

Bulgaria in the EU

the common sense behind the
common figures

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Plan

- Bulgaria is a member of the EU – what did actually happen?
- 3 factors which (may) determine the mobility of population:
 - Economy (living & working conditions)
 - Demographic characteristics & emigration attitudes
 - Social conditions and state-of-mind factors
- Prospects

Bulgaria is in: the official statements

Georgi Parvanov

Bulgaria's president:

<January 1st is> "among the most important dates in Bulgaria's history".

Bulgaria is in: the official statements

Jose Manuel Barroso:

“Welcoming two new members in the family, we know that our culture and heritage will be richer and our economy will be boosted”.

The media (a random selection from Dec-Jan)



When they awake on Monday, little will have changed for the average Bulgarian or Romanian. Corruption, incompetence and a lack of infrastructure will remain as obstacles to alleviating widespread poverty, especially in the countryside. Nor will they enjoy all the rights of EU citizens .(January 1, 2007)

The media (a random selection from Dec-Jan)

DIE  WELT.de

Dass unsere europäische Familie um zwei gewichtige Mitglieder reicher ist, lässt in Deutschland kaum Freude aufkommen. (January 10, 2007)

The media (a random selection from Dec-Jan)



EU-borgernes bilde av de to landene er annerledes. Tiggende sigøynere, flom av fattige på desperat jakt etter jobber i vest, et lite utviklet landbruk som blir et pengesluk for EU og ikke minst landenes problem med korrupsjon. (December 30, 2006)

Bulgarians about themselves

survey : National Centre for Study of Public Opinion (December 2006)

Irrational approval, rational fears

72% are favourable to the accession

25% have no fears at all (under 30 and inhabitants of the big cities)

44% expecting improvement vs. 29% expecting deterioration

44,3% can't see any benefit from the accession (over 50 years old)

16% have no expectations whatsoever

The 6 requirements

(the monitoring report on the state of preparedness for EU)

September 2006

1. “Adopt **constitutional amendments** removing any ambiguity regarding the independence and accountability of the judicial system”
2. “Ensure a more **transparent and efficient judicial process** by adopting and implementing a new judicial system act and the new civil procedure code”.

The 6 requirements

(the monitoring report on the state of preparedness for EU)

September 2006

3. "Continue the reform of the judiciary .."
4. "Conduct and report on professional, non-partisan investigations into allegations of high-level corruption".

The 6 requirements

(the monitoring report on the state of preparedness for EU)

September 2006

5. "Take further **measures to prevent and fight corruption**, in particular at the borders and within local government."
6. "Implement a strategy to fight **organised crime**, focussing on serious crime, money laundering as well as on the systematic confiscation of assets of criminals". [SIC!]

And the first measures imposed by the EU:

(January 4th, 2007, Der Spiegel)

POLITICAL:

- Joining the Schengen space – the possibility of discussions has been so far ruled out
- All old EU members (except for Finland and Sweden) impose 7-year ban on general work permits

And the first measures imposed by the EU:

(January 4th, 2007, Der Spiegel)

ECONOMIC:

- Bulgarian airway carriers – granted a 3rd country status (more than 50 old planes will be decommissioned in February)
- Ban on exports of pork to the EU (under pressure from Russian Federation)

Some important factors triggering the emigration from Bulgaria

- Economic conditions (living, working conditions)
- Demographic factors and emigration attitudes
- The state-of-mind factor

Some important factors triggering the emigration from Bulgaria



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This amount does not include a **rent**.

- More than 80% of Bulgarians own their housing
- However, this data becomes irrelevant as the city population grows exponentially (Sofia 1,2 mln in 1990 >> 2,5 mln in 2007).
- The newcomers are young migrants from the country who need to rent in the city but cannot find tenants for their housing back in their native towns and villages
- The monthly rent of a small flat (45 sq.m) is **320** levs

1470,24 levs (367,56 per person) (rate: 2 LEVS = 1 EURO)
+ 320 ??

The average monthly salary in Bulgaria is (2006):

354 levs

The most difficult question: HOW DO YOU SURVIVE?

