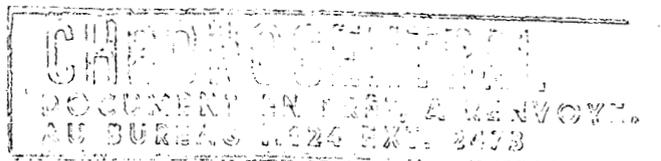


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CONSEIL DE L'ATLANTIQUE NORD
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ECONOMIC COMMITTEE

ECONOMIC REVIEW OF EASTERN COUNTRIES:
BULGARIA

Note by the Secretary

Attached is a study prepared by the German Delegation on the Economic Situation of Bulgaria as per end of June 1974 which will be examined by the Committee during a reinforced meeting planned for mid-December 1974.

(Signed) M. van den BULCKE

NATO,
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BULGARIA'S ECONOMY

(as per end of June 1974)

Note by the German Delegation

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Bulgaria's Economic Profile

	Area (sq.km)	Population (1,000 persons)	Real growth of the population
Albania	28,748	2,226	2.70 %
Bulgaria	110,911	8,576	0.46 %
CSSR	127,877	14,481	0.51 %
GDR	108,178	17,050	0.06 %
Poland	312,677	33,512	0.93 %
Romania	237,502	20,770	1.46 %
Hungary	93,030	10,397	0.36 %

National income:

Net Material Product (NMP): 11,242 million Lewa in 1972

 of which:

- Industry 50.7 %
- Building trade 8.9 %
- Agriculture 22.8 %
- Transport and
 traffic 7.4 %
- Trade 6.5 %
- Remaining branches
 of the economy 3.7 %

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Growth %	Net Material Product (fixed prices)	Gross Ind. Product (f.p.)	Gross agric. Product (f.p.)	Investments (curr. prices)	Working population	Industr. working productivity	Real per capita income
1966-1970 (average)	8.6	10.9	3.45	12.3	1.0	11.0	5.9
1971-1975 (Plan) (average)	7.7-8.4	9.2-9.9	3.2-3.7	8.4-9.2	n.d.	7.6	4.6-5.4
1971	7.0	9.0	2.0	4.0	1.7	0.0	4.2
1972	7.0	8.3	4.8	9.4	0.5*	3.5	7.0
1973 (provisional)	8.7	10.6	3.0	8.8	0.2	8.0	7.9
1974 (Plan)	10.0	11.0	5.0	3.5-12.2	n.d.	9.0	5.0

* estimated

Defence Budget in % of NMP (1970) = 3.1 % (open defence expenditure)

Foreign trade (1973)

Import 3,156.2 million Lewa

Export 3,196.4 million Lewa

Foreign trade per capita: 761 \$ (exchange rate of September 1973)

(1972) Trade with the USSR 54.3 %
 Trade with the other communist countries 25.9 %
 Trade with the industrialized west 14.9 %
 Trade with the developing countries 5.8 %

National currency: Official rate of exchange: 1 \$ = 0.97 Lewa

Tourist rate: 1 \$ = 1.65 Lewa

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TREND OF THE ECONOMIC DEVELOPMENT IN BULGARIA

1. With its population of about 8,600,000 and a territory of 110,900 sq.km Bulgaria is one of the smallest countries of Eastern Europe. Applying western calculating methods and taking into consideration the real purchasing power parity based on international comparison its gross national product per capita was estimated in 1972 to amount to about US \$760. Although this per capita quota is probably three to four times higher than that of Albania, it is below the corresponding estimated figures for the USSR (US \$890-900) and Yugoslavia (US \$850). According to this estimate Bulgaria is also one of the least developed countries in Europe.

2. Decisive for the development of Bulgaria were its close relations with the USSR. After the 2nd World War the USSR determined the long-term objectives of the process of development and gave far-reaching technical and financial aid. It was primarily due to this aid that Bulgaria, starting from a very low level, was able to overcome the status of an underdeveloped country at a very rapid pace of development. However, in this process its shortage of raw materials and an insufficient market offer increased in a growing extent its foreign trade dependence. The ratio between net material product and import was 100:25 in 1972. No other country of the Soviet bloc has such a high foreign trade dependence. The share of the USSR in the total Bulgarian foreign trade was 54.3% in 1972 and an estimated 54.0% in 1973. Moreover, the USSR played a dominating rôle in all economic political conceptions of the Bulgarian economic leadership. This was especially evident from the way in which the "New Economic Mechanism" was adopted and from the changes to the improved planning system in 1968/69, 1970/71 and 1974. It is evident already now, however, that the USSR will surrender - at least outwardly - the directing functions in the Bulgarian economic policy to COMECON as an institution. Bulgaria will be one of the countries of the Soviet bloc which will try to realize the integration as fast as possible and which will consequently orientate all its economy - policy measures towards this aim. This is also laid down in Article 12 of the new constitution of 8th May, 1971: "The Bulgarian economy will develop as a component of the socialist world system."

3. This report is to provide a survey of the present economic situation, about the course of the past five planning years 1966-1970, and about the intended and possible development until 1975.

I. BACKGROUND INFORMATION

A. Raw Materials

4. Except for agricultural raw materials the Bulgarian industry has an extremely small raw material basis. There are only a few anthracite deposits. The lignite deposits are also not sufficient to meet the whole future domestic requirements, especially

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those of the power plants. Since Bulgaria does not have any coking coal herself, all of it has to be imported. Crude oil and natural gas reserves - estimated at present at about 30 million tons and 30,000 million cu.m - are relatively unimportant. Although it is assumed that major deposits exist in the Black Sea shelf areas no quantities of any importance have yet been found.

After the discovery of iron ore deposits two metallurgical complexes were set up which, however, depend on imported coking coal.

In the Rhodope mountains are deposits of lead, zinc and iron ore as well as minor deposits of copper and other non-ferrous metals.

Sulphuric acid is produced by roasting sulphur-bearing metal ores. The existing salt deposits are sufficient for the requirements of the soda industry and secure also the planned further extension of this industrial branch.

Bulgaria has to import potash and raw phosphates. However, there are sufficient lime deposits and other raw materials to produce cement. It would be possible to increase the production of cellulose significantly after the improvement of the access roads to the forest areas.

B. Population and Employment

5. At the end of 1973 Bulgaria had a population of 8,603,000(1). The density of the population was about 77.6 persons per sq.km(1). In the last two decades the population increased by about 18%. During this period (1972 compared with 1950) the birth rate decreased from 25.2 to 15.9 per 1,000 inhabitants and is likely to decrease further to 15.4 by 1973. If the present trend continues a birthrate of about 14% is expected by 1990. Comprehensive measures to counter this trend by granting family allowances and bonuses for large families did not show any success up to now. The "planning target" of a birthrate of 18 per 1,000 inhabitants will hardly be achievable. Moreover, since the deathrate is not decreasing continuously but has been fluctuating between maximum 9.8 (1972) and minimum 7.9 since 1953 a decrease in the natural growth of the population has to be expected in future. Looking back until 1966 the natural growth was lowest in 1972 (5.5) and highest in 1968 (8.3). Due to the falling trend of the birthrate it appears probably that the natural growth in 1973 will be below the 1972 level. A positive factor which does not stop the general trend, however, is the drop in infant mortality.

(1) Official data 1972: 8,576,200 inhabitants, 77.5 persons per sq.km

The birthrate is essentially higher in the case of the ethnic minorities - about 1.2 million people at present which represent about 14 to 15% of the total population. The strongest group among the minorities are the Turks with more than 705,000 people. Although Turks left the country in the course of the family reunion based on the Turkish-Bulgarian agreement their number is nevertheless increasing. The second largest minority are the Macedonians with about 205,000 people. The splinter groups include Jews, Armenians and gipsies.

The proportion of the 10-24 years old in the total population is relatively unfavourable under Balkan conditions. This proportion was 28.6% in 1934, decreased to 24.2% in 1956 and dropped to 23.3% in 1970. The corresponding percentage in Yugoslavia is around 27.3%. In Romania, due to the former possibility of an interruption of pregnancy, it had decreased even more than in Bulgaria and was estimated at about 20% in mid-1972.

6. On 1st December, 1965 according to the official statistics the number of the population active in the economy was about 4,268,000, i.e. 51.9% of the total population. In 1972 an estimated 5,018,500(1) people were of working age (men from 16-59, women from 16-54), i.e. 58.3% of the population.

The rapid development of urbanization is indicated by the decrease of the rural population by 1,035,100 between 1962 and 1972. The proportion of the urban population in the total population increased from 26.4% in 1948 to 55.7% in 1972. It cannot be said for the time being whether the agrarian policy measures initiated in Bulgaria will slow down this trend a little in future. Because of the progressing mechanization of agriculture this development has not yet caused any shortage of labour in this branch of the economy. On the contrary, the Bulgarian economic leadership hopes to be able to mobilize for industry any labour reserves still available in this branch.

C. The Industrialization of Bulgaria

7. Based on the Soviet aims the industrialization was further intensified in Bulgaria. By giving its assistance in this field the USSR pursued power-political, economico-strategical and, not least, propagandistic interests vis-à-vis the two neighbours of Bulgaria, the states of Turkey and Greece which are also industrializing.

In 1939 Bulgaria was still a purely agrarian state. The proportion of industry in the national income was only 15%(2). Industry was essentially made up of small family enterprises. Foreign capital dominated in the few major enterprises.

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- (1) The official statistics comprise in this age group also the 15 years old persons; the above figure is estimated.
 (2) Bulgarian figures: it is not possible to ascertain if the proportion is based on the calculating methods applied by Bulgaria at present.

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The growing industrialization deeply changed the structure of the country in a relatively short time. In 1939 the proportion of agriculture in "national income" was still 42%(1), in 1966 its proportion in the material net product had dropped to 34.2% and in 1970 to 22.6%. (In 1971 and 1972 the proportions - 23.7% and 22.9% - were above the 1970 level. However, this was probably due to price reductions in the industrial sector and higher purchasing prices for agricultural products.) The predominance of industry compared with agriculture is shown even more distinctly by the ratio of proportions of these two economic branches in the gross material product(2) (1972: 64% and 16%). In connection with the industrialization other branches of the economy like construction, transport, traffic and trade necessarily also extended. The structure of employees also indicates the essentially higher economic level of Bulgaria in comparison with 1948. At that time 82% of all employees were working in agriculture and forestry, 7.9% in industry and the remaining 10.1% were employed by the remaining branches of the Bulgarian economy. In 1972 the share of industry was 31.6%, of agriculture and forestry 32.3%, of mining, transport, traffic, building trade and trade 22.2% in total. The remaining 13.9% were employed by the administration, communal services, education, health services, etc.

8. In the overall process of Bulgaria's development agriculture played a pathbreaking rôle. Due to mechanization and rationalization in agriculture it was possible to surrender to industry the urgently required labour. In addition to supplying the population it had to cover a major part of the foreign exchange requirements - especially in the first 10-15 years. Unlike most of the remaining countries of the Soviet bloc the Bulgarian economic leadership has never underrated the importance of this branch of the economy. For instance, the collectivization was carried out with extensive regard for the living conditions of the farmers who had already started before the 2nd World War to get together in co-operatives on their own initiative. None of the countries of the Soviet bloc can look back on such "precommunist" experiments in the agricultural sector.

9. Characteristic for the industrialization of Bulgaria is the fact that it was based on the power supply of the future industry. One of the main points of emphasis was to expand the production of electro energy. Like all European Communist countries Bulgaria gave absolute priority to the expansion of heavy industry. From 1949, the year in which Bulgaria reached its pre-war level again the overall economic development was defined in a number of five-year plans. In addition, long-term targets were laid down in perspective plans from 1961-1980. Since

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- (1) Bulgarian figures: it is not possible to ascertain if the proportion is based on the calculating methods applied by Bulgaria at present.
- (2) At current prices.

much more capital and expert and management personnel are required for the development of a heavy industry than for the development of a light industry this could only be achieved with Soviet aid. So far the USSR has granted credits to the amount of 2,300 million roubles, has provided experts, specialists and technologies and has supplied the necessary raw materials, machinery and equipment.

Smaller in scale but of no less importance were the imports, especially from the GDR and CSSR. Because of their high level of industrialization these two states were often able to make up important shortages of high-value production means.

Moreover, the western industrial countries have played a similar rôle in the industrialization of Bulgaria since the mid-1950s. Bulgaria showed a growing interest in being supplied with industrial equipment and in taking over scientific and technological progress.

With an average annual growth rate in industrial gross production of 15.9% Bulgaria headed the COMECON countries in the years 1956-1960 but had to surrender this position to Romania in 1961. In spite of this there is generally still an accelerated growth. The average growth rate in the years 1961-1965 was 11%, 1966-1970 = 10.6%, and it should be about 8% at the end of the present 5-year plan.

10. The intensified process of industrialization and the structural changes involved with it resulted in an increasing differentiation of requirements. The more the pace of growth accelerated the less it was possible to realize a supply adjusted to it. In an increasing extent capital was committed by the uneconomical use of funds and the ratio between effort and yield became increasingly unfavourable. Bulgaria realized that it was necessary to adapt the existing economic system to modern requirements.

D. Economic Reforms

Development

11. Shortly after LIBERMAN's theories had been published in the USSR the Bulgarian economic leadership decided in November 1962 to improve the previous planning system. The conception drafted later on the model of LIBERMAN and of Czech reformatory ideas pursued the same basic thoughts as all economic reforms introduced in the Soviet bloc. It was based on the realization that most effective utilization of resources, optimum coverage of requirements and increased competitiveness can only be secured by flexible methods of management. For this purpose it would be necessary to delegate powers of decision from the centre to medium and lower levels and to obtain decisions in line with economic criteria there by way of material incentives.

12. On the lines of this basic conception the first experiments were made in various enterprises in 1963 and these tests were extended to 50 state-owned major enterprises of various branches of industry in 1964. Encouraged by the favourable results and after the USSR had decided also to adopt an improved planning system, the Bulgarian economic leadership approved the reform for all spheres of the economy. After the USSR had also decided to adopt an improved planning system Bulgaria started to reform her economic system very carefully and step by step from 1966-1968. The measures applied in this connection were widely identical with those of the Czech model. After the political and partially also economic failure of the Prague economic reform Bulgaria also changed its course. Already in the summer of 1968 authoritative economic functionaries stated that the targets of the reform could primarily be achieved only with the aid of mathematical methods and computers. This, however, required a partial recentralization and, consequently, a limitation of the powers of decision at the lower levels.

13. This recentralization was legalized in December 1968. It was linked with a reshuffle of the government. In this reshuffle several ministries were amalgamated or abolished and new ministries were created. The economic key positions were allocated to high party functionaries, some of whom were members of the politbureau. The people's councils as bodies of state authority and state administration in communes, districts and countries were charged with controlling the activities of the economic organizations, of enterprises and concerns. Thus the influences of the Communist Party on management and economy was to be ensured at central and local level.

The economic reform continued under these symptoms was again fully based on the Soviet concept in accordance with the provisions applying from 1st January, 1969.

14. In December 1970 the economic-political measures to be applied from 1971 to 1975 within the meaning of the "Improved Economic Mechanism" were published. The most typical features of these measures were: merging of economic organizations into blocs, the so-called economic units or DSO were merged, and their management legally provided with far-reaching powers of decision previously held only by ministries and central committees. The enterprises and concerns affiliated to these economic units, on the other hand, had to relinquish almost completely their former sphere of independence. Modern management was to dominate at the level of economic units in addition to the state plan. As a counter-weight to this management, however, the Committee for State Control was reorganized in 1972 and its functions and powers considerably increased.

The achievements of the economic units were unsatisfactory so that they were reorganized, especially vertically, as from 1st January, 1973. Moreover, it appeared useful to give individual enterprises the status of economic units and place them directly under the supervision of the Ministerial Council.

At the beginning of 1974 additional measures of recentralization were introduced in Bulgaria's economic policy. By Decree No. 13 of 28th February, 1974 the economic units were deprived of most of their management functions which are now to be taken over by the responsible ministries. Both the shortage of qualified personnel in the economic units and the Party's fear that they might develop into a second power within the state can be regarded as reasons for this measure.

15. The bloc formation in the economic sphere was followed by a concentration of the state apparatus in September 1971. After the reorganization only 33 of the 40 former ministries, committees and special commissions remained. Inter alia, the ministries for energy and fuels, for metallurgical and chemical industries, the departments of the wood processing industry of the Ministry for Forestry and Timber Industry and the main administration of the micro-biological and pharmaceutical industry were combined in an overall Ministry for Heavy Industry. In 1974, the responsibilities of the various economic ministries have been considerably extended (Decree No. 13, see page 11).

