, natural and manufactured	0,7	0,2
4 Animals and vegetable oils, fats and waxes	**12,5**	**0,4**
41 Animal oils and fats	0,1	0,0
42 Fixed vegetable fats and oils, crude, refined or fractionated	12,3	0,4
43 Animal and vegetable fats and oils, processed; waxes of animal or vegetable origin	0,0	0,0
5 Chemicals and related products n.e.c.	**45,0**	**3,7**
51 Organic chemicals	5,9	0,7
52 Inorganic chemicals	3,9	0,7
53 Dyeing, tannig and colouring materials, fractionated	0,7	0,1
54 Medical and pharmaceutical products	3,0	0,2
55 Essential oils and perfume materials; toilet, polishing and cleansing preparations	6,7	0,0
56 Fertilizers manufactured	6,9	0,1
57 Plastic in primary form	10,8	0,7
58 Plastic in non-primary form	3,7	0,4
59 Chemical materials and products n.e.c.	3,4	0,7
6 Manufactured goods classified chiefly by material	**63,5**	**9,0**
61 Leather, leather manufactures , n.e.c.	0,5	0,0
62 Rubber manufactures n.e.c.	0,9	0,8
63 Wood and cork manufactures (excl. furniture)	5,9	0,1
64 Paper, paperboard and manufactures	8,4	0,5
65 Textile yearn, fabrics, made-up articles n.e.c., and related products	7,7	1,2
66 Non-metalic mineral manufactures n.e.c.	8,7	1,1
67 Iron and steel	20,0	2,2
68 Non-ferrous metals	5,1	2,1
69 Manufactures of metals n.e.c.	6,3	1,0
7 Machinery and transport equipment	**21,1**	**4,0**
71 Power generating machinery and equipment	0,6	0,3
72 Machinery specialized for particular industries	3,5	1,2
73 Metalworking machinery	1,2	0,0
74 General industrial machinery and equipment and parts, n.e.c.	4,6	1,2
75 Office machines and automatic data processing machines	2,1	0,0
76 Telecommunications, sound recording and reproducing apparatus and equipment	1,8	0,0
77 Electrical machinery and parts thereof	5,3	0,7
78 Road vehicles	1,7	0,4
79 Other transport equipment	0,3	0,0
8 Miscellaneous manufactured articles	**16,2**	**0,8**
81 Prefabricated structures, sanitary, plumbing, heating and lighting fixtures and fittings n.e.c.	4,0	0,0
82 Furniture and parts thereof	1,8	0,1
83 Travel goods, handbags and the like	0,0	0,0
84 Articles of apparel and clothing	2,8	0,1
85 Footwear	1,6	0,0
87 Professional, scientific and controlling instruments and apparatus n.e.c.	0,4	0,1
88 Photographic and optical goods, n.e.c., watches and clocks	0,6	0,0
89 Miscellaneous manufactured articles n.e.c.	5,3	0,7
9 Commodities and transactions n.e.c.	**0,2**	**0,2**

RCA of Bulgaria`s trade with SEE countries, 1999 (SITC 2 Digit), rev.3

	RCA
0 Food and live animals	0,79
00 Live animals	1,00
01 Meat and meat preparations	1,00
02 Dairy products and bird eggs	0,94
03 Fish, crustaceans, mollucs and the like and preparations thereof	1,00
04 Cereals and cereal preparations	0,71
05 Vegetable and fruits	0,65
06 Sugar, sugar preparations and honey	0,98
07 Coffee, tea, cocoa, spices and manufactures thereof	0,98
08 Feeding stuff for animals(excl. unmilled cereals)	1,00
09 Miscellaneous edible products and preparations	-0,08
1 Beverages and tobacco	0,20
11 Beverages	0,13
12 Tobacco and tobacco manufactures	1,00
2 Crude materials, inedible (except fuel)	0,09
21 Hides, skins and furskins, raw	-1,00
22 Oil seeds and oleaginous fruits	0,25
23 Crude rubber (incl. Synthetic and reclaimed)	0,94
24 Cork and wood	0,99
25 Pulp and waste paper	0,52
26 Textile fibres (excl. wool) and combed wool and their wastes not manufactured into yearn or fabric	0,44
27 Crude fertilizers and minerals (excl. coal, petroleum and precious stones)	0,19
28 Metalliferous ores and metal scrab	-0,63
29 Crude animal and vegetable materials n.e.c.	0,62
3 Mineral fuel, lubricants and related materials	0,98
32 Coal, coke and briquettes	0,98
33 Petroleum, petroleum products and related materials	0,99
34 Gas, natural and manufactured	0,58
4 Animals and vegetable oils, fats and waxes	0,94
41 Animal oils and fats	1,00
42 Fixed vegetable fats and oils, crude, refined or fractionated	0,94
43 Animal and vegetable fats and oils, processed; waxes of animal or vegetable origin	1,00
5 Chemicals and related products n.e.c.	0,85
51 Organic chemicals	0,80
52 Inorganic chemicals	0,69
53 Dyeing, tannig and colouring materials, fractionated	0,70
54 Medical and pharmaceutical products	0,86
55 Essential oils and perfume materials; toilet, polishing and cleansing preparations	0,99
56 Fertilizers manufactured	0,98
57 Plastic in primary form	0,88
58 Plastic in non-primary form	0,80
59 Chemical materials and products n.e.c.	0,65
6 Manufactured goods classified chiefly by material	0,75
61 Leather, leather manufactures, n.e.c.	0,90
62 Rubber manufactures n.e.c.	0,05
63 Wood and cork manufactures (excl. furniture)	0,98
64 Paper, paperboard and manufactures	0,90
65 Textile yearn, fabrics, made-up articles n.e.c., and related products	0,73
66 Non-metalic mineral manufactures n.e.c.	0,77
67 Iron and steel	0,80
68 Non-ferrous metals	0,41
69 Manufactures of metals n.e.c.	0,72
7 Machinery and transport equipment	0,68
71 Power generating machinery and equipment	0,28
72 Machinery specialized for particular industries	0,49
73 Metalworking machinery	0,95
74 General industrial machinery and equipment and parts, n.e.c.	0,57
75 Office machines and automatic data processing machines	1,00
76 Telecommunications, sound recording and reproducing apparatus and equipment	1,00
77 Electrical machinery and parts thereof	0,76
78 Road vehicles	0,59
79 Other transport equipment	0,97
8 Miscellaneous manufactured articles	0,91
81 Prefabricated structures, sanitary, plumbing, heating and lighting fixtures and fittings n.e.c.	1,00
82 Furniture and parts thereof	0,90

83 Travel goods, handbags and the like	0,95
84 Articles of apparel and clothing	0,94
85 Footwear	0,94
87 Professional, scientific and controlling instruments and apparatus n.e.c.	0,67
88 Photographic and optical goods, n.e.c., watches and clocks	0,98
89 Miscellaneous manufactured articles n.e.c.	0,78
9 Commodities and transactions n.e.c.	0,06

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