Average Annual Wages and Salaries of the Employees under Labour Contract National Statistical Institute: http://www.nsi.bg	2005		
	Total	Public sector	Private sector
Total	3 885	4 811	3 461
Agriculture, hunting, forestry and fishing	2 803	3 437	2 692
Mining and quarrying	6 274	7 693	5 391
Manufacturing	3 466	5 845	3 396
Electricity, gas and water supply	6 895	7 014	6 626
Construction	3 210	4 505	3 130
Trade, repair of motor vehicles and personal and household goods	3 008	6 611	2 991
Hotels and restaurants	2 429	3 442	2 352
Transport, storage and communication	4 772	5 230	4 396
Financial intermediation	9 051	12 433	8 866
Real estate, renting and business activities	3 891	4 458	3 755
Public administration; compulsory social security	5 737	5 737	-
Education	4 068	4 037	5 268
Health and social work	4 543	4 837	2 767
Other community, social and personal service activities	2 912	2 716	3 185

Economic activity groupings National Statistical Institute: http://www.nsi.bg	2005		
	Total	Public sector	Private sector
Total	2 177 226	680 084	1 497 142
Agriculture, hunting, forestry and fishing	69 983	10 363	59 620
Mining and quarrying	29 349	11 236	18 113
Manufacturing	606 660	17 241	589 419
Electricity, gas and water supply	56 978	39 489	17 489
Construction	141 829	8 218	133 611
Trade, repair of motor vehicles and personal and household goods	312 272	1 469	310 803
Hotels and restaurants	83 201	5 815	77 386
Transport, storage and communication	160 153	71 788	88 365
Financial intermediation	33 599	1 741	31 858
Public administration; compulsory social security	131 065	131 065	-
Education	192 838	187 912	4 926
Health and social work	125 464	107 750	17 714
Other community, social and personal service activities	105 696	61 283	44 413

2 177 226
Under contract

Employment

National Statistical Institute: <http://www.nsi.bg>

Main parametres of the economic activity of the population (15 years and older)	III quarter 2005	III quarter 2006	change
Labour force	3 411.000	3 511.200	100.200
Employed	3 098.100	3 200.800	102.700
Unemployed	312.900	310.400	-2.500
Unemployment rate - %	9.2	8.8	-0.4

Unemployment
distribution

11% have university degree
47,5% have secondary school degree
40,6% have elementary school degree

Income increase dynamics (2000-2005)

source: Confederation of the Independent Trade Unions in Bulgaria: <http://www.knsb-bg.org>

	2000	2004	2005
Average net income per person (annual)	1274	1833	2031
Average net monthly salary	225	292	320
Average monthly pension	86	127	133

Exchange rate: 2 LEVS = 1 EURO

Summing up the data:

source Sofia Echo weekly, January 8th, 2007

- Imperceptible wage increase – 5% annually
- Constant rise of public utility charges (state monopoly) : electricity, heating, gas – 30% in 2007
- Inflation rate - 7,2%
- Households spend 36% of their income on food
- Low taxation threshold – 100 Euro

"Having a job" is not necessarily an anti-emigration factor

Some important factors triggering the emigration from Bulgaria

- Economic conditions (living, working conditions)



- Demographic factors and emigration attitudes

- The state-of-mind factor

Population and Demographic Processes

National Statistical Institute: <http://www.nsi.bg> (2005)

Years	Total
1990	8 669 269
1995	8 384 715
2004	7 761 049
2005	7 718 750

- Not very reliable statistics
- 800 000 Bulgarians live abroad
(The Economist, Jan 5th, 2007)
- In one year the number has declined by 42 299 persons or 0.5% of total population
- Unlike Romania ... "Bulgaria's demographic outlook is one of the worst in eastern Europe: its population will fall below 7m by 2020" (The Economist, Jan 5th, 2007)

Ageing of the population

source: National Statistical Institute: <http://www.nsi.bg> (2005)

Years	Working – age status		
	Under working age %	At working age %	Over working age %
1990	21.6	55.5	22.9
1995	19.1	56.6	24.3
2004	15.1	61.6	23.3
	Under working age	At working age	Over working age
2005	14.8	62.4	22.8