16. Four separate phases are evident in the course of the Bulgarian economic reform or economic policy. The first three phases - the third ended when the Decree No. 13 came into force - do not show any fundamental success of Bulgaria's economic policy. The measures taken in relatively rapid succession offered the preconditions for an improvement of planning and promoted economic thinking and action again for the first time since 1948. However, the effect of the reformatory action which, as experience has shown, is slow, was not waited for and the difficulties of transition, which were inevitable, were overvalued. No final assessment can yet be made of the fourth phase which just started. The concentration of capital at a higher level involved with the bloc formation can be advantageous. However, there is no indication up to now of a more effective use of capital. At first, the responsible ministries will have to be made familiar with their new management tasks. Because of the cumbersome functioning of the whole system it is doubted that a flexible adaptation to prevailing market conditions will be possible.

Position and Tasks of the Enterprises within the Economic Reform

17. Within the various reform phases the enterprises were given a principal rôle. It has been and will be their major task to work profitably and create capital without state subsidies, to invest from own funds or through bank credits and to relieve the state budget for overall state or industrial key projects. Due to the current changes of the economico-political conceptions, however, their possibilities of development were seriously hampered.

18. During the first phase of Bulgaria's economic reform, 1966-1968, the enterprises were comprised in concerns and trusts in terms of administration under the control of an "economic council". The task of these economic associations was - in accordance with the aims of the state - to safeguard production and production sales. They were able independently to conclude import and export contracts and to approve and finance large scale investments in affiliated enterprises. The various enterprises were given powers of decision in production planning, investment activity and internal wage policy. Concerning the distribution of profits a "production committee" of the enterprise had an advisory function. During the second, the recentralization phase - 1969 and 1970 - the powers of the enterprises were again restricted and their activities placed under the control of the newly created "committee for economic co-ordination" at the Ministerial Council.

The concentration phase, 1971-1973, brought the structure of "blocs". The former economic associations were disbanded and the enterprises combined in about 65 major production and economic units (DSO) with, inter alia, their own building, transport, research and foreign trade capacities. The enterprise which had been independent before lost its status as juridical person and its former sphere of independence. Its assets were amalgamated with the capital of the DSO. On the other hand, the economic units were granted the highest powers of instruction and decision-making ever delegated up to now. Within the development planned by the leadership it was now their responsibility to prepare plans for the enterprises. They were directly responsible vis-à-vis the Ministerial Council for the fulfilment of these plans. Their financial transactions are guided and controlled by the banks. (As from 1st January, 1973 parts of the economic units were reorganized, some large enterprises were given a special status similar to that of the economic units.)

In the centralization phase, initiated by the Decree of 1974 mentioned above, the sphere of independence of the economic units is visibly restricted. As from now the responsible ministries have the right to interfere in questions of production planning, research and development, investments and their financing, as well as export-import, and to take decisions, also without consulting the economic unit. They are fully responsible for the implementation and the success of their instructions.

The Bulgarian economic leadership no longer looked for the effects caused by the development of individual initiative, especially at the level of the enterprise, as it had done during the relatively liberal reform phase until the end of 1968. Changes in the planning policy and planning methods are considered much more effective.

Planning Policy and Planning Methodology

19. Since the start of the economic reform the aim of the planning policy had been to relieve state planning in favour of a more flexible harmonization of supply and demand. Contrary to former practice the methodology applied in this connection provided for a "planning at the basis". This means that the enterprise plans production and supply of material and provides for marketing within the framework of a perspective overall plan. As a rule, it is not bound to a planned target. However, the state placed binding annual orders with the enterprises in order to secure the basic requirements of the domestic market and to meet export orders. Within the framework of recentralization binding index numbers for important products as well as export and co-operative deliveries were again allocated. Limits were laid down for investments, allocation of raw materials as well as material and foreign exchange. Another step was the use of normative index numbers to control the quality of products, working productivity, profitability, effectivity of used capacities and the yield of foreign currency. In addition to this the DSO laid down binding index numbers for the enterprises. Today the whole activity of the enterprises in the technical and managerial spheres is regulated by standards. A remaining rest of the past planning methodology "emanating from the basis" can be seen in the fact that the directors of enterprises share the work of the supreme collective body of the economic unit.

20. According to the concepts of the Bulgarian economic leadership the normative system is to be further complemented and is to cover also operations of research. The central overall planning is to be based on electronically produced analyses, prognoses and model development. As far as can be assessed so far, the effect of planning with the aid of scientific methods in Bulgaria is being overrated. Moreover, there is a lack of experience in this field so that the application of such a detailed planning methodology involves unforeseeable risks. However, it safeguards the power position of the party and conceals by the emphasis on science and technology the return to previous methods.

Finance Policy

21. In all phases of the economic reform the Bulgarian leadership applied finance policy measures as instruments of indirect control. Thus the newly introduced capital tax (tax on basic funds) had the purpose of effectively using production means and of reducing capacities not fully used. Turnover tax was to be a means of influencing prices. The progressive taxation of profits was to have a stimulating effect on wage increases and at the same time serve as a means of controlling unjustified profits. However, it proved unrealistic both in terms of wage policy and of creation of capital. Therefore,

a standard taxation was introduced in 1969. The high differences in costs within the branches of the economy and especially of industry were taken into account by establishing variable percentages of profit shares to feed the compulsory enterprise funds. Thus the leadership safeguarded also its influence on the use of profits (among such funds were "the fund for technical development and perfection", "the fund for repairs and improvements", "the fund for additional material stimulation", "the fund for a reduction of prices", "the reserve fund"). Since this measure proved to be useful it was maintained during the following reform phases. As from 1971, however, the emphasis is now placed on the creation of funds at the economic units. Individual enterprises are only held by the DSO to maintain secondary reserves which are controlled by the DSO.

22. The policy of providing funds at the level of economic units was supported by newly adopted variable redemption rates which, apart from attrition and reproduction requirements, also take investment requirements into consideration. This measure which aims also at a continuous modernization of production processes seems to have resulted - according to official reports from Bulgaria - in a minor success not before 1973. The fact that as from 1974 the responsible ministries have to direct also the investment policy of the economic units seems to confirm this assumption. In this connection it cannot be excluded that the creation of capital at the DSO will be limited in favour of the ministries. The latter will be granted special funds for their tasks.

Credit Policy

23. As in all countries of the Soviet bloc, Bulgaria's credit policy is primarily orientated towards a control of investments. However, the measures taken to this effect were without any major success in the first and second phase of the economic reform. Due to unfavourable rates of interest and increasing own capital resources of the enterprises credits granted to finance capital investment projects were not used to the extent desired by the government. In addition, the rules governing the granting of credits often had an adverse effect on the planned capital investment operations of some branches of industry. It was therefore necessary to adopt additional measures of economic control to enforce the accomplishment of the priorities laid down.

24. For the purposes of concentration, the Industrial Bank and the Bank of Agriculture and Commerce established in 1969 were liquidated and their functions assigned to the National Bank. In addition, the National Bank was given far-reaching powers of decision vis-à-vis the economic units. In addition to its activities as an issuing institute the Bank has the following responsibilities.

With the aid of the normative system it checks the financial and economic situations of the economic units including, where necessary, those of affiliated enterprises. Within the rules established by the government it grants credits and defines the credit conditions. By granting long-term credits (from 1971 up to 15 years) and stimulating rates of interest the bank accords preferential treatment to the financing of projects promising a high rate of cost-effectiveness. In the same way, easy money is made available for capital investment projects ranking high in the government's list of projects. From 1973 the Bank has had the right to refuse funds for the creation of new or the extension of existing capacities if the production target can be reached with less costly modernization investments. Moreover, the National Bank submits all proposed imports from western foreign countries to a rigid control. Based on the targets of central planning and political considerations it determines whether the goods should be imported from a western country or, more suitably, from a COMECON member country.

25. The responsibilities of the National Bank partly overlapped with those of the economic units until early 1974. Until that time these units were solely responsible for the investments in affiliated enterprises. They were directly responsible to the Ministerial Council for the planning, financing and implementation of investments. Now the adoption of major investment credits depends also on the agreement of the responsible ministries. It cannot be said yet whether it will be possible with this overlapping of responsibilities fully to safeguard the interests of the economic units. In any case, the bureaucratic channel has been prolonged by the recent measures which may affect the usefulness of the investments - in future also with regard to the competitiveness on world markets.

Wage Policy

26. Within the framework of the economic reform, the Bulgarian wages policy aimed at providing a material incentive in the form of wages for increased individual performance; in spite of this, the wage level increased only slowly until 1969. The increase of profitability was given priority over wage policy targets. This situation did not change before 1970. The change was due to the 25th Anniversary of the People's Republic of Bulgaria and the December riots in Poland. However, the rates of growth of the real per capita income of the population established for the five-year plan of 1971-1975 were the same as those in the preceding five-year plan. Because of growing discontent among the population at least the minimum wages and the wages of some groups of the working population were raised as from 1st June, 1973. As from 1st April, 1974 directors of enterprises, managers of transport enterprises and farms as well as construction workers have been paid higher

wages. This measure can probably be seen in the light of the recent recentralization and the ensuing danger that functionaries in leading positions may lack interest and show an insufficient sense of responsibility. In view of the very limited margin of individual initiative, however, it can be expected that the new material incentives will have little economic and industrial success.

27. Since 1971 the trend of wages has been primarily controlled by index numbers related to the normative system. The amount of overall wage payments and that of individual wages is made dependent on prescribed indexes concerning cost prices, productivity of labour, technical progress, quality of products, etc. At the Plenary Session of the Central Committee in December 1972 a more equitable differentiation of wages than before was announced by SHIVKOFF. He also said that it was intended gradually to abandon the piecework wage system according to which 60% of all workers are still paid. It is to be replaced by a wage system based on working hours in connection with bonuses. It appears likely that such a reorganization of the wage system will be implemented only very hesitatingly. As all other COMECON countries, Bulgaria had to put up with additional charges due to the considerably more expensive western imports. The increase of the costs of material will probably not be without influence on wages and bonuses.

Price Policy

28. The Bulgarian price reform is based on the requirement for cost-orientated prices, reduction of open and hidden government subsidies and, generally, on a pricing system observing the criteria of supply and demand. Based on the Czech model, fixed, limited and freely fluctuating prices were introduced and in 1967/1968 wholesale prices were adjusted. Upward trends of limited and freely fluctuating prices were suppressed by rigid controls, however, preventing the pricing system from becoming fully effective. While the rising of wholesale prices resulted in a certain improvement of the financial situation of enterprises, the savings made in government subsidies to enterprises had to be used for adjustments between wholesale and consumer prices. The flexibility of prices expected under the price reform for at least a certain number of goods could not be achieved so that the prices had to be readjusted again to the changed costs with effect from 1st January, 1971. The result was a general reduction of the price level which meant i.a. that price increases in the agricultural and forestry sector were compensated by price reductions in other sectors. Owing to Bulgaria's strong dependence on foreign trade and thus on price increases within the Soviet bloc and on the world market, the present price level can only be maintained by a rapid growth of labour productivity.

29. During the current five-year plan period efforts are being made to incorporate the overall price formation and price planning into the central normative system. In this connection, it is also intended to apply additional changes to factory prices. The target of the Bulgarian Government gradually to adjust national prices to international prices is contradictory to the promised stability of prices in the current planning period. (The price reductions for various consumer goods in 1973 will probably be compensated by rising prices for goods which are labelled luxury commodities.)

Agrarian Policy

30. Similar to the concentration efforts in the Bulgarian economic policy as from 1971 attempts were made in the agrarian sector already in 1957/1959 to merge minor co-operatives into major units. However, since the necessary technical preconditions did not yet exist measures to this effect could be realized gradually only from 1963. The government agencies set up in 1965 for the procurement, processing and distribution of agrarian products may be considered a preliminary stage of the present agrarian policy. Within the framework of the overall economic reform, the compulsory conditions imposed on agricultural co-operatives were gradually eliminated and the income of agricultural production co-operatives was more closely tied to the operating result.

31. At the turn of 1968/1969 and in conjunction with the recentralizing measures taken by the Bulgarian economic leadership the first so-called agro-industrial groups were set up on a tentative basis. At the Plenary meeting in April 1970 the Central Committee of the Bulgarian Communist Party decided to adopt this new agrarian structure on a general basis with the following targets: by concentration of capital (comparable with capital concentrations in the industrial sector) the speedier mechanization and specialization of agricultural production is to be made possible. The agro-industrial complexes are to form a continuous chain of production, comprising supplying and processing enterprises from the basic production to the consumer. The expected rationalization effects are intended to eliminate in the long run the gap between industrial and agricultural output and, finally, to endow the rural population with an increased feeling of the ethical values of their vocation. Ultimately, the concentration is to prepare the way for a gradual transfer of the co-operative property into state property.

32. At present there exist 157 agro-industrial complexes. They comprise 90% of the agricultural enterprises as well as of the useable agricultural area and of the employees in this branch of the economy. However, this system is not yet fully operational in terms of planned targets. Up to now the problems of management and of the integration of affiliated enterprises have not been solved.

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The agricultural production co-operatives and the government-owned estates and industrial enterprises oppose the loss of their economic and juridical independence. The optimal size of farms, especially in the intensive fruit and vegetable growing areas, has been exceeded by far (in 1972 an average 22,723 ha of useable agricultural area per farm). For the reasons mentioned above Bulgaria's present agrarian policy - at least in regard to a speedier increase of the productivity of labour - has been without success so far.

33. The unsatisfactory results were the reason why the Bulgarian economic leadership decided - by the directive of 13th March, 1974 - to change the structure of farms in the sectors of dairy products as well as fowl and pig breeding. A governmental economic association "Dairy Industry" was established in Sofia and all milk-filling and processing enterprises were put under its supervision. These enterprises are to be extended and modernized by the end of 1975. One scientific production association each was established for fowl and pig breeding. The tasks of these groups of enterprises include, apart from research, the breeding, the provision of fodder and sales. They are supervised by the Ministry of Agriculture and Food Industry.

34. The process of concentration in agriculture has never touched private farming. Every co-operative farmer is entitled to hold privately-owned land of a maximum size of 0.2 ha. To overcome the chronic supply bottlenecks private agriculture has been particularly encouraged since 1974. The most important measures in this direction are: the restrictions concerning the number of private livestock have been lifted. Bonuses are paid for an increase of livestock and additional land is allocated for growing fodder. Farmers receive concentrated fodder at preference prices and credits free of interest (with 3 to 5 year terms) to modernize their equipment and stables.

Foreign Trade Policy

35. Up to the end of 1970 the lines of foreign trade policy changed little. The Foreign Trade Law enacted on 20th November, 1969 also supported the foreign trade monopoly of the government. It provided the basis for a tightened control of foreign trade activities by the Minister of Foreign Trade, and, in the last instance, by the Ministerial Council. A new feature of the above-mentioned law which is of significance for the Bulgarian foreign trade policy is the right reserved to the government to authorize economic activities by Bulgarian economic organizations in foreign countries and to approve such activities by foreign enterprises in Bulgaria. Although Bulgaria showed interest in the creation of "mixed societies" just a year ago in more recent times it prefers vis-a-vis the west forms of co-operation which do not involve foreign capital shares in Bulgarian enterprises and profit sharing. The ideal form of co-operation is considered to be

a long-term agreement between a Bulgarian and a western enterprise. Western know-how, patents, high-quality machines and equipment are to be provided - if possible on a credit basis - and credits be paid back with co-operation products. This is the way seen by Bulgaria to give the Bulgarian economy access to modern technologies without additional import commitments.

36. From 1971 until the beginning of 1974 the planning and implementation of foreign trade were the responsibility of the economic units, controlled by the National Bank and the Ministerial Council. By Decree No. 13 (28th February, 1974) a major portion of the responsibility for foreign trade activities was transferred from the economic units to the responsible ministries. The rules to be applied in this connection conform to the COMECON integration policy. According to these rules the still existing high level of costs is to be lowered by importing highly advanced technologies and rationalizing within enterprises to help iron out cost-differentials both within COMECON and vis-à-vis western countries. This is considered a basic condition for creating a real conversion rate between the lewa and the rouble and also the dollar, as a basis for free convertibility of the rouble within COMECON. Furthermore, a policy seeking an equilibrium in the balance of payments and an increase in foreign currency reserves is to be pursued.

E. Science, Research and Technology

37. Bulgaria has developed astonishing initiatives in the development of research and technology during the last 20 years. Apart from the State University at Sofia and the institutes of the Academy of Sciences the mostly well equipped industrial laboratories are the bases for research and technological developments.

Responsible for overall planning of research and technology and the prognosis of economic-technical developments is the State Committee for Economic-Technical Progress. Partial tasks within the five-year plans are taken over by ministries, academies and economic administrations. According to a decree by the Ministerial Council dated 18th February, 1970 the State Committee is in particular responsible for the long-term planning of the automation of the economy and the development of control engineering systems. In co-operation with the Ministry for Chemistry and Metallurgy the results of chemical research are prepared for utilization by the economy while the raw material basis is further developed in co-operation with the State Planning Committee.