- Population growth is negative: -5,4/1000
- Fertility rate: 1,31 per woman

Emigration statistics and attitudes - 1

GALLUP
International

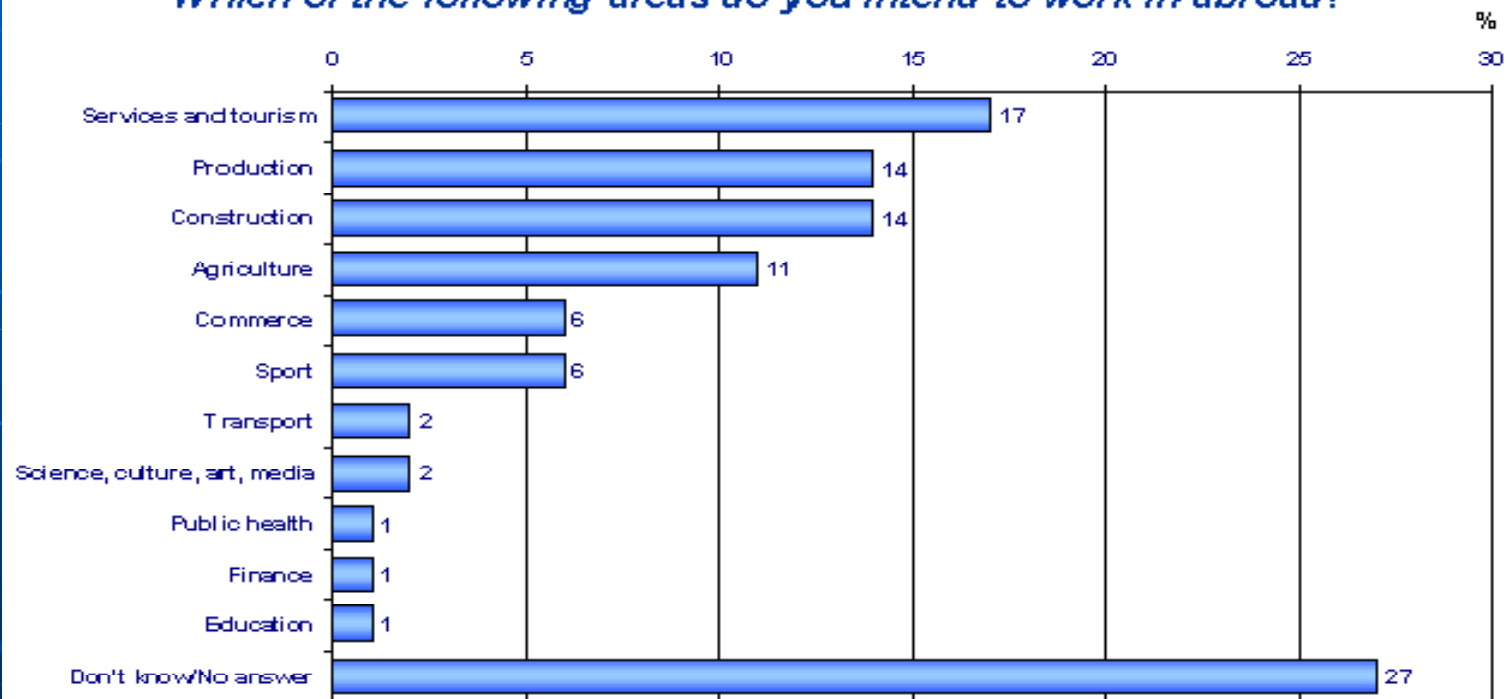
Household income	Settlers %	Labour emigrants %
Up to 160	8	4
161-300	17	13
301-500	25	21
501-750	16	8
750 and more	12	26

Emigration statistics and attitudes – 2

Main economic areas requested

Base: All who intend to work abroad - 467

Which of the following areas do you intend to work in abroad?



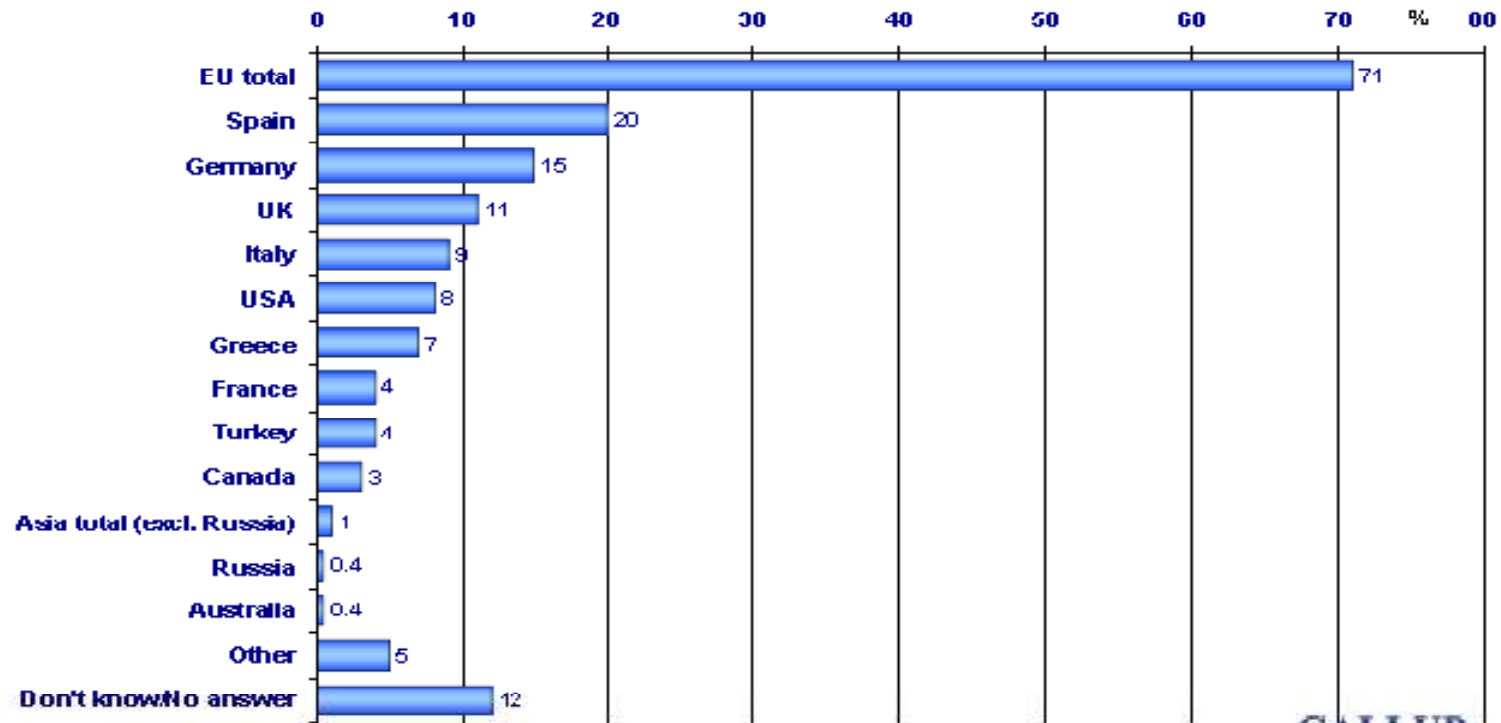
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International

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Emigration statistics and attitudes - 3

Main destinations – first mentions (Potential emigrants)