Research work in the field of electronics, engineering, nuclear physics and biophysics is to be especially encouraged during the coming years. Within the division of labour in the COMECON Bulgaria is to specialize in biophysics.

Bulgaria's Academy of Science is directly sub-ordinated to the Ministerial Council. It has increasingly been entrusted with tasks of great national importance. Thus it is to examine the country's water consumption using kybernetic methods, and is to draft a programme of co-ordination of water supply, to co-ordinate surveys on methods for air and water pollution control and co-operate in the operation of an experimental reactor in Sofia.

Moreover, academy institutes are increasingly carrying on developments until they are ready for production, and they offer the results to the industry, mostly in the form of patents.

Important research facilities are:

- the nuclear research centre with an IRT-100 reactor and a Soviet cyclotron; the personnel is trained at Dubna;
- the Institute for Physics and Nuclear Research (G. NADYAKOV), which employed 70 physicists and 350 assistants in ten departments in 1965 and is well equipped with German and Japanese instruments;
- the Institute for Technical Kybernetics (N. STANULOV). Selective systems for the control and regulation of industrial processes as well as systems for the detection of flaws in mass production goods are being developed here.
- the Institute for Physical Chemistry (R.A. KAISHEV). KAISHEV is working in the field of solid-state objects, semiconductors, crystallography and the production of ultra-pure materials. He has a world-wide reputation and directs a group of highly qualified scientists.

The sixth five-year plan (1971-1975) provides for an increase of expenditure for scientific and technical research work to 2.6% of the national income. The number of scientific personnel is to grow from 47,000 to 85,000. The main emphasis of planning is on a further extension of the research and test centres at the governmental economic associations.

In 1972 two thirds of all scientific personnel worked in 51 of such centres.

38. Bulgaria's ambitious plans in the field of electronic data processing according to which a major part of the economy is to be controlled by data centres by 1975 have found special interest in the West. Up to then 18,000 - 20,000 data processing experts are to be trained. Within the complex programme of the COMECON countries Bulgaria participates in the production of computer hardware. Since 1969 Bulgaria has been producing under

a Japanese licence the computer ZIT-151 which corresponds approximately to the IBM 360/30. In 1972 the production of the computer EC 1020 of the RYAD series, a joint development of the COMECON countries, was started. The main emphasis of computer production has been given for years to small-sized computers (table computers) which are equipped with integrated switches and are being produced in major series, at present 50,000 per year.

Under the 6th five-year plan Bulgaria intends, in agreement with COMECON planning, to develop, inter alia, an automatic system of transport control which is to carry out, inter alia, calculations on the optimum distribution of transports between railway and road by using economic-mathematical models.

39. In these extensive research and development activities foreign aid naturally plays an important rôle. Under the current five-year plan Bulgaria intends to co-operate with the USSR especially in three fields:

- development of new methods for the exploitation of raw material deposits;
- development of new materials;
- development of new technologies and machines, especially for the full mechanization of transport works.

In sectors of growth Bulgaria is trying to obtain foreign licences. For instance, in order to achieve the doubling of the production in the electronics industry, required under the current five-year plan, Bulgaria is seeking technological support by France (transmission technique), the Federal Republic of Germany (sem-electronic exchange systems) and Japan.

II. DEVELOPMENT OF THE DOMESTIC ECONOMY

A. General Economic Development

The 5th Five-Year Plan 1966-1970

40. According to official statistics the net material product (NMP) rose between 1965 and 1970 in terms of current prices by 58.6% (1960-1965 by 47.8%) and in terms of fixed prices by 50.9% (1960-1965 by 39.3%). Thus it reached an average growth rate per year of 9.7% at current prices and 8.6% at fixed prices. According to Bulgarian information 95% of this growth was achieved by increased productivity of labour. During the years 1966-1970 a total of 15,300 million lewa was invested in the Bulgarian economy. This is about 18% more than planned. The proportion of industry in overall investments was 45.8% (planned 51.5%) and that of agriculture 17.9% (planned 18.1%). Some of the intended projects could not yet be started, and part of the investment funds went to other rising branches of the economy and to the "sphere outside material production".

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In the industrial sector the planned targets were not reached. Whereas a growth by 70% of the gross industrial production had been planned for 1965 compared with 1970, the actual increase was 65.8% at current prices and 68% at fixed prices. The average annual increase at fixed prices was 10.9% (1956-1960: 15.9%, 1961-1965: 11.7%). The planned proportion of the industrial production in the NMP of 52% for 1970 was not achieved. With 49.1% it was lower than in 1969 (50.4%) and 1968 (49.2%). In comparison with 1965 the percentage increased by 4.1%. About 75% of the industrial growth was due to a continuous increase of the productivity of labour as a result of technological progress. The proportion of the consumer goods industry (Group B) in the overall industrial production decreased continuously during the period 1966-1970 - as it had done in the previous planning period. Accordingly, the proportion of the capital goods industry increased ("Group A"). Thus the proportions in Group "A" were in 1965: 52.8%, in 1970: 54.7% and in Group "B" in 1965: 47.7%, in 1970: 45.3%.

The various branches of industry developed in line with the priorities laid down by the Bulgarian economic leadership, although some very high targets could not be reached. Of the most important branches of industry the chemical industry, the black metal industry and the metalworking industry achieved the highest growth rates whereas the non-ferrous metal industry and the food industry achieved the lowest.

An increase by 25-30% of the gross agricultural production had been planned for 1970 compared with 1965. Since the planning targets are always related to fixed prices the target could not be reached since the growth at fixed prices was 18.5%. The growth quoted in the report on the fulfilment of the plan of 26.2% - according to official statistics 26.5% - is related to current prices. The average annual growth at fixed prices during the period 1966-1970 was 3.4% (1956-1960: 5.7%, 1961-1965: 3.2%). The annual average increase by 4.1% at current prices in the 5th five-year plan has little meaning since it is partly due to an increase of price levels in the agrarian sector.

The efforts to increase the living standard made in the previous planning period became apparent in an increase of the real per capita income of the population by 33% (in 1970 compared with 1965). However, there were no trends of a gradual harmonization of urban and rural levels - as desired by the government. The real per capita income of workers increased by 40.9%, that of agricultural labour by only 16.9%.

The 6th Five-Year Plan 1971-1975

41. With a delay of more than one year the 6th five-year plan became law in December 1971. As all plans of the Soviet bloc countries the plan had to be harmonized and co-ordinated with that of the USSR, this time also within COMECON with a view to the

targets of the complex programme. In the plan emphasis is given to the intensification of the national economy, to the growth of industry, with priority on the oil industry, the iron industry, the chemical and rubber industry, the building material industry, engineering, and on a speedy progress in science and technology. The planning indices are in line with those of the previous planning period.

In comparison with 1970 a growth rate of 44-49% of the gross material product and of 45-50% of the net material product is envisaged for 1975. Thus the annual average increase of the net material product would be 7.7-8.4%. As in the planning period 1966-1970 95% of the total economic growth is to be achieved by increased productivity of labour.

In the 6th five-year plan investments amounting to 20-21,000 million lewa have to be raised. This is an increase of 37.4% vis-a-vis the period 1966-1970 at prices of 1st January, 1971. As far as it was possible to gather from official data the price adjustments in the investment sector led to a lowering of the price level by about 3%. At prices of 1970 the planned investments would therefore amount to about 22,000 million lewa and thus be 44% higher than those in the planning period of 1966-1970. Of the total investments about 38-40% will go to industry and about 13% to agriculture at prices of 1st January, 1971. The present planned growth rate of the industrial production of 55-60% is a more realistic estimate than that for the period of 1966-1970. Since the share of industrial production in the net material product is to increase at the same time to 55% until 1975, industrial production would have to increase by about 68%.

Following the unsatisfactory results in the agrarian sector in the past planning period the targets for 1975 have been set more carefully. At comparable prices, an increase of the gross agricultural production by 17-20% is aimed at, i.e. an average annual growth rate of maximum 3.7%.

Contrary to the officially announced intention to improve, amongst other things, in particular the standard of living of the population in this five-year plan period, the planned increase of the real per capita income by 25-30%, an annual average of 4.6-5.4%, is a lower growth rate than in the period 1966-1970.

1971

42. On 1st January, 1971 new prices were established in Bulgaria which led to price reductions and/or increases in the various economic sectors. Due to the changes of the price level as well as the varying Bulgarian data a comparison of the economic results of 1971 with those of 1970 is only of restricted value. According to the data in the plan fulfilment report the produced net material

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product increased by 9.4% in comparison with 1970. Thus Bulgaria would have reached its planned target (9%). However, official statistics showed an increase of 7% at fixed prices and a decrease of 1.2% at current prices. This decrease is the result of the fact that in the structure of the net material product an amount was indicated for the trade sector which is 42% lower than in 1970. However, according to fixed price data this sector should have had developed at the same pace as the net material product. Substantial price reductions which would explain this difference are not confirmed by any information. The used net material product increased considerably less (increase 1.6%) compared with the produced net material product (at fixed or unchanged prices of 1970). Since in 1971 imports grew more rapidly than exports it can be concluded that Bulgaria's economy suffered increasing losses. Signs of growing difficulties are the reduction of accumulation (at unchanged prices of 1970 by about 12%) as well as investments which lagged behind the planning target (4.7%). In 1971 the investment activity was even more adversely affected by very long construction periods and exceeding of target dates than in 1970, so that by the end of the year the low growth rate of 1.7% at prices of 1st January, 1971 or of almost 4% at prices before the refixing was reached in this sector.

Relatively favourable was gross industrial production during this reference period (increase at fixed prices 9.0%, at current prices 4.6%). Following the former trend of development the share of the consumer goods industry in total industrial production dropped to 44%.

Because of a constant drought during the summer months the gross agricultural production lagged far behind the planning target. The growth by 2% (at fixed prices) was primarily due to successes in the animal sector.

The average annual nominal income of the working population rose by about 2% while the real per capita income increased by 4.2% due to higher social benefits granted by the state. The domestic trade turnover grew by 6.3%; savings had the same high rate of growth as the average annual nominal income. In house-building - measured per completed sq.m of housing space - an increase of 8.7% was achieved.

1972

43. Spectacular in the plan of 1972 is the relatively modest growth - under Bulgarian conditions - of the gross industrial production by 7.7% and the estimated high growth rate in the agrarian sector of 6%. The latter is probably connected with the low results of the previous year. For the gross industrial production, on the other hand, the Bulgarian economic leadership expected from the beginning a total increase of 9% due to additional production outputs.

Investments amounting to 3,700 million lewa at prices of 1st January, 1971 are planned. In comparison with 1971, (3,500 million lewa) this is an increase by 5.7%.

Although many measures were announced to improve the standard of living the planned increase of the real income was only 4.2% which was lower than the annual average (4.6-5.4%) planned for 1971-1975.

The plan fulfilment report for the first quarter of 1972 seemed to promise at the beginning a favourable development, especially for industrial production with an increase by 9.9% compared with the comparable period in 1971. During the second half year the difficulties which had appeared already in 1971 seemed to grow. Lack of working morale and working discipline, grave inadequacies in the investment sector but especially unsatisfactory achievements by the economic units jeopardized that realization of the plan already in 1972. Measures to accelerate the economic growth remained without substantial success.

The net material product increased by 7% in 1972 compared with 1971. However, the rate of growth thus obtained was, as in the year before, below the relatively modest planning target (7.7-8.4%) for the average annual growth from 1971 to 1975. Although the Bulgarian economic leadership had expected at the beginning of 1972 to succeed in raising the industrial gross production by 9% instead of 7.7% by taking rationalization measures and imposing additional targets, the growth amounted to only 8.3%. The situation in the agrarian sector - increase by 4.8% - was somewhat better than in 1971. However, it did not reach the planning target (6%). Of the planned investment funds amounting to 3,700 million lewa only about 3,300 million lewa were used. The throttled growth in the production sphere as well as supply difficulties in other COMECON countries did not remain without effect on the development of foreign trade. The foreign trade turnover (increase by 11.5%) was less than planned. Moreover, imports grew more rapidly than exports - just as in 1971 - so that the credit side of the trade balance was reduced by about 20% compared with the year before.

Also in 1972 it was not possible to substantially improve the standard of living. The average annual nominal income increased by only 2.5%, the real per capita income by 7.0%. Supply bottlenecks at various occasions as well as the often poor quality of goods were among the reasons why the domestic trade turnover increased only unsatisfactorily (increase 6.3%).

1973

44. The Plan for 1973 provided for an economic growth which was to exceed the rates of growth achieved in 1971 and 1972. The Bulgarian leadership expected, i.a. a rate of growth of gross industrial production of 9.9% and thus practically a return to the

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dynamic development of the 1960s. In view of the rationalization measures and the progressing mechanization in agriculture it was planned that agricultural production should increase by 7.8%. Compared with the planning targets for these two most important economic sectors the planned increase of the net material product by 7.3% is relatively modest. It seems that rising costs of material have been taken into consideration from the beginning. The planned growth of the foreign trade turnover by 13% was higher than that achieved in 1972 (11.4%). To improve the standard of living the real per capita income of the population was to increase more rapidly in 1973 (by 6.6% compared with 4.2% in 1972).

The results for 1973 available up to now show that Bulgaria has really succeeded in realizing a more rapid economic development by increasing the net material product by 8.7%. Remarkable above all was the high rate of growth of industrial gross production (10.6%), a percentage which was reached for the last time in 1967. According to Bulgarian data this result was attributed by 80% to the rising labour productivity (increase by 8% compared with 1972). It appears likely, however, that structural adjustments in the sector of industrial production (increased encouragement of energy production and of the heavy industry) also played an essential rôle. Thus the metalworking industry including engineering, the petro-chemical industry, the chemical industry and the rubber production are said to have contributed 34% to total industrial production. It seems odd, however, that in spite of this, engineering with a rate of growth of 18.6% and the chemical industry with 11.1% lagged behind the planning targets of 20% and 22% respectively. This could have been caused by planning errors inherent in the system as well as by supply bottlenecks and by the fact that new factories were not completed in time. The light industry branches, especially the consumer goods and the food industry, all lagged behind the general pace of development. Expectations in agriculture proved too optimistic. In this sector a rate of growth of only 3% was realized. Decisive factors were the insufficient results of cattle breeding due to insufficient fodder supplies as well as organizational shortcomings and insufficient technical equipment of the farms. The crop harvest, on the other hand, was satisfactory (3.7 million tons of wheat).

Industrial growth was favourably influenced by a substantially increased investment activity. The question remains open, however, whether in view of the price increases in the investment sector the planning targets for industry (gross investments amounting to 3,800 million lewa at fixed prices) could actually be realized. In this connection the growing imports from non-socialist countries by 22.5% (January to September 1973 compared with the same period in 1972) were probably not without importance. The growth of the foreign trade volume in 1973 is estimated at about 15% (exports by about 14%, imports by 16%).

By increasing the minimum old age pensions and by wage increases in various professional groups the real per capita income rose by 7.9% (planning target 6.6%). Since no rate of growth was mentioned for the average nominal income it is not yet possible to draw conclusions on the development of the price level. Although the domestic trade turnover increased - at prices of 1972 - by 8.6% (1972: 6.2%) supply bottlenecks could not be prevented in 1973 either.

1974 - Plan

45. The planning data for 1974 show that Bulgaria's leadership hopes to be able to continue the dynamic growth of the previous year. The planning targets - with the exception of the expected rise of the real income by only 5% - are all higher than the rates of growth achieved in 1973. As a principal condition for the increase of industrial gross production by 11% (including engineering by 21%, the chemical industry by 27%, but the light industry by 8.3% and the food industry by 6.9%) it is planned to increase the labour productivity by at least 9% and investments by 13%. In view of comprehensive agropolicy measures - not last by the encouragement of private cattle breeding - it is expected that agricultural gross production will grow by 5%. Based on the planning data mentioned above an increase by at least 10% is planned for the net material product. With a stable price level assured, the domestic trade turnover is to continue its development at last year's pace. For the trade with the socialist countries the planned rate of growth of 17% is also higher than in 1973.