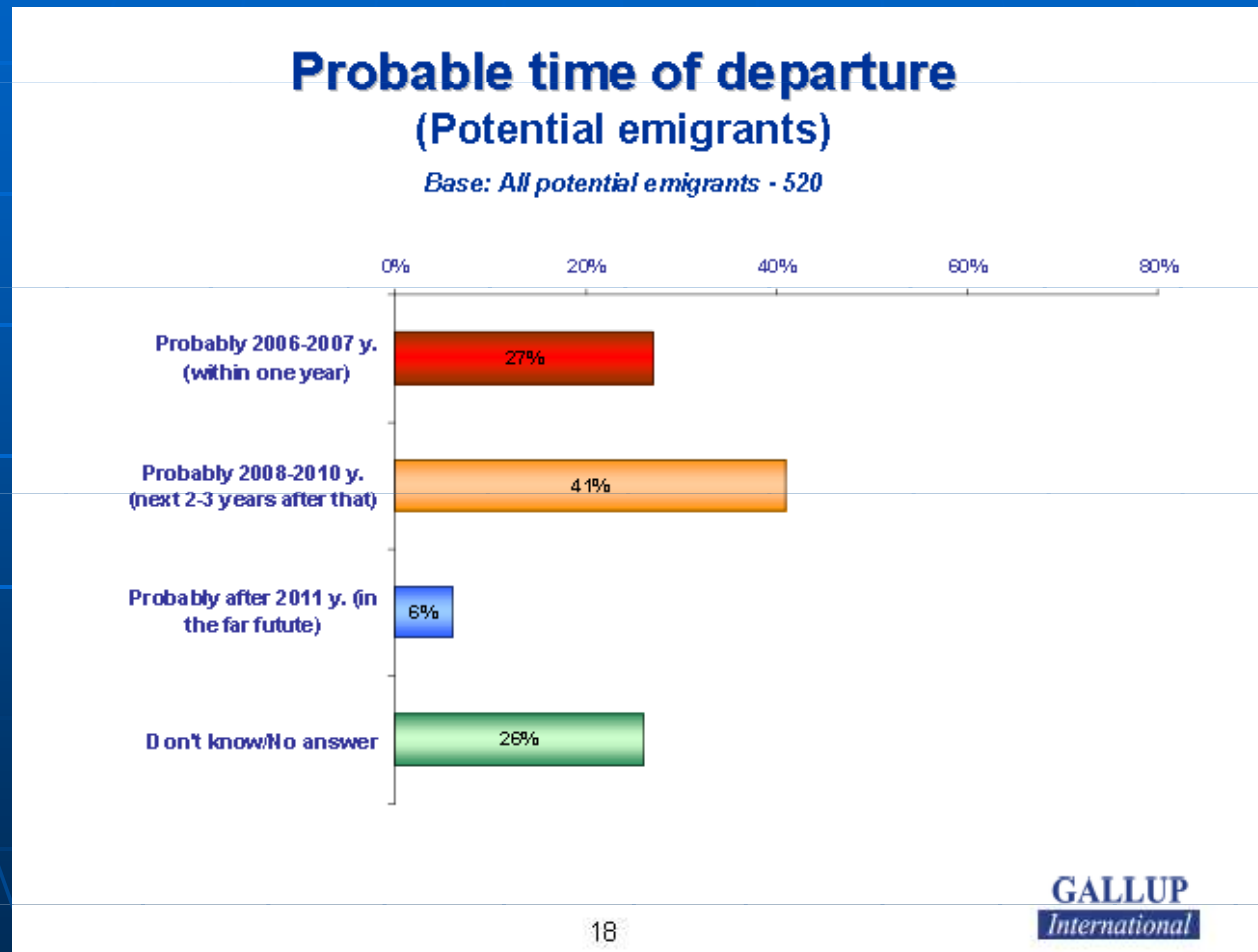
Base: All potential emigrants - 520



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International

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Emigration statistics and attitudes - 3



Summing up the data:

- The emigration flow has been steady for the last 10 years (100 000/year appr.), yet there are still 34 000 who declare intention to live and work in the EU (Gallup Int.)
- The total number will probably decrease for demographic reasons.
- The education gap will slowly reduce the number of undereducated emigrants, but will probably increase the number of educated Bulgarians who look for a settlement or a long term job abroad

The mobility of the labour force will be strongly determined by three factors:

- age of the potential emigrants (18-29) (Gallup Int.)
- relevant information about job possibilities
- existing communities of previous emigrants

Some important factors triggering the emigration from Bulgaria

- Economic conditions (living, working conditions)
- Demographic factors and emigration attitudes



- The state-of-mind factor or the so called "do-I-want-to-live-in-this-country" factor

State-of-mind determining factors

- High-level corruption
- Inefficient judiciary system
- Organised crime
- Lack of basic justice

The problem is not whether these phenomena exist or not ...

But ... how do the authorities handle them?

Corruption

■ Opacity of tenders and contracts

- tenders for highways and key construction works (hospitals)
- major contracts for energy supplies usually remain in obscurity
 - Gazprom contract (valid until 2030)
 - 4 bln Nuclear Power Plant contract

■ In return for corruption allegations

- overt declarations of corruption practices:



"For the last 15 years at least half of the middle- or large-scale businessmen in Bulgaria owe their success to my help or at least to my smile."

(The leader of the ethnic party and member of the ruling coalition, Ahmed Dogan, MP since 1990, in a interview on a Bulgarian TV channel

cited by Glasove weekly, n48, December 2006)

Inefficient judiciary system

- Since 1990, there has been no single successful trial of high-level corruption and crime
- **In return** for anti-corruption campaigners claims
 - Hundreds of pending cases (unresolved)
 - Number of court decisions which stir the public opinion:

 An accused leader of a group of organized crime, murder and extortion, released from detention and put under home arrest because of medical examination report : diagnosis - sexual dysfunction in the detention cell

 A rapper, sentenced to 12 years of prison for procuring of women and their forced exportation for sexual exploitation released after the involvement of a high-level official

Organised crime

- 123 assassinations (2000-2005)
- **In return** for the accusations that the organised crime is slipping out of control



Former prime-minister Simeon Saxe-Coburg-Gotha: *"The only thing is that such shooting (assassinations in the streets – N.V) is dangerous, but this is not something which actually affects the entire society."* (24 hours daily, November 14th, 2003)

January 29th, 2007



High-level officials present at the funerals of the assassinated underground bosses

Fafo Østforum : Bulgaria in the EU ...

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Lack of elementary justice

- The difficult living and working conditions suppose an adequate level of compassion and justice for ordinary people, and respect of equality in the eye of the law
- **In return for** these expectations people often witness the following behaviour
 - **Flagrant disrespect of human norms**
Deputy chairperson of parliamentary health care committee:
 - *„it is immoral to claim more funds for the people who have cancer diseases, as they are doomed anyway. It is better to use these funds for prevention.”* (<http://www.socialnoprava.info/article1421.html>)
 - Huge fund drainage scheme in the Sofia central heating company with alleged involvement of ministers:
 - 30 mln for luxury while prices get higher than the average pension
 - Total inability of police to limit the anti-social behaviour of the rich in the roads and in the cities

No comment



January 29th, 2007

Fafo Østforum : Bulgaria in the EU ...

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Summing up the data:

- The society witnesses a “wide-spread sleaze”^(The Economist, January 5th, 2007) and cynicism which have an extremely demoralizing effect especially on the enlightened and educated groups of people
- These groups are usually highly skilled and independent, and their earnings (much higher than the average) stop being the factor against the emigration.

The humiliation factor in emigration attitudes should not be underestimated

Prospects for 2007

- Bulgarians hope that European institutions will have a strong impact in the improvement of the political, economic and social climate in Bulgaria
- Bulgarians hope that the EU membership will restore its dignity of independent and proud nation who is ready to share the European values

Prospects for 2007



Q: What do you expect from Bulgarians ?

A: Vladimir Chizhov, Ambassador of the Russian Federation to the EU :

"For us, Sofia is more than just a business partner. Bulgaria which has a long tradition of good contacts with Russia has a perfect position in the EU in order to promote the relations between the EU and Russia. We think that Bulgaria will become a special partner of Russia, a kind of a Russian Trojan horse in the EU, of course, if we strip the negative connotation off this metaphor. As long as all decisions within the EU are being made by a consensus, this country may play a very important role – calm down the turned-on and encourage the hesitant."

Prospects for 2007

Krassen Stanchev, Director of the Institute for Market Economy

Cited by Mediapool, Jan 7, 2007

- 👉 • “Bulgaria will remain the most bureaucratic country in Europe”
- 👉 • “Its backwardness and poverty (in terms of GNP per capita) is its one and only advantage”
- 👍 • “This advantage increases and maintains the interest of foreign citizens and companies towards Bulgaria”
- 👍 • “They ensure low prices, low labour and business expenses”
- 👍 • “And contributes to the prosperity of the local population”

Thank you!

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