B. Labour, Investments, Consumption

Labour and Productivity of Labour

46. In the past planning period the number of employees in the Bulgarian economy (1970 about 3,800,000) increased annually by an average of only 1%. For the period 1971-1975 an even smaller annual increase (0.8%, maximum 1%) is expected. The number of employees in industry was 1,156,000 in 1970; this is an increase by 21.1% in comparison with 1965. However, the growth rates showed a decreasing trend and until the end of 1975 an annual increase of only 2% can be expected. The reason for this is that the labour leaving agriculture no longer goes primarily to industry, but that - as in the past years - an estimated two thirds will go to other branches of industry. For instance, whereas the number of employees in industry increased by 56,000 in 1969/1970 the number of labour in agriculture decreased by about 163,000. In 1970 about 1,350,000 people were employed in this sector including forestry and agricultural co-operatives. A continuation of the above trend can unfavourably affect the development of industry in the next years if the number of skilled labour and specialists cannot be increased rapidly. Whereas the ratio between employees (private sector and agricultural co-operatives excluded) and

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so-called "specialists" with university and technical college training was 1,000:184 in 1960, this ratio was 1,000:189 in 1970. Although the five-year plan law of December 1971 provides for the training of 240,000-250,000 specialists, 300,000 skilled workers and 300,000 semi-skilled workers until the end of 1975, it cannot be expected to employ this skilled labour effectively before the second half of the 1970s.

Although in 1971 the number of working people (without agricultural and other co-operatives) could be increased more rapidly than in previous years (increase 1971 by about 4% compared with 1970) the number of people working in the agricultural co-operatives dropped simultaneously as a result of the establishment of "agro-industrial complexes"(1). A similar trend prevailed in 1972. Compared with 1971 the number of people working in agricultural and other co-operatives decreased further by 97,000 while the governmental sector of agriculture showed a manpower increase of about 15%. The rest seems to have migrated primarily to industry and trade and to a lesser extent to the building trade and transport and traffic. In 1973 the manpower influx into the industry was somewhat greater (increase 2.4%) than 1972 (increase 2.2%).

47. The importance of an increased productivity of labour for the future development of industry and thus for the whole Bulgarian economy is apparent from the following relations.

During the period 1966-1970 the number of labour increased annually by an average of 3.9% and the gross industrial production by 10.9%. Thus an increase of labour by 1% corresponded to an increase of the industrial production by about 2.8%. In the present five-year plan period an annual increase of the gross industrial production by an average of 9.2-9.9% is planned. However - contrary to the original Bulgarian estimates - the number of working people will increase by not more than 2% per year. This would mean a ratio of 1:4.6-4.9 between the labour increase and the increase of industrial production, i.e. a ratio which in view of previous experience can no longer be regarded as realistic. Therefore, the planned increase of industrial production can only be reached by an exceptional increase of the labour productivity. With the originally planned total increase of the labour productivity by 44% (in 1975 compared with 1970) or an average of 7.6% per year, however, it will be impossible to meet the

(1) The reduction in the number of the working population shown in the table "Labour" for 1971 compared with 1970 may be due to an extension of private enterprises in the tourist sector (employees of private enterprises are not included in the statistics). The real number of the working population seems to have slightly increased in total in 1971.

planning targets for industrial gross production. This fact is further confirmed by information from Sofia that only 45% of the manpower requirements in industry until 1975 can be covered and that therefore - and also because of reduced working hours - the planning targets can only be realized with a maximum increase of the labour productivity. Obviously the appropriate consequences have now been drawn (in the Plan for 1974 a minimum rate of growth of 9% has been established) after a certain success in this direction was reached already in 1973 when the labour productivity rose by 8% (compared with 1972). Efforts to obtain a better working morale and working discipline, a controlled influx of workers into industry and wage increases as an incentive for additional efforts did not remain without effect. However, a pre-condition for further improvement of the labour productivity would be that Bulgaria imports more high-quality investment goods from western industrial countries than originally planned, since her import requirements can be met only insufficiently from the COMECON area.

48. Under the terms of an agreement between the USSR and Bulgaria concluded in 1968 the Soviet Union will admit on a long-term basis up to 100,000 unskilled Bulgarian workers. Information from the COMECON sphere indicates that about 15,000 Bulgarians are working in the USSR at present. This number is to increase to about 20,000 by the end of 1975. (According to diverging western estimates the number of Bulgarian workers in the USSR amounted to 25,000-80,000 in 1973.)

Under the terms of the above agreement Bulgarian workers have to conclude a two-year contract. In case of a premature return to their home country a contractual fine in the form of wage reductions will have to be paid. The Bulgarians are mostly working in Siberia in forestry, mines and the building trade. About 4,000 are allegedly working on the gas pipeline from the USSR to Bulgaria. It is intended to employ Bulgarian workers in the Soviet cellulose production and the steel industry in future. The monthly wages paid to Bulgarian workers are said to be in the average 300-400 lewa after conversion; they would thus be 250% above the Bulgarian level. Apart from those working in the USSR an unknown number of skilled Bulgarian workers are working in the GDR, in North Vietnam and in some African countries.

Investments

49. During the planning period of 1966-1970 a total of 15,300 million lewa was invested in Bulgaria's economy. The current five-year plan provides for investments of about 21,000 million lewa (at prices of 1st January, 1971). Based on the prices of 1970 this represents an absolute increase of about 7,000 million lewa vis-à-vis the planning period 1966-1970. In this

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connection it has to be stated that the rates of growth of the last three five-year plans showed a downward trend (increase 1961-1965 compared with 1956-1960: 108.5%; 1966-1970 vis-à-vis 1961-1965: 82.1% and 1971-1975 vis-à-vis 1966-1970: 41.4% (at prices of 1970) or 37.3% (at prices of 1st January, 1971)). The lower increase of investment funds during the last five-year plan is partly due to a changed method of calculation but mainly to the strikingly slow development of the investment activity from 1968. Whereas the increase of investments in 1966 over 1965 was 19.7% and 1967 over 1966 23.7% (at current prices) the average annual increase fell to 6.6% between 1968-1970. In the sector of industry it fell to 6% and in agriculture to 3.6%. In the sector of transport and traffic the investment funds were increased by only 2.8% from 1968 to 1970 at an intensified pace of investment (increase in 1966 over 1965 = 47.7%; 1967 over 1966 = 51.5%). In the building trade stringent restrictions were even carried out in 1968 and 1969.

The investment policy pursued from 1968 was mainly aimed at accelerating the completion of projects in hand. As a consequence the average proportion of construction and assembly work in overall investments fell from 56% in the planning period 1961-1965 to 49.9% in the period 1966-1970. The proportion of expenditure for machinery and equipment increased accordingly (1961-1965 = 30.8%, 1966-1970 = 35.2%). Of these investments 65.4% were covered by imports during the period 1961-1965 and, because of rising domestic production, 63.1% during the period 1966-1970.

50. Taking into account the price changes mentioned before (paragraph 42) and the related limited possibilities of comparison the following can be said - apart from the statement that the development is being slowed down in accordance with the plan - with respect to the investment activity planned for 1971-1975; 25% of the investment amount is to be used outside the "sphere of material production". During the planning period 1961-1965 only 22.1% were used for this purpose, and only 21.6% during the last planning period. The present increased proportion is envisaged for the improvement of the living standard.

In order to safeguard a rational use of investment funds new projects are not to be started before full use of the available capacities has been made by extensive modernization. For this reason at least 35% of the investment funds(1) have to

(1) It is not quite clear from the published information if 35% of the investment funds of the productive sphere, or 35% of the total investment funds are to be used to modernize in the productive sphere. The development of the investment activity up to now showed the following picture: in 1971 (the data are based on the prices of 1970) the policy of an economical use of funds was continued.

be used for modernization and automation purposes. It can be assumed that the proportion of machinery and equipment in the total investments (1966-1970 = 35.2%) will increase to about 40% and that the proportion for construction and assembly work will be lower than during the period 1966-1970 (49.9%).

During the current five-year plan period 8,000 million lewa are to be invested in industry and 2,700 million lewa in agriculture. Thus 38-40% or 1.35-12.9% of the overall investments would go to these two branches of the economy. (These proportions are based on the prices at 1st January, 1971 and are not comparable with the proportions of the previous years.)

Gross investments increased only by approximately 4.6%. The rate of growth thus remained below the annual average of over 7% planned under the present five-year plan. Surprising was the stagnation of funds dedicated to industry and the sharp restriction in "trade and other sectors in the sphere of material production" (see table "gross investments in the various economic branches"). The sectors of transport and traffic as well as the building trade had the highest rates of growth (10.0 and 19.3% at prices of 1st January, 1971).

Figures from plan fulfilment reports show that gross investments at fixed prices of 1st January, 1971 decreased by 9% compared with 1971; the official statistics, on the other hand, show an increase by 9.4% at current prices. From this fact it can be concluded that prices have increased considerably due to slow completion of projects as well as rising world market prices, but also that there were planning errors, supply bottlenecks and lacking organization. Investment activities have been the subject of violent criticism in Bulgaria for good reason.

In 1973 gross investment amounting to a total of 4,300 million lewa were allegedly realized, of which 3,900 million lewa in industry alone. Taking into consideration the inflationary price developments in the West and continuing inefficiency in the investment sector it has to be assumed, however, that only parts of the targets were achieved. This seems to be confirmed by the concentration of investment activities at the level of the responsible Ministries in 1974. In view of the growing shortage of capital and foreign currencies it appears doubtful whether the planned total for gross investments of 4,500-4,800 million lewa (at fixed prices) can be realized in 1974.

An allocation between the economic sectors of the investment funds used in 1971 and 1972 shows:

- a dropping share of the industry (1970: 45.2%, 1971: 43.9%, 1972: 41.0%),

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- an insignificantly rising share of agriculture (1970: 14.9%, 1971: 15.2%, 1972: 15.5%) and
- a considerable increase of the share of transport and traffic (1970: 8.7%, 1971: 9.3%, 1972: 11.2%).

(In this connection it should be taken into consideration, however, that because of the refixing of prices as per 1st January, 1971 a comparison with the past five-year plan can be made only to a limited extent).

Living Standard

51. The living standard of the Bulgarian population has been improved in recent years. However, it remained relatively low in comparison with the standard of living in the GDR or CSSR.

According to official information the average nominal wage for workers and salaried employees in 1965 was 92.4 lewa per month and in 1970 123.8 lewa. Converted into US dollars at the tourist rate of that time (US \$1 = 2 lewa) this represents about US \$62. Although it had been possible to raise the average monthly income of a worker's household by 46.3% during the period 1966-1970, this income (271 lewa = US \$135) was still below the European average monthly income in 1970. The efforts by the government to approximate the wages in the two most important branches of the economy, in agriculture and industry, were without success. In 1970 (as in 1965) the average nominal wage of the employees in industry was 15% higher (in the building trade even 36% in 1965 and 39% in 1970) than in agriculture. However, the considerable increases in pensions and allowances (child and educational allowances) for members of agricultural co-operatives had a positive effect in the adaptation of wages. Owing to this the domestic income of a co-operative farmer increased by 14.4% between 1968 and 1970, that of a labourer only by 9.3%. Consequently, at the end of the previous five-year plan period the annual domestic income of a co-operative farmer was even 1% higher than that of a labourer. During the current five-year plan the policy of income approximation is continued with more success than in 1966-1970. Thus the average nominal annual wages in agriculture increased by about 11%, those in industry by 7% and in the building trade by only 3% between 1970 and 1972. The real per capita income of the population increased by 12%, i.e. due to social benefits granted by the state. The increase in agriculture (17%) was considerably higher than in all other branches (average 9%) - not last because of new fixed prices from 1st January, 1971. According to preliminary data the rising trend of real wages continued in 1973. However, these data - per capita increase by 7.9% - refer only to the governmental domestic trade sector where prices remained relatively stable. Since some prices in the co-operative sector increased considerably

it appears likely that the real increase was only scarcely 5% in spite of the rise of minimum wages. The plan for 1974 provides for a smaller increase of the real per capita income (5%) than for 1973 (6.6%), possibly with a view to general price increases which can no longer be prevented.

52. Although Bulgaria pursued a policy of price stability in the consumer sector and also lowered the prices for some consumer goods it was not possible to conceal a rising level of prices in the official statistics. A striking feature in this connection is that in the state domestic trade sector the prices for food rose by 4% from 1965 to 1970 and that the overall level of prices in the co-operative sector (which shares, after all, more than one-third of the overall turnover) rose by 13%. The prices for services which are not included in these statistics also showed a rising trend. In the light of this development it appears rather doubtful that during the period of observation 1966-1970 real wages allegedly rose by 30% (1970 compared with 1965) as the result of a nominal wage increase of 34%. The more rapid increase of real wages in 1971-1975 compared with the last five-year plan has probably not substantially improved the living standard because of repeated supply bottlenecks and the insufficient supply of consumer goods. The involuntary renunciation of consumption is reflected in a considerable increase of savings (by 47% in 1972 compared with 1970). It has not yet been possible to meet the targets of house-building.

53. The years 1966-1970 show an increasing proportion of consumption in the used net material product. In 1967 it amounted to 66.9% (64.6% individual, 2.3% collective consumption). The corresponding proportions in 1970 were 68% and 2.8%. The total increase of consumption in this period was 53.5% in comparison with 48.8% during the five-year plan 1961-1965. For the current planning period a consumption of 72%-73% - at the expense of a reduced accumulation rate - is planned.

In 1971 and 1972 the proportion of accumulation decreased more than planned so that the ratio between consumption and accumulation was 74.2% to 26.8% and 74.0% to 26.0% respectively. This development is due primarily to the reduced investment activity during these years. In view of urgently needed modernization investments the accumulation proportion should have risen again from 1973.

54. In order to meet the target of the five-year plan various measures to improve the standard of living of the population are being carried out. Some of them are the increase of minimum monthly wages from 65 to 80 lewa as from 1st June, 1973, higher minimum old age pensions and the introduction of social pensions for disabled persons. In addition to this the health and welfare facilities of the state are being extended. In April 1974 a law on further old age pensions increases as well as a recalculation of the old age pensions paid to workers and employees until 1970 was promulgated. These social payments have been valued at 52 million lewa per year.

C. Production Sector

Agriculture

55. For some years the results of agriculture lagged far behind expectations. In 1970, at the end of the last five-year plan, the production level was only 18.5% (at fixed prices) higher than in 1965, whereas an increase of 25 to 30% had been planned for that period. A rate of growth of 7.4% (at current prices) had been planned for 1973 but only 3% were achieved. The relatively high planning targets seem to have been due to an over-evaluation of agro-policy measures. In addition to unfavourable weather conditions poor organization as well as insufficient maintenance, shortage of spare parts and long repair periods for agricultural machinery had a negative influence on the production result. The consequences of this state of affairs on the productivity of labour in agriculture is shown by the fact that during the last planning period the average annual manpower increase (government and co-operative sector) was 1% while the average annual growth of gross agricultural production (at fixed prices) was only 0.6%.

The planning target for 1974 has taken these impediments to production into consideration; it provides for an increase in the production value of only 5%.

56. Due to the modest rates of growth of agricultural production compared with the pace of industrial development the proportion of agriculture in the net material product decreased continuously. In 1965 it was still 32.5% (at current prices) and dropped to 22.8% until 1972; for 1973 its share is estimated at 21.7%. It can be expected that the proportion will decrease to below 20% until the end of the current five-year plan. According to official statistics 44.9% of the entire labour force were working in agriculture in 1965 (1960 - 54.7%) and 32.3% in 1972. It can be concluded from the development up to now that there is still a manpower reserve in the agricultural sector, however, this reserve will probably be absorbed to a large extent when the agro-industry capacities will be extended.

57. The crop harvests are not yet sufficient to supply enough fodder for stock farming. At the end of the last five-year plan 1966-1970 their yield - 6.7 million tons - was not higher than at the beginning. Since then yields have shown a rising trend. The record harvest of 1972 brought a total of almost 8 million tons, a yield which was hardly lower in 1973, i.e. 7.4 million tons. However, fodder grain harvests continued to be unsatisfactory. They are to be increased to 4.6 million tons annually during the current five-year plan 1971-1975 at the expense of bread grain, i.e. 35% above the average of the last five-year plan.

The cultivation of fruit, vegetables and tobacco is of special importance for Bulgaria's export. Due to weather conditions there was only a minor increase of yields during the last five-year plan. The rate of growth of 20-24% for the fruit and vegetable yield planned under the present five-year plan can only be achieved by increasing the area productivity for which irrigation is of great importance.

The irrigated useable agricultural area represented 22% of the arable land in 1972 but it yielded 40% of the agricultural production value. This irrigated area is to increase to 26% until 1975. The increased use of fertilizers, which is at around 82 kg N/ha at present leaves a possibility for further increases in yields.

Unsatisfactory yields of stock farming were the main reason why Bulgaria's agriculture was unable to fulfil the total production plan also in 1973. The fodder basis is too small. This applies also to sheep-breeding which is important for Bulgaria (1973: 9.9 million sheep compared with 1.5 million cattle and 2.8 million pigs), and which represents 1/10th of the agricultural production value and for which mainly otherwise unuseable areas are used as pasture-land.

After the drought years of 1968 and 1969 the cattle and pig-stocks recovered again from 1969/70. In 1972 pig-breeding exceeded the 1966 volume, but this was not achieved with cattle even in 1973. Fodder shortage, animal diseases and the reorganization of farms are slowing down the increase of livestock. Moreover, the meat and milk yield per animal is still insufficient. In 1972, for instance, the annual milk production per cow of 2,487 litres was still relatively low. Yet the concentration process which is developing also in the field of stock farming, where large fattening and breeding stations are being set up and large dairies are constructed, will lead to a more rapid increase of productivity also in this field. In the years since 1966 productivity investments have caused an increase of the fowlstock by almost 70% (1973: 34.8 million fowl).

To realize the agro-political targets state investment funds amounting to 2,500 million lewa in total were originally planned under the current five-year plan; this represents 13% of total investments in the Bulgarian economy (1961-1965: 22.3%, 1966-1970: 16.9%). From the plan for 1974 it can be concluded that Bulgaria's leadership has decided a more generous allocation of investment funds. Thus, 685 million lewa are to be made available this year, an amount which is 130 million lewa higher than that planned for 1974 under the five-year plan. One of the reasons is that a major part of the equipment required for the "complex mechanization of agricultural production processes" comes from western industrial countries and that therefore substantial price increases have to be expected.

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Industry

58. During the last five-year plan gross industrial production reached a value of 16,400 million lewa and according to the planning target this value is to increase - irrespective of price adjustments - to about 25,400 to 26,200 million lewa until the end of 1975. Significant for the development from 1966 to 1970 are the decreasing rates of growth since 1968. This may be attributed to the more economical investment activity which started at that time and to difficulties of transition due to reforms. The metal-working industry, the chemical industry and the rubber production as well as the iron metallurgy developed most rapidly during the first two years of the last five-year plan. From 1968 the chemical and rubber industries as well as fuel production took the lead in the pace of growth. Some structural changes occurred as a result of the different rates of growth. Because of the continuously diminishing rates of growth the proportion of the food industry, still the most important industrial branch, in the total production decreased from 30.3% to 25.4% in 1970. The proportion of the metal-working industry on the other hand - 1966 still only 17.8% - was 20.2% in 1970. This had the effect that the total proportion of the capital goods production increased from 52.6% in 1966 to 54.7% in 1970; the share of the consumer goods production decreased accordingly (1966: 47.4%, 1970: 45.3%). The directives for the present five-year plan provide that especially those industrial branches should be developed with priority which would permit to raise the technical standards most rapidly and to guarantee a production competitive on world markets. Moreover, the domestic raw material basis is to be widened. The main emphasis has been given to the development of the mineral oil industry, the iron metallurgy, the chemical and rubber industries, the production of building material and the metal-working industry.

59. Among the European COMECON countries Bulgaria has the weakest primary energy basis. This can be said both of its reserves and its possible future production on the mainland. The shelf areas off Bulgaria's Black Sea coast have hardly been explored up to now. They were not taken into consideration also because no special plans for petroleum/natural gas prospecting exist until 1975. In 1972 much more than half of Bulgaria's primary energy consumption had to be imported - mostly from the USSR.

Bulgaria's primary energy deficit has increased rapidly since 1960 (1960 = 13%, 1965 = 39%, 1970 = 54%, 1972 = 61%, 1975 probably about 70%). Notwithstanding certain crude oil imports from the Arab countries Bulgaria's present considerable energy dependence on the Soviet Union will further grow until 1980.

60. In 1960, 60% of the electric energy was produced in power plants. Due to the increased mining of lignite which is used exclusively in power plants, its share increased to almost 90% until 1970. Since Bulgaria's foreseeable power requirement can no longer be met from domestic production during the next years an agreement was concluded with the USSR according to which Bulgaria will be provided with 3,000-4,000 million KWH per year from the USSR from 1973 through a long-distance line. Bulgaria's energy import requirement will not be reduced essentially by the far-reaching nuclear energy plans. Until the end of 1974 the first sector of the nuclear energy plant at Kozlodni on the Danube is to start operation. In spite of substantial difficulties and delays during the construction of the first plant it has been decided to build a second similar plant. Both plants are to reach a total capacity of 880 megawatt each. The long-term plans provide for the construction of a third nuclear plant with a capacity of 1,000 megawatt.

The production of electric energy dropped to 21,952 million KWH last year (1972: 22,271 million KWH). In view of this downward development it appears doubtful whether the capacity of 35,000 million KWH planned under the current five-year plan will be reached.

61. The geological coal deposits are estimated at 4,500 million tons. Only 1% of these deposits consists of hard coal and anthracite (calorific value only 5,000 to 5,300 kcal/kg) which have to be mined under very unfavourable geological conditions. 8% of the deposits are brown-coal and 91% lignite. The average calorific value of the entire coal output was around 2,900 kcal/kg in 1960 but is estimated at only 1,650 kcal/kg for 1980, i.e. it will likely decrease by 57% because of the diminishing hard coal and anthracite and growing lignite output. Due to the insufficient quality of domestic coal imports of hard coal and coke became increasingly necessary and they amounted to about 3.0 million tons in 1965 and to 6.1 million tons in 1972.

62. Bulgaria's mineral oil deposits (on the mainland) are estimated at present at about only 5 million tons. It is estimated that the crude oil-processing capacity of the refineries was about 9 million tons in 1972 and is to be increased to 13 million tons by 1975. Until 1966 Bulgaria imported crude oil exclusively from the USSR. Since 1967 the country has purchased increasing quantities from the Arab countries. In 1972 these imports amounted to 1.9 million tons, i.e. 22% of her total crude oil imports. Due to the substantially increased world market prices for crude oil in 1973/74 it can be expected, however, that the crude oil imports from Arab countries will be reduced.

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Bulgaria's natural gas deposits (on the mainland) amount to about 30,000 million cu.m. After the completion of the natural gas pipeline from the USSR, planned for end-1974, 1,000 million cu.m of natural gas will probably be imported in 1975. An increase up to 10,000 million cu.m is planned by 1980.

63. The metalworking industry (MWI)(1) is one of the most important industrial branches in Bulgaria today. Starting almost from scratch at the end of the war, an efficient basis has been created for the equipping of the domestic industry with capital goods and for export. The development, including the trend planned until 1975, is marked by a limitation to certain industrial branches where the means of production can be concentrated effectively; it is further marked - partly as a result of the limitation - by a strong commitment to COMECON.

The proportion of the MWI in the gross production of Bulgaria's industry was about 21.5%, in 1972; this proportion is to increase to 23% until 1975. The rates of growth of the MWI production have always been far above the industry average (for instance in 1972:1971 + 15% compared with an overall increase of + 8.3%). In 1971, the MWI comprised 440 enterprises which employed 280,000 people. 34,000 specialists worked in 34 research institutes and 55 development stations on research and development projects in this field. Under the five-year plan of 1971-1975 investments in an amount of 14,000 million lewa are planned for the MWI in order to be able to maintain the planned high rates of growth of 15%. Bulgaria's MWI is still in a stage of heavy expansion: in 1973 about two-thirds of the investments were used for new factory buildings and only one-third for the renovation and modernization of existing factories. It is true that Bulgaria intends to establish an industry under modern productivity aspects. In 1948 the share of the MWI in Bulgaria's modest overall industrial production was 4% and it was unable to contribute substantially to the industrial build-up; in 1971, however, three-quarters of its production were sufficient to meet about two-thirds of the domestic consumption. Only one-third of the consumption was imported and 60% of this value was compensated by exports of domestic MWI products. The relation between the export and import values of MWI products is to be improved to 1:1.2 until 1975; by then the MWI is to reach a proportion of 40% in Bulgaria's overall exports (1972: 34.1%).

The approximation of the MWI production volume to the overall requirements of industrial installations, machinery and equipment does not mean, of course, that this small country is on the way to reach autarchy. By emphasizing the development in certain branches Bulgaria succeeded in creating certain

(1) The MWI comprises: Machine and vehicle construction, the electrotechnical and electronics industry, the construction of equipment and all other metalworking branches.

internationally competitive MWI sectors. Up to now the most important branches have been hoisting machines and conveyors including the production groups of carts (electric carts, fork-lifts), electric tows and chain hoists, the electrotechnical industry including accumulators, electromotors, transformers, switchgears and electric household articles (washing machines), the production of machine-tools, tractors and railway carriages. A high percentage of the production of these branches is exported (up to 95%), mostly into Communist countries. Moreover, Bulgaria's MWI includes also the construction of various industrial installations for food and textile factories, of agricultural machines and of vehicles (two-wheel vehicles as well as passenger cars, trucks and buses). The production of motor vehicles, especially passenger cars, has probably been started primarily for reasons of prestige since it cannot be expected that this branch will ever be profitable in view of the small number of units. The production of passenger cars consists essentially of assembly work; according to the Bulgarian five-year plan the output is to be substantially increased until 1975 since it cannot be expected that the main car-producing COMECON countries will be able to meet the requirements up to then. However, the production structure of the MWI does not remain inflexible, but will be adjusted to the changing requirements, though with the usual delay proper to a central planning economy. Thus increasing emphasis has been given to the construction of factories for communications equipment (at first radio and TV sets, then telephone equipment, lately also radar and navigation instruments). The sectors of electronics elements, electronic measuring equipment, electronic computers and means of automation are in the stage of development. The planning for the extension of these sectors contains some very ambitious targets: between 1971 and 1975 the production of electronic computers is to be increased by 900%, that of electronic modules by 250%, of communications equipment with radio electronics by 170% and the production of machine-tools (partly with programme-controlled machines) also by 140%. Computers and equipment are to reach a share of 35-40% in the MWI production by 1975 (1969: 12%). The MWI whose production increased by the remarkable rate of 18.6% compared with 1972 is to have a proportion of 23% in total industrial production according to the plan fulfilment reports. According to the plan fulfilment report the proportion of machines and equipment in total exports was 34.4% in 1973 (1972: 34.1%). It should not be overlooked in this connection that about 90% of machines are exported to the COMECON countries.

64. The improvement of the industry has been orientated partly on domestic requirements. For instance means of automation and computers are required for the initiated modernization of the economy - 70% of the production processes of the entire industry are to be automated by 1975. However, the major part of the MWI's development reflects Bulgaria's economic and political dependence. The rapid development of the industrial sector has

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only been possible with the aid of the USSR. Even now many factories are still being established with Soviet aid (1971-1975, for instance 32 MWI factories). Bulgarian factories operate mostly with Soviet equipment and according to Soviet methods and licences. Moreover, the integration in COMECON also limits the freedom of action - for instance regarding the production programme and the realization of national wishes. With its MWI Bulgaria has become a fully integrated COMECON member which specializes in the products assigned to its industry. Within this international co-operation single parts and sets are produced, exchanged, assembled and completed into finished products in the usual way. Bulgaria's MWI provides, for instance, relays, oil and air filters, generators, starters, ignition coils, accumulators, etc. for the Soviet car production in Togliattigrad and purchases itself parts for the assembly of trucks (Russian model GAZ 53a, Czech model Skoda 706) and passenger cars (Russian cars Moskwitch and - planned - Shiguli). The low degree of Bulgaria's independence and the dominating Soviet influence are reflected by the fact that any co-operation with Western firms has to be authorized by Moscow. When internal COMECON interests predominate even current agreements such as the car assembly and licence construction agreement with Renault/France have to be cancelled.

Within its economic and geographical possibilities, and considering the political conditions, Bulgaria's MWI has reached a remarkable stage. The usual delays and procedural losses of a planning economy - such as permanent difficulties with suppliers and regarding spare parts - are of course affecting the effectiveness of the available resources. However, the interest of the government in promoting the MWI will probably be strong enough in Bulgaria also in future to realise the planned expansion.

65. The development of the chemical industry has also been greatly encouraged by the Bulgarian government. 15.7% of all the capital investments made for industrial development were used for the improvement of the chemical industry during the last planning period of 1966-1970 alone. Thus the chemical production increased by 165% between 1966 and 1970, the overall industrial production only by 68%. During the current planning period of 1971-1975 the development of the chemical industry is to be continued at an accelerated pace. Capital investments of 2,300 million lewa are planned for the improvement of the chemical industry (1966-1970: 1,100 million lewa). The production value of the chemical industry is to double during this period and its share in the overall industrial production is to rise from 7.5% to 14%. The main points of emphasis are the development of the petro-chemical industry, the organic-synthetic chemical production and the primary nitrogen production on the basis of natural gas. The raw material supplies for the production of basic petro-chemical products are to be safeguarded by doubling the petroleum imports from the Soviet Union and by constructing a natural gas pipeline USSR-Bulgaria which is to become operational already in 1974. New units of pyrolyse will increase

the ethylene production (now 70,000 tons) by 250,000 tons until 1975. The mineral fertilizer production which amounted to 750,000 tons, including the urea production, (pure nutritive substance) in 1970 is to be increased by 50% to 1,150,000 tons until 1975. The production of synthetics will amount to 152,000 tons in 1975 (1970: 89,200 tons) and that of chemical fibres, which started only in 1968, will amount to between 70,000 and 75,000 tons (1970: 23,100 tons). 90% of Bulgaria's tyre requirements will be met from the domestic production by 1975. The production of calc. soda will increase from 306,000 tons (1970) to 1.5 million tons, that of caustic soda from 48,000 to 134,000 tons. The export of soda and nitrogen products will probably increase substantially during the present planning period. The development of the chemical industry during the current planning period does not only involve the quantitative increase of production. Apart from larger quantities the chemical industry is to produce primarily better qualities and assortments in order to reach world market standards.

The chemical plants which were constructed up to now have been planned and equipped with chemical installations almost exclusively by the USSR and other COMECON countries. Western industrial enterprises are to participate increasingly in the development of the chemical industry planned at present. Western European firms constructed already installations for the basic petro-chemical production, the synthetic fibre production and natural gas processing and several new contracts with western chemical plants have been concluded recently.

During the first three years of the current planning period Bulgaria's chemical industry did not develop in accordance with the plan; the planned average rate of growth of 23% per year has never been reached in any year up to now. The production of important chemical products such as synthesis-ammonia, urea and phosphate fertilizer even showed a backward trend during the first two planning years. The planning target for 1975 - to double chemical production compared with 1970 - will certainly not be reached. Instead of the 22% growth of the chemical and oil processing industries planned for 1973 it results from statistical publications that the rate of growth was only 11.4% compared with 1972.

80% of the equipment of Bulgaria's chemical factories is of Soviet origin. After the completion of the chemical combine of Svilosa near Svishtov it was possible to increase the production of chemical fibres during the last year. According to Bulgarian information Bulgaria will have the fifth place as a synthetic fibre producing country on the world market after the USA, Japan, Poland and Belgium because of the new production capacities of this factory.

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The cellulose and paper industry succeeded in 1973 in exceeding the rate of growth of the previous year by 4% and reached a rate of growth of 9.2%. As a priority project of the current five-year plan a cellulose and cardboard combine is under construction near the Bulgarian town of Razlog. Thus, the cellulose and paper industry of the country is to double its production by 1975. The existing factories are producing at present 370,000 tons of cellulose products annually.

66. 75% of the iron and steel industry is being supplied by domestic ores. Thus Bulgaria is - apart from the USSR - the only COMECON country which can meet its requirements in this sector to such a high extent from domestic sources. This fact safeguards inter alia the further development of the young Bulgarian iron and steel industry whose steel production more than quadrupled in 1973 (2.5 million tons) compared with 1965 (0.59 million tons). Bulgaria has to meet one-quarter of her iron requirements by imports which come to about 95% from the USSR (1970: 0.54 million tons; 1971: 0.54 million tons; 1972: 0.7 million tons of iron ore calculated according to Fe contents). Small quantities of iron ore are purchased in Algeria and India. Apart from this an average of 295,000 tons of crude iron was imported during recent years, mainly from the USSR.

The proportion of steel melted by using the modern oxygen blowing procedure is very high (1972: 57% of the steel production). The proportion of high-quality electro-steel is also very high (1972: 19% of the steel production).

Bulgaria's steel rolling material production (1972: 2,024 million tons) meets only 60% of the steel products requirements. Nevertheless it has been possible to export rolling material in some sectors where the production capacities exceed the domestic requirements, for instance in the sectors of heavy metal plate, heat-treated wide-strip plate, rolled wire and pipes. On the other hand, sectional steel, rails and thin-metal plate have to be imported.

The future development of Bulgaria's iron and steel industry up to 1975 will be marked by the extension of the metallurgical plants at Pernik and Kremikovci. In this way the rolling material production is to be increased to 2.8 million tons in 1975, thus meeting the requirement of steel goods by 90%.

At the metallurgical plant at Kremikovci the production of pipes for oil and gas pipelines up to 1,020 mm in diameter is to start by 1975.

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67. As for Bulgaria's non-ferrous metals production the output of lead, zinc and copper is of importance. In three lead-zinc plants (the plant at Plovdiv which started operations in 1962 is not yet working at full capacity) 102,000 tons of lead were produced from domestic lead-zinc ores in 1972. Bulgaria exports lead primarily to the Soviet Union but also to western countries.

The zinc production amounted to 80,000 tons in 1972 while the domestic consumption was only 28,000 tons. Exports go to eastern and western countries, among the latter especially to Great Britain.

In 1972 Bulgaria produced in two copper plants 48,000 tons of copper from domestic deposits, 45,000 tons of which were refined copper.

Of certain importance - especially for the unique beneficiary, the USSR - is also Bulgaria's uranium production. The total production was estimated at 900 tons of uranium in 1972, half of it coming from the mining district of Buchovo.

Bulgaria has no aluminium production, only a recently built factory for aluminium processing. The aluminium processing factory at Shumen (facilities from the USSR) will not be able to start production of aluminium foil before the end of 1975.

In 1971 a very rich manganese deposit was discovered in the Dobrudzha district. It was to be examined and exploited within the COMECON complex programme. However, in February 1974 an American firm concluded a co-operation agreement with Bulgaria, i.a. regarding the mining and processing of manganese ores.

Domestic Trade

68. In 1970 the domestic trade turnover at current prices amounted to 5,627 million lewa and thus exceeded that of 1965 by about 56%. The increase during the five-year plan 1961-1965, on the other hand, was only about 51%. Even if the price increases are taken into consideration the increase of the domestic trade turnover was still above the increase of real wages which permits the conclusion that the quality and range of goods has gradually improved.

Nevertheless the considerable surplus of purchasing power could not be reduced. This is reflected in the high annual increases of the rate of growth of savings (increase compared with the year before: 1968 = 35.4%, 1969 = 18.1%, 1970 = 22.9%).

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For 1971-1975 an average annual increase of the domestic trade turnover of 7% was planned. During the first two years the development (increase 1971 and 1972 each time 6.5%) remained below the planning target. Only in 1973 a higher rate of growth (8.5%) was realized although part of it was influenced by price increases, i.e. for fuel.

As in the 1960s it has not been possible to reduce the surplus purchasing power until 1973. Repeated supply gaps for mean and meat products, milk and dairy products as well as fruit and vegetables were typical for the situation on the domestic market also in 1971-1973. Moreover, the often unsatisfactory quality of the goods on the market had by no means a stimulating effect on the consumer. Savings continued to increase rapidly (1971 by 20% in spite of the very small increase of real income by only 1.2%, 1972 by 21%).

An increase of the domestic trade turnover by 8.5% is planned for 1974. The situation in the consumer sector is to be improved by encouraging private cattle-breeding and by taking quality-improving measures (i.a. strict quality control).

D. Public Finances

State Budget

69. As regards the state budgets two clearly different phases are discernable in the 5th five-year plan.

In 1966-1968 the annual increases of receipts and expenditures amounted in the average to 8% each. This growth was about equal to that of the net material product. This continuity was interrupted in 1969 by an abrupt rise of the budget volume by more than 16% and an increase of only 0.7% in 1970. The reason for this development were the finance and investment policy aims pursued as from 1969: only one-third of the investment requirement was to be met from the state budget while two-thirds were to be contributed by the economic organizations from their own capital and from bank credits. The Bulgarian leadership considered that the precondition for such measures was a central control of the entire capital flow. For this purpose the funds of the enterprises earmarked for investments including the bank credits were also included in the state budget in 1969. This measure was finalized in 1970 which was reflected, inter alia, by the low increase of the budget volume (0.7%). Moreover, investment payments to the economic organizations were reduced to relieve the state budget in 1970.

Bulgarian publications about state budget receipts and expenditure in 1971-1974 contained the following surprising features:

- For 1971, 1973 and 1974 the rates of growth of the budget volume of 13.0%, 11.7% and 14.3% were relatively high compared with the increase of only 6.7% in 1972. Since the plan for this year provided for an increase of 10.4% compared with 1971 the fact that the rate of growth was below the planning target seems to indicate growing losses in Bulgaria's economy, especially in the industry. Although the receipts from the economy increased by 7.4% - mainly as a consequence of higher wage tax proportions due to rising nominal incomes - the expenditure for the economy grew only by 5.7% (1971: 11.5%, 1973: 14.3%). This shows that investments in the industry were only 2.4% above the level of 1971.
- The reduction of the average proportion of the expenditure for the chapter Economy in the total state budget expenditure shows to which degree the investment and finance policy mentioned above was consequently implemented (1971-1974: 49.1%, 1966-1970: 52.9%).
- In 1971-1974 the average proportion of the sectors social and cultural affairs in the total expenditure was 32.4% while in the last planning period only 29.2% were used for that purpose. One-third of the higher proportion is due to increased efforts by Bulgaria's economic leadership to improve the standard of living. Two-thirds, however, result from a reduction of the economy's proportion in the total expenditure.

Defence Budget

70. The open defence expenditure was increased in total by 40.9% during the planning period of 1966-1970. This is the lowest increase in the Warsaw Pact after the USSR (39.8%). But, as in other Soviet bloc countries, there was a relatively high increase of the defence budget in Bulgaria in 1968 (+ 8.1%) and 1969 (+ 14.6%) compared with previous expenditure.

The thrifty use of funds for the equipment of the Bulgarian armed forces in 1965, 1966 and 1967 forced the Bulgarian Government to start a comprehensive modernization programme of the armed forces in 1968. However, since the prices for weapons and equipment in the USSR increased by approximately 15.20% in 1967 due to the Soviet price reform it can be concluded that the quantity of military equipment purchased in the USSR in 1968 increased only to a minor extent in comparison with 1967. Extensive purchases of weapons and equipment were not reflected before 1969 in the form of an increase of the investive costs in Bulgaria's defence budget.

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As mentioned before, Bulgaria no longer published her expenditure for national defence from 1971. The following has to be taken into consideration to assess its possible development during the period of 1971-1974:

- The modernization programme of the Bulgarian armed forces has obviously not yet been completed;
- Bulgaria has been upgraded within the Warsaw Pact in terms of defence policy since her territory is at the south-east flank of NATO, and this can be connected, inter alia, also with an increase of investment expenditure;
- following the political crisis in the CSSR Bulgaria has held a first-rate position of confidence within the Warsaw Pact;
- Bulgaria receives credits from the USSR for further rearmament;
- from 1971 the defence expenditure has no longer been published. Instead there was a difference between the sum of the expenditure for all specified chapters and the total expenditure and the value of this difference could have been approximately the defence expenditure in 1971;
- in 1972 administrative costs were drastically reduced from 783 million lewa (1971) to 142 million lewa, i.e. by about 82%. It is true that the administrative apparatus was streamlined during that year; it is estimated, however, that the ensuing savings probably resulted only in an 18-20% reduction of the expenditure concerned. The difference mentioned above was 190.7% higher in 1972 than in 1971. It appears likely that part of it, about 370 million lewa, was covered here as "open" defence expenditure;
- the budget estimates for 1973 and 1974 reflected the hopes of Bulgaria's economic leadership for a renewed acceleration of the economic growth. The relatively high increase of the expenditure for the economy (1973 by 14.3% and 1974 by 12.8%) show the efforts to extend the industrial capacities and to increase the labour productivity. The increase of the non-specified remaining amount for 1974 by 23.4% compared with 1973 may indicate a more rapid growth of the defence expenditure. Moreover, as a consequence of the extension of responsibilities granted to the various ministries in the first quarter of 1974, it can be assumed that the administrative expenditure will be higher than the 2% estimated in the budget plan.

It results from this that higher increases of defence expenditure can be assumed for 1971-1974 than the average increases per year during the period 1966-1970 (6.1%). Taking into consideration the administrative expenditure shown in the budget and the non-specified remaining expenditure, the "open" defence expenditure is estimated as follows (in million lewa): 1971: 346, 1972: 370, 1973: 398 and 1974: 434. The rates of growth are 6.7%, 6.9%, 7.6% and 9.0%.

The burden on the economy caused by the defence expenditure is shown by the following figures:

- Proportion of open defence expenditure in the net material product (at current prices): with an average share of 3.2% during the period from 1966-1970 and about 3.3% in 1971-1974 the burden on the economy in Bulgaria is the same as in Rumania and it is the lowest in the Warsaw Pact after Hungary (GDR in 1972: 6.3%).
- Proportion of open defence expenditure in state budget expenditure: in 1966-1970 Bulgaria's burden - average proportion 6.1% - was higher than Hungary's and Rumania's. The relatively high increase of state budget expenditure in 1971, 1973 and 1974, however, had the result that the proportion of defence expenditure - although increasing in absolute terms - dropped from 5.7% (1973) to 5.4% (1974).
- Relation between the open defence expenditure per capita of the working population and the average nominal annual wages:

Between 1966 and 1970 these burden percentages were around 5.4% in the average and thus 1.6% above the corresponding Rumanian data. From 1971 to 1974 this burden will probably have increased slightly but continuously. However, in 1972 it was 6.2% and thus far below the level of the other Warsaw Pact countries (CSSR: 9.3%, GDR: 8.95%).
- The proportion of the estimated total defence expenditure in the estimated GNP (factor costs) remained 3.1% - unchanged and low - during recent years.

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III. FOREIGN TRADE RELATIONS

A. Foreign Trade

General

71. During the previous five-year plan 1966-1970 the total turnover of Bulgaria's foreign trade increased by 83.3% compared with 1961-1965. With an annual average growth of 12.8% trade thus developed more rapidly than the net industrial production (11.6% at current prices). As a consequence of the intensification of exports which started from 1969 Bulgarian exports could be increased by 84.8% in total. The rate of growth of imports was 81.9%.

In 1970 77.8% of Bulgaria's trade turnover was with the socialist countries, 74.4% with the COMECON members. The share of the COMECON countries in Bulgaria's export was 75.8%, in her import 73.0%.

Bulgaria's most important trading partner is the USSR. Its share in the Bulgarian trade turnover was 53% in 1970. Bulgaria's trade with the western industrial countries amounted to 16.6%, her trade with the development countries to 5.6%.

The extremely high rates of growth are a surprising feature of the current planning period. In 1973 the total turnover exceeded the level of 1970 already by 42%, exports by 36% and imports even by 47%. It appears from the planning target for 1974 (turnover increase by about 18%) that Bulgaria's economic leadership intends to intensify the extension of trade even more. The figures originally planned for 1975 will be exceeded by far if this trend continues. In this connection it can be expected - contrary to the development in 1971 and 1972 - that the trade with the west and with developing countries will increase proportionally.

72. Until 1968 Bulgaria's trade balance showed a chronic deficit. Not before 1969 did Bulgaria succeed for the first time in achieving export surpluses with the aid of a restrictive import policy (1969: 52.8 million transferable lewa and 1970: 202.2 million transferable lewa). Nevertheless, trade in 1966-1970 resulted in a total debt of 276.3 million transferable lewa by the end of the last planning period.

Since the import restrictions were one of the factors which severely hampered the industrial growth the economizing measures in this sector were substantially relaxed by Bulgaria at the beginning of the current five-year plan. This policy as well as the inflationary trend in the west had the effect that the credit side of the foreign trade balance showed continuously decreasing amounts between 1971 and 1973 (1971: 73.4 million, 1973: 40.2 million transferable lewa).

73. In accordance with Bulgaria's economic development its foreign trade has been marked not only by a growth in value and quantities but also by a more differentiated supply of goods. This development has been favourably influenced by co-operation with the other COMECON countries. Since 1971 it has also become apparent that Bulgaria is increasingly interested in economic co-operation with western industrial countries.

Regional Structure of Foreign Trade

74. A major part of Bulgaria's foreign trade is with the COMECON countries. During the five-year plan of 1966-1970 the proportion of this group of countries in Bulgaria's trade turnover was an average of 73.1%; in 1971 and 1972 it increased to 75.1% and 78.1% respectively (in these cases including Cuba). Its requirements of raw and basic material (coal, coke, mineral oil, petrol, iron ore, pig iron, building steel, steel plate, aluminium and copper-sulphate) as well as engineering equipment (generators, machine-tools, road-construction equipment, oil-drilling facilities, tractors, motor vehicles and buses) are met completely or mostly from the COMECON countries. Within the COMECON integration efforts Bulgaria specializes in the production of electric carts, other carts, the development and production of machines and equipment for mechanical loading and unloading, electrotechnical products and agricultural machinery as well as equipment for the food industry. About one-third of Bulgaria's exports into the COMECON countries is represented by these goods (another third each by food and industrial consumer goods).

75. Bulgaria's most important trading partner is the Soviet Union. Its share in Bulgaria's foreign trade turnover was 53.0% in 1970, 54.3% in 1972. The import proportions of 52.2% in both years remained unchanged; the export proportion increased substantially (1970: 53.8%, 1972: 56.3%)(1).

In 1970 as well as 1971 and 1972 the USSR met 100% of Bulgaria's import requirements of coal, tractors, copper-sulphate and was the main supplier for a number of other important raw materials and industrial equipment. The proportion of machines and equipment in Bulgaria's exports to the Soviet Union was scarcely one-third. The Soviet market is a major outlet for Bulgarian industrial consumer goods as well as machines and equipment which cannot be sold to the west because of their still unsatisfactory quality.

(1) It cannot yet be judged to what extent delays in the USSR's supplies to the COMECON had an impact on Bulgaria's foreign trade in 1973.

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Within the bilateral government commission for economic and scientific-technical co-operation Bulgaria maintains close contacts with the Soviet economy. At the meetings of the commission agreements for the specialization, co-operation and economic-technical support of Bulgaria are prepared and concluded. Thus, an agreement on the specialization in the automobile industry, for co-operation in the production of trucks and light motor vehicles as well as for the specialization of the production of equipment, the radio industry and the electro-industry were signed at the 13th meeting of that commission (December 1970, Moscow). In July 1972 at the 14th meeting of the Bulgarian-Soviet Commission for economic, scientific and technical co-operation a programme for the development of the specialization, co-operation and integration of engineering was confirmed. Moreover, the construction of Bulgarian factories with Soviet aid and the co-operation regarding wood cutting on Soviet territory for Bulgaria was also discussed at that meeting.

In line with Bulgaria's industrialization concept the most developed industrial countries of the COMECON, i.e. the GDR and the CSSR, are Bulgaria's most important trading partners after the USSR. In recent years the share of the GDR in Bulgaria's imports has grown (1970: 8.6%, 1972: 9.8%). The corresponding export share, on the other hand, was slightly decreasing (1970: 8.7%, 1972: 7.7%).

Imports from the CSSR show a similar trend. Their share in Bulgaria's export dropped from 7.8% in 1965 to 4.4% in 1970 but increased again slightly in 1971 and 1972.

76. The share of the western industrialized countries in Bulgaria's trade is relatively small although the purchase of high-quality industrial equipment from the west is of particular importance for Bulgaria's industrialization process. Bulgaria's incapacity to offset these imports fully by sales of her own goods was also reflected in the development from 1966-1970. While, for instance, imports from western industrialized countries increased by 38% in 1966 Bulgaria extended her exports to these countries by only 10%. In the following years Bulgaria's economic leadership tried to substantially reduce imports from the West but was forced to increase them again considerably in 1970 (36.8%). The growth of exports, on the other hand, remained insignificant (6.4%). Thus, a deficit of about 440 million transferable lewa vis-a-vis her western trading partners existed for the period of 1966-1970 (about one-fifth of total exports in 1970) although their share in Bulgaria's foreign trade was only 16.6% (1967: 19.3%).

With the aim to reduce most of the deficit vis-à-vis the West and to intensify the trade with the COMECON countries within the meaning of the integration policy the share of western trade decreased in 1971 and 1972 (1972: 14% of the total turnover). Although the import value increased slightly during the first year of the current planning period (2.0%) it dropped by 0.7% in 1972. Taking into account the considerable price increases for western imports the quantitative development generally declined. Export increases in 1971 (5.4%) and 1972 (5.2%) were also lower than in 1970. In 1973, on the other hand, there seems to have been a relatively high increase in western trade turnover. This is reflected by the fact that according to preliminary Bulgarian data the combined share of western industrialized countries and developing countries in Bulgaria's total trade turnover was about 21%. (The corresponding share in 1972 was 19.8%, i.e. 14.0% western countries, 5.8% developing countries.) According to the planning data a similar trend of developments can be expected for 1974.

The most important western trading partner in 1970 was Italy which has again been replaced by the Federal Republic of Germany from 1972. (Proportion of the FRG in 1972: 3.3% in Bulgarian imports, 2.6% in her exports.) The share of the EEC countries in 1972 was 8.3% of imports and 7.5% of exports. The corresponding proportions of the EFTA countries were 4.2% and 3.5%.

77. The trade with the developing countries in 1966-1970 showed again remarkable increases although the rate of growth decreased compared with the previous planning period. The share of this group of countries in Bulgaria's overall trade increased from 4.1% in 1965 to 5.6% in 1970.

The current five-year plan provided for an average annual growth of 12%. In 1971 the speed of growth almost doubled (increase by 23.6%). Exports to this group of countries grew by 13.4%, imports from them even by 39%. In comparison the development in 1972 is tantamount to stagnation (turnover increase by 4%). In 1973, however, the rapidly growing trend of trade seems to have continued.

Bulgaria's most important trade partners among the developing countries are Egypt, Iraq and India. 39% of the turnover of Bulgaria's trade with the developing countries and 47% of her exports to these countries were concentrated on these three countries in 1972.

By granting customs preferences (from 1st April, 1972) it was intended further to increase especially the supplies from the developing countries to Bulgaria in view of the continuously high Bulgarian export surpluses. It appears doubtful, however, whether it has been possible to realize these plans, especially in view of the substantially increased Bulgarian commitment in her trade with the COMECON countries planned for the same period.

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From 1966 to the end of 1973 Bulgaria granted credits amounting to \$294.7 million to the developing countries, i.e. an annual average of about \$42 million. Bulgaria's overall exports to the developing countries amounted to 156 million lewa or around \$148 million in 1972, so that the granting of credits (about 28% of exports) did not represent a decisive burden for Bulgaria's economy. This is especially true since only part of the credit promises were realized.

Main receivers of credits from 1966-1973 were Egypt with \$40 million, Algeria \$40 million, Tunisia with \$36.5 million and Syria with \$30 million.

Bulgaria's total credit promises to the development countries thus reached an amount of \$356.2 million from the beginning of her development aid (1954) until the end of 1973, of which 65% were given to the Arab countries in North Africa and the Middle East. The credits were used primarily for implementing geological surveys, opening up mines, constructing factories and improving the infrastructure in the developing countries.

The credits are reimbursed by supplies of goods which are produced in the factories established with Bulgarian aid. Moreover, Bulgaria is giving aid to a considerable extent by dispatching experts to the developing countries. More than 3,000 Bulgarian specialists were operating in the development countries in the Spring of 1973.

78. The trade with the other socialist countries (PR of China, North Korea, North Vietnam, Cuba, Yugoslavia) was unimportant in 1966-1970 (share in overall trade 1970: 3.4%, 1972 without Cuba: 2.1%). An extension can only be expected in the trade with Yugoslavia.

Commodity Structure

79. The structure of Bulgarian exports changed in accordance with the economic development of the country. 1973 shows the following picture compared with 1961.

The export proportion of machines and equipment was about 40% (1961: 15.5%). The proportion of food, on the other hand, dropped from 34.6% (1961) to 23.5% in 1973. The third-largest group of exported goods, industrial consumer goods, also shows a backward trend (1961: 16.9%, 1969: 22.0%, 1971: 13.5% and 1973: 12.2%).

On the import side the proportion of machines and equipment reflects the various targets of the investment policy. In 1967 the proportion of 47.0% was the highest and that of 40.6%

in 1970 the lowest (1973: 44.9%). The rising requirement of fuel, minerals, and metals became apparent in an increasing share of this group in overall imports (1961: 25.2%, 1973: 28.3%). The percentage of agricultural raw material, industrial consumer goods and food in Bulgaria's overall imports was 19.2% in 1973 (1961: 20.8%).

Development Trends

80. The original plan for 1966-1970 provided for an increase of the total foreign trade turnover by 66.5%. This planning target was considerably exceeded since the realized rate of growth amounted to 83.3%. However, a further target - share of socialist countries in Bulgaria's overall trade in 1970: 83% to 85% - was not reached. This was due to world market prices which rose already at that time and as a result the trade with the West had to be extended in terms of value to an unexpected degree. Moreover, the COMECON countries were unable to meet Bulgaria's requirement of investment goods so that Bulgaria, contrary to the planning targets, had to change over to western markets.

Bulgaria planned to extend her foreign trade turnover by 60-65% during the period from 1971 to 1975. According to this plan a total turnover of 29,000 to 31,000 million transferable lewa could have been expected for the present planning period. Long-term skeleton contracts amounting to 24,200 million transferable lewa have been concluded with the COMECON countries for this period. Even without additional a posteriori agreements the share of the COMECON countries in Bulgaria's overall trade would be at least 78-83% by the end of 1975. If the trade with the developing countries would continue to develop rapidly the share of this group of countries could be estimated at more than 6% in 1975. It results from these figures that the share of western trade will drop substantially and that its proportion in the overall turnover may be only about 13-11%.

81. In 1971 and 1972 Bulgaria's foreign trade developed in accordance with the targets and calculated prognoses. Trade with the COMECON countries developed above average when turnover increases of 13.2% and 16% respectively were reached. The Bulgarian-Soviet trade volume increased by 13.3% and 12.9% compared with the relatively minor growth in 1969 (6.1%) and 1970 (4.1%). On the other hand, the restrictive Bulgarian foreign trade policy vis-a-vis the western industrialized countries is reflected by the low rates of growth of western trade (1971: 3.6%, 1972: 2.1%), especially when one considers the rising world market prices. After trade relations with the developing countries were accelerated in the beginning (1971 turnover increase by 23.6%) the pace of development was surprisingly reduced in 1972 (increase 4%). At the end of the second year of the current planning period the proportions of the various groups of countries in Bulgaria's overall turnover was as follows: COMECON countries 78.1%, western industrialized countries 14%, developing countries 5.8% (the corresponding proportions in 1970: 74.4%, 16.6%, 5.6%).

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Without departing from the long-term integration targets of the COMECON Bulgaria increasingly accentuated her trade with the West in its foreign trade policy for 1973 and apparently also for 1974. This temporary change can be attributed to two reasons:

- In pursuit of the integration policy the COMECON countries have to extend and modernize existing export capacities to intensify intra-bloc trade. At the end of 1972 and during 1973 a difficult export situation - due to the rapidly growing requirement for investment goods - could be observed in the COMECON area. One of the remarkable features were the delays of the supplies from the USSR in her trade with the other Soviet bloc countries. Bulgaria, which was particularly affected by these delays because of her industrialization process and the resulting necessity to increase the labour productivity more rapidly, had to cover her import requirement to a major part in the West.
- Increased purchases from western industrialized countries, combined with the jumping up of world market prices forces Bulgaria to expand her exports in this region if Sofia wishes to maintain her policy of maintaining a well adjusted trade balance.

Under these two aspects the development in 1973 according to preliminary Bulgarian data was found to be as follows.

The overall trade turnover increased by 13.2% in 1973 compared with the year before (1972 by 11.4%), trade with the socialist countries by 12.0% (1972 by 13.9%) but trade with the western industrialized countries and the developing countries combined increased by 18.4% (1972 by 2.6%). A rate of growth of the overall foreign trade volume of about 18% and an extension of trade with the socialist countries by 17% is planned for 1974. These planning targets show that Bulgaria expects a further rapid development of foreign trade with the western industrialized countries and the developing countries. It can be expected that the trade turnover with these two groups of countries will rise more than 20% and its share in Bulgaria's overall trade will be almost 21.5% by the end of 1974, even when a further acceleration of the inflationary development on world markets is not taken into consideration.

The development trend discernible for 1973 and 1974 permits the assumption that Bulgaria's planning targets for 1971-1975 will be overfulfilled in terms of value. According to preliminary rough estimates it is likely that in 1975 compared with 1970:

- Bulgaria's overall foreign trade turnover will increase by 92%,
- her trade turnover with the socialist countries by 91%,
- with western industrialized countries by about 86% and
- with developing countries by 121%.

The proportion of the socialist countries will be 77.5%, that of the West and the developing countries combined 22.5%.

B. The Co-operation with the COMECON Countries

82. Bulgaria's economic development depended in the past directly on the economic and scientific-technical support of the USSR and of the other industrialized COMECON countries. It cannot be expected that this dependence, especially on the USSR, will diminish in future. For the current five-year plan the Soviet Union has promised up to now credits in an amount of 500 million roubles. Moreover, the USSR intends to supply Bulgaria with complete equipment for the establishment of 150 large factories and to grant scientific-technical aid. Co-operation and specialization agreements, especially in the fields of engineering, energy production and electro-technology have been concluded for the current five-year plan between Bulgaria and the USSR and with the industrially developed COMECON countries, the GDR and the CSSR. Bulgaria - as a loyal follower of the Soviet Union - shows a special interest in the efforts to achieve the economic integration of the COMECON which have been intensified since 1971. Not the last reason for this is that Bulgaria expects further economic and scientific-technical support as a result of the aspirations for an adjustment of the different industrial levels in the COMECON countries. Bulgaria is a full member of the multilateral COMECON organizations, with the exception of the MEDUNION and the DRUSHBA Pipelines. Bulgaria received repeatedly short-term seasonal credits from the International Bank for Economic Co-operation (Moscow) to overcome difficulties of payment.

Bulgaria has a share of 85.1 million roubles in the original capital of 1,052.5 million transferable roubles of the International Investment Bank. Of this amount it paid 14.8 million roubles - 30% in convertible currencies in 1971. In 1972 further payments amounting to 15 million roubles will be due. Although unconfirmed rumours say that the International Investment Bank promised Bulgaria credits for a number of projects, only a credit for the construction of a cigarette factory has been officially confirmed.

C. Co-operation with Western Industrial Countries

83. Bulgaria's plans of industrialization, the limited possibility to sell Bulgarian products on world markets and the scarcity of foreign currency make co-operation with western firms appear interesting for Bulgaria. However, for ideological and political considerations, especially with regard to the USSR, Bulgaria's economic leadership is not in a position to grant western partners attractive conditions of co-operation with Bulgarian enterprises in the form of "mixed companies". At present Bulgaria gives priority to forms of co-operation under which the western partner provides the Bulgarian partner on a credit basis with know-how, patents, licences as well as machines and equipment. According to Bulgaria's ideas these credits are to be reimbursed with products from the joint production. It cannot yet be said whether Bulgaria will succeed with this model.

Since 1965 Bulgaria has concluded co-operation agreements with firms in France, the Federal Republic of Germany, Italy, Japan and Austria. The Bulgarian-Japanese co-operation in the field of ship-building, the production of fork-lifts and in the tourist sector is worth to be particularly mentioned in this connection.

D. Tourism

84. Annual deficits in the foreign trade balance and the growing requirement for foreign currency for imports gave the impulse for Bulgaria's tourism policy. At the 9th Party Congress (November 1966) this policy was particularly emphasized and it was stated that "the rapid development of international tourism was one of the main tasks in the establishment of the socialist society". Efforts made in this direction already during the planning period 1961-1965, but especially in the last five-year plan, showed remarkable success. In 1960 only 200,000 people visited Bulgaria, in 1970 more than 2.5 million. 1.5 million were tourists (including businessmen and patients at health resorts but without "visitors" and transit travellers). The rate of growth of Bulgaria's tourism in 1970 compared with 1966 was 94%. The average annual increase - 18% - was higher than the rate of growth of world tourism (7%), of that of the Central European countries (8%) and the Balkans (Yugoslavia and Greece, i.e. 14%).

135 million lewa were earmarked in the five-year plan 1971-1975 for the further improvement of tourism, i.e. 0.6% of the planned gross investment total. However, a special effect did not become apparent until 1973. After a last important increase of the number of tourists in 1970 (by 23.5% compared with 1969), a relatively small increase followed in 1971 (4%) and stagnation in 1972. The rate of growth of 4.9% estimated for 1973 showed that - with a view to the situation in 1971 - a more rapid pace of development was not reached.

In 1966-1970 74.9% of the tourists came from socialist countries, 21.3% from western industrialized countries and 3.8% from developing countries. Until 1972 the proportions changed in favour of the socialist countries (1972: 77.8%). The number of tourists from western industrialized countries and the developing countries decreased accordingly in absolute and proportional terms. According to the plan fulfilment report about 3.2 million tourists (200,000 more than in the previous year) visited Bulgaria in 1973.

Foreign currency earnings from tourism are roughly estimated at US \$118.0 million for 1971, at US \$146 million for 1972 and at US \$161.3 million for 1973.

N A T O U N C L A S S I F I E D

Population

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Table 1

	1960	1965	1967	1969	1970	1971	1972
Total population 1) (in 1,000)	7.905,5	8.230,8	8.335,1	8.464,3	8.514,9	8.536,4	8.576,2
male						4.267	4.286,6
female						4.269	4.289,6
of which urban population (in %)	38,0	46,5	48,5	51,7	53,0	54,7	55,7
Population of working age 2) (in 1,000)	.	4.787,9	4.855,8	4.922,3	4.938,0	4.979,4	5.022,8
Increase (%) compared with the previous year	.	.	0,4	0,4	0,3	0,8	0,9
Birth rate (per 1,000)	17,8	15,3	15,0	17,0	16,3	15,9	15,3
Death rate (per 1,000)	8,1	8,1	9,0	9,5	9,1	9,7	9,8
Natural increase (per 1,000)	9,7	7,2	6,0	7,5	7,2	6,2	5,5

1) As per 31 December.

2) Men aged 16-59, women aged 16 to 54 years

According to preliminary information the total population figure for 1973 was 8,603,000 inhabitants.

Source : official statistics

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Manpower (per 1,000 persons)

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Table 2

	1965	1967	1968	1969	1970	1971	1972
1. Industry	953,9	1.095,6	1.100,2	1.132,1	1.156,0	1.183,6	1.210,3
2. Building trade	224,5	275,5	280,1	284,3	303,8	311,1	315,5
3. Agriculture (government sector) 1)	214,0	285,7	275,7	286,2	292,9	311,1	358,2
4. Transport and traffic	180,5	198,1	210,4	214,1	226,6	234,7	240,3
5. Trade and commerce	200,5	201,7	211,7	220,9	232,0	267,9	283,1
6. Other branches	423,2	460,1	481,3	510,8	537,4	556,4	586,3
Total (1 - 6)	2.196,6	2.516,7	2.553,4	2.648,4	2.748,7	2.864,8	2.993,5
7. Full-time members of agricultural and other cooperatives	1.430,3	1.368,4	1.234,4	1.087,9	1.053,9	928,8	836,4
Total (1 - 7)	3.626,9	3.885,1	3.793,8	3.736,3	3.802,6	3.793,6	3.829,9

1) including forestry

It is estimated that the number of people gainfully employed hardly exceeded 3,900,000 in 1973

Source: official statistics

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Value of the Material Net Product in the Various Branches (at current prices)

Table 3

	1966	1967	1968	1969	1970	1971 ¹⁾	1972	1973 ²⁾
Produced Net Material Product (in million Lewa)	7.274	7.853	8.556	9.350	10.527	10.411	11.242	12.254
<u>Results in %</u>								
Industry and building industry (%)	52,8	54,3	58,0	58,8	57,8	60,0	59,6	60,7
Agriculture (%)	34,5	31,2	26,0	25,1	22,6	23,1	22,8	21,7
Transport and Traffic (%)	4,5	4,8	4,8	4,6	6,9	7,3	7,4	
Trade and other Branches (%)	8,2	9,7	11,2	11,5	12,7	9,6	10,2	18,6

1) At prices as per 1 January 1971; percentages not comparable due to different price adjustments in the various sectors.

2) Estimated

Share of Industrial production in NMP:

1965: 45,0 %
1970: 49,1 %
1971: 50,8 %
1972: 50,7 %

Source: Official Statistics

N A T O U N C L A S S I F I E D

Use of Net Material Product

AC/127-D/496

(absolute figures at annual prices, percentages on the basis of comparable prices)

Table 4

	1965	1967	1968	1969	1970	1971 ³⁾	1972
<u>Used net material product</u> ¹⁾ (million Lewa)	6.736	8.320	9.283	9.975	10.723	10.745	11.770
of which for :							
Accumulation (million Lewa) ¹⁾	1.906	2.754	2.989	3.312	3.303	2.772	3.060
Consumption (million Lewa) ¹⁾	4.830	5.566	6.294	6.663	7.420	7.973	8.710
<u>Share in the used net material product in %</u>							
Accumulation (%) ²⁾	28,3	33,1	32,2	33,2	30,8	26,2	26,0
Individual consumption ²⁾	69,2	64,6	65,2	64,0	66,3	69,5	70,2
Collective consumption (%) ²⁾	2,5	2,3	2,6	2,8	2,9	3,7	3,8
	100,0	100,0	100,0	100,0	100,0	100,0	100,0

1) Computed from data in the official statistics

2) Source: Official statistics; not comparable with previously published figures because of change of method

3) Comparable to the data for 1970 to a limited extent only because establishment of new prices.

N A T O U N C L A S S I F I E D

Rates of Increase of the Produced and Used Net Material Product during the 4th, 5th and 6th Five-Year Plan (in %)

Table 5

	1966	1967	1968	1969	1970	1971 ¹⁾	1972	1973	1965 1960	1970 1965	1975 1970
<u>Production</u>											
Produced material net product (at current prices)	9,6	7,9	8,9	9,3	12,6	- 1,1	8,0	9,0 ^{*)}	47,8	58,6	.
(at fixed prices)	11,0	9,0	6,0	10,0	7,0	7,0	7,0	8,7 ⁶⁾	38,0	52,0	45,0 - 50,0 ⁵⁾
Industry and building trade ²⁾	10,0	11,6	16,3	10,0	10,5	2,6	7,3	11,0 ^{*)}	47,4	75,1	n. d.
Agriculture and forestry ²⁾	13,3	- 2,5	-9,4	5,6	1,3	3,9	7,0	3,3 ^{*)}	45,2	7,2	n. d.
Transport and traffic ²⁾	12,9	12,6	10,6	4,0	69,2	4,2	8,6	18,0 ^{*)}	63,9	147,7	114,0 ⁵⁾
<u>Use</u>											
Accumulation ³⁾	n. d.	44,5 ⁴⁾	8,4	10,8	- 0,3	-16,1	10,4	.	56,3	59,5	n. d.
Consumption ³⁾	n. d.	15,2 ⁴⁾	13,1	5,9	11,2	7,4	9,2	.	48,8	53,5	n. d.
Individual consumption ³⁾	n. d.	15,2 ⁴⁾	12,7	5,5	12,0	5,9	6,1	.	50,3	52,7	n. d.
Collective consumption ³⁾	n. d.	15,8 ⁴⁾	23,1	15,4	- 4,4	49,4	72,7	.	17,4	73,9	n. d.

1) Due to price adjustments as per 1 January 1971 comparable only to a limited extent with the data for the year before.

2) At current prices

3) At annual prices which according to official statistics are not identical with current prices

4) Compared with 1965

5) Plan

6) Plan fulfilment

*) estimated

Source: official statistics

Increase of the Net Material Product in the Most Important Economic Sectors (Annual average in %)

Table 6

	1966	-	1970	1971	-	1975
Net Material product						
at current prices	9,7				7,5*)	
at fixed prices	8,6			7,7 ²⁾	8,5*)	8,4 ²⁾
Gross Industrial production						
at current prices	10,7				10,5*)	
at fixed prices	10,9			9,2*)	9,8*)	9,9 ²⁾
Manpower 1)	1,0				0,9*)	
Labour productivity in the government-controlled and cooperative industry	11,0				7,6 ²⁾	
Gross agricultural production						
at current prices	4,7				.	
at fixed prices	3,45			3,2 ³⁾	-	3,7 ³⁾
Gross investments at current prices	12,3			8,4 ⁴⁾	3,2*)	9,2 ⁴⁾

1) Including full-time members of agricultural and other cooperatives

2) Plan

3) The Planning figure is based on comparable prices.

4) The planning figure is based on prices as on 1-1-1971; not attainable by 1975

+) estimated

Source: Official statistics

N A T O U N C L A S S I F I E D

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Development of the Gross Investments¹⁾ during the 4th, 5th and 6th Five-Year Plan
(at current prices)

Table 7

	1961 - 1965	1966 - 1970	1971 - 1975
Gross investments in total (million Lewa)	8,390.3	15,283.6	21,000.0 ³⁾
Increase (%)	108.5 ²⁾	82.1	37.4 ⁴⁾
In detail:			
Construction and assembly works (million Lewa)	4,719.0 ^{*)}	7,639.0	10,080.0 ^{*)}
proportion (%)	56.2 ^{*)}	49.9	48.0 ^{*)}
Machines and equipment (million Lewa)	2,585.2	5,681.2	8,400.0 ^{*)}
proportion (%)	30.8	35.2	40.0 ^{*)}
of which imported (million Lewa)	1,691.1	3,589.6	.
proportion (%) in the total of machines and equipment	65.4	63.1	.
Others (million Lewa)	1,086.1	1,963.4	2,520.0 ^{*)}

1) Only parts of the data are comparable with former data because of changes in the method of calculation in official statistics.

2) Increase 1965 compared with 1960.

3) Planning figure is based on prices on 1-1-1971.

4) In the investment sector the prices on 1-1-1971 have been reduced by about 3 % compared with the price level of 1970. The increase rate of 37.4% can be compared to a limited extent only with the rate of growth of 1966-1970. At prices of 1970 the investments during the 6th Five-Year Plan would be about 42 % higher than in 1966-1970.

*) Estimated on the basis of available planning figures (1971-1975) and economic-political guidelines.

Source: Official statistics.

N A T O U N C L A S S I F I E D

Gross Investments in the Various Branches (at current prices)

AC/127-D/496

	1966	1967	1968	1969	1970	1971 ¹⁾	1972
Gross investments in total (mill.lewa) Increase %	2.377,5 19,7	2.939,7 23,6	3.194,4 8,6	3.220,3 0,8	3.551,7 10,2	3.609,3 1,7	3.952,7 9,4
Industry (million lewa) Increase %	1.071,1 20,6	1.346,3 25,6	1.463,0 8,6	1.524,0 4,2	1.606,8 5,4	1.583,4 - 1,5	1.621,1 2,4
Agriculture and Forestry (mill.lewa) Increase %	422,7 13,4	476,0 12,6	536,0 12,6	496,4 - 7,4	528,5 6,5	547,8 3,5	514,5 12,1
Transport and Traffic (mill.lewa) Increase %	197,9 47,7	299,9 51,5	303,4 1,1	308,4 1,6	308,3 0,0	339,2 10,0	442,0 30,3
Building Trade (million lewa) Increase %	85,0 59,1	112,9 32,8	97,2 - 34,3	73,6 - 24,3	101,7 38,1	121,3 19,3	140,9 16,1
Trade and Commerce and Other Sectors in the Sphere of Material Production (mill.lewa) Increase %	89,7 9,2	108,4 20,8	134,4 24,0	139,4 3,7	159,6 14,5	138,5 - 13,2	146,6 30,3
Outside the Sphere of Material Production (million lewa) Increase %	511,1 12,1	596,2 16,6	660,4 10,7	678,5 2,7	846,8 24,3	879,1 3,8	987,6 12,3

Table 8

1) At prices of 1.1.1971; growth rates comparable with those of 1972 to a limited extent only..

Source: Official Statistics

Gross investments in total 1973: 4,300 million lewa
1974: 4,452 - 4,826 million lewa
according to preliminary data or planning targets

N A T O U N C L A S S I F I E D

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Development of Gross Investments in the Sphere of Material
Production during the 4th, 5th and 6th Five-Year Plan (at current prices)

Table 9(a)

	1961 - 1965	1966 - 1970 ²⁾
Industry (million lewa)	3.555,9	7.011,2
Proportion in the total gross investments (%)	42,3	45,8
Increase (%)	90,4 ¹⁾	97,1
Agriculture and Forestry (million lewa)	1.877,3	2.459,6
Proportion (%)	22,3	16,1
Increase (%)	- 3,6 ¹⁾	31,0
Transport and Traffic (million lewa)	575,6	1.417,9
Proportion (%)	6,8	9,2
Increase (%)	67,4 ¹⁾	146,3
Building Trade (million lewa)	218,9	470,4
Proportion (%)	2,6	3,0
Increase (%)	142,7 ¹⁾	114,8
Trade and Commerce and Other Sectors (mill. lewa)	245,0	631,5
Proportion (%)	2,9	4,1
Increase (%)	97,4 ¹⁾	157,8

1) 1965 compared with 1960

2) Planning figures for 1971-1975 not comparable because of price modifications.

Source: Official Statistics

Shares in Gross Investments of the Economic Sectors in the Sphere of Material Production
(data in per cent)

Table 9(b)

Supplement to Tables 8 and 9 a

	1971	1972	1973
Industry	43,8	41,0	41,0 ^{*)}
Agriculture and Forestry	15,3	15,5	19,1 ¹⁾
Building Trade	3,3	11,2	8,3 ^{*)}
Transport and Traffic	9,4	3,6	3,8 ^{*)}
Trade and Commerce and other Sectors	3,8	3,7	3,8 ^{*)}
Total of Shares in the Sphere of Material Production	75,6	75,0	76,0 ^{*)}
Total of Shares outside the Sphere of Material Production	24,4	25,0	24,0 ^{*)}
Total Gross Investments	100,0	100,0	100,0

1) Plan fulfilment

*) Estimated

Source: Official Statistics

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Table 10

Gross Investments in Industry (at current prices)

	1966	1967	1968	1969	1970	1971 ²⁾	1972
<u>In total: (million lewa)</u>	1,071,1	1,346,3	1,463,0	1,423,7	1,606,8	1,583,4	1,621,1
Power Industry (million lewa)	170,8	202,3	205,0	209,0	205,5	235,9	266,8
Proportion (%)	16,0	15,1	14,1	13,8	12,8	14,9	16,5
Fuel Production (million lewa)	119,3	127,3	142,9	140,2	136,9	123,6	104,3
Proportion (%)	11,1	9,4	9,8	9,2	8,6	7,8	6,4
Iron-Metallurgy (million lewa)	117,9	124,7	125,7	132,9	68,7	79,4	103,5
Proportion (%)	11,1	9,2	8,6	8,7	4,3	5,0	6,4
Metallurgy							3)
Non-Ferrous Metals (mill.lewa)	69,5	78,9	74,6	94,0	106,7	92,9	• 3)
Proportion (%)	6,4	5,8	5,1	6,1	6,6	5,9	•
Metalworking Industry (m.lewa)	142,4	206,9	260,7	272,3	317,9	275,5	291,9
Proportion (%)	13,2	15,4	17,8	17,9	19,8	17,4	18,0
Chemical Industry ¹⁾ (mill.lewa)	154,7	251,0	228,8	207,7	256,2	366,8	269,3
Proportion (%)	14,4	18,7	15,5	13,6	15,9	23,2	16,6
Food Industry (million lewa)	96,4	127,8	148,1	145,9	158,1	109,8	136,9
Proportion (%)	9,1	9,5	10,1	9,6	9,8	6,9	8,4
Other Ind.Branches (m.lewa)	200,1	226,9	277,2	321,7	356,8	299,5	448,4
Proportion (%)	28,7	16,9	18,9	21,1	22,2	18,9	27,7

1) Including rubber industry

2) Comparable to a limited extent only because of price modifications as per 1-1-1971.

3) The official statistics do not contain any data for 1972.

Source: Official Statistics

N A T O U N C L A S S I F I E D

Standard of Living

AC/127-D/496

Table 11(a)

	1965	1968	1970	1971	1972	1973	1974
<u>Income</u>							
Average annual nominal wages and salaries for workers and employees (lewa)	1.109	1.366	1.486	1.518	1.571	1.631 ^{*)}	1.761 ^{*)}
Building Trade (lewa)	1.346	1.638	1.803	1.804	1.861	.	.
Industry (lewa)	1.142	1.362	1.484	1.529	1.591	.	.
Agriculture (lewa)	987	1.188	1.289	1.363	1.427	.	.
<u>Domestic Trade Turnover</u> (million lewa)	3.599	4.871	5.627	5.993	6.385	6.934 ¹⁾	7.523 ³⁾
Food (%)	45,3	41,4	40,8	40,6	43,4 ²⁾	42,0 ^{*)}	.
Other consumer goods (%)	54,7	58,6	59,2	59,4	56,6 ²⁾	58,0 ^{*)}	.
Savings (million lewa)	259	521	756	913	1.107	1.384 ^{*)}	1.730 ^{*)}
Per capita housing space (sq.m)	10,5	10,9	11,3	11,5	11,6	11,7 ^{*)}	11,9 [*]
Per capita power consumption (KWH)	143,9	220,0	290,7	331,0	376,2	.	.

1) Plan fulfilment

2) Because of changes in the method of calculation comparable with previous years to a limited extent only.

3) Plan

*) Estimated

Source: Official Statistics

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Standard of Living

Table 11(b)

	1965	1968	1970	1970	1971	1972	1973	1974
Indices								
Average annual nominal wages	100	123	134	100	102	106	110 ¹⁾	118 ^{*)}
Building trade	100	122	134	100	100	103	.	.
Industry	100	119	130	100	103	107	.	.
Agriculture	100	120	131	100	106	111	.	.
Real wages	100	119	130	100	101	105	112 ^{*)}	.
Real per capita income	100	122	128	100	104	112	121 ¹⁾	127 ²⁾
Agriculture	100	114	117	100	107	117	125 ^{*)}	130 ^{*)}
Other economic branches	100	126	141	100	103	109	.	.
Consumer prices:								
Governmental sector	100	105	104	100	100	100	98 ^{*)}	100 ^{*)}
Food	100	107	107	100	100	100	.	.
Other consumer goods	100	102	101	100	99	99	.	.
Cooperative sector	100	108	113	100	101	102	116 ^{*)}	120 ^{*)}
Interior trade turnover	100	135	156	100	106	113	123 ¹⁾	133 ²⁾
Savings	100	201	292	100	121	147	183	228 ^{*)}

1) Plan fulfilment

Source: Official Statistics

2) Plan

*) Estimated

Industrial Production

Table 12

	1966	1968	1970	1971	1972 ⁴⁾	1973	1971 - 1975
<u>Gross industrial production</u> ¹⁾	10.941	13.841	16.380	17.084	18.522	.	25.389 ⁵⁾ } 26.208 ⁵⁾ } -
(million lewa) of which:							
Capital goods industry (%) ²⁾	52,6	53,2	54,7	56,0	57,4	.	57,5 [*])
Consumer goods industry (%) ²⁾	47,4	46,8	45,3	44,0	42,6	.	42,5 [*])
<u>Breakdown according to branches:</u>							
Energy and fuel (%) ²⁾	6,1	6,2	7,1	7,8	8,9	8,9 [*])	n.d.
Metallurgy (%) ²⁾	6,3	6,5	6,4	6,4	3,3 ³⁾)	3,5 [*])	7,2 [*])
Metalworking industry (%) ²⁾	17,8	19,1	20,2	21,3	22,1	23,0 ⁶⁾)	25,0 [*])
Chemical and rubber industry (%) ²⁾	5,0	6,1	7,5	7,4	7,6	8,5 [*])	9,0 [*])
Building material production (%) ²⁾	4,0	3,9	3,7	3,7	3,5	3,4 [*])	3,4 [*])
Food industry (%) ²⁾	30,3	27,5	25,4	25,0	23,8	23,0 [*])	n.d.
Other branches (%) ²⁾	30,5	30,7	29,7	28,4	30,8	29,7	n.d.

1) At current prices

2) At fixed prices

3) Data for 1972 and 1973 contain only iron metallurgy, non-ferrous metals are not shown in the official statistics

4) Because of changes in the method of calculation percentages for 1972 are comparable with those for previous years to a limited extent

5) Plan

6) Plan fulfilment

*) Estimated

Source: Official Statistics

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N A T O U N C L A S S I F I E D

Growth Rates of Industrial Production 1966 - 1975 (in %)

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Table 13

	1966	1968	1970	1971	1972	1973	1974	1971 - 1975 ²⁾
Gross industrial production at current prices	10,8	12,6	8,2	4,6	8,3	.	.	.
at fixed prices	12	10	10	9	9	11 ⁵⁾	11 ³⁾	60,0 ³⁾
Capital goods industry ¹⁾	13	11	12	12	11	12 [*])	.	68,2 ³⁾
Consumer goods industry ¹⁾	12	10	7	6	7	9	.	50,2 ³⁾
Energy ¹⁾	13	15	10	6	6	.	.	54,0 ³⁾
Fuel ¹⁾	11	11	21	25	29	.	.	.
Iron metallurgy ¹⁾	17	22	17	14	13	.	.	.
NF metals metallurgy ¹⁾	3	4	8	7	. ⁴⁾	.	.	.
Metalworking industry ¹⁾	20	12	13	15	14	19 ⁵⁾	21 ³⁾	.
Chemical and rubber industry ¹⁾	20	26	23	8	12	11 ⁵⁾	24 ⁶⁾	.
Food industry ¹⁾	9	5	4	7	4	9 ⁵⁾	7 ³⁾	.

- 1) At fixed prices
 2) 1975 compared with 1970
 3) Plan
 4) As from 1972 statistics contain no data on non-ferrous metals
 5) Plan fulfilment
 6) Planning data do not agree; a rate of growth of 27% has also been mentioned for this industrial branch
 *) estimated

Growth of gross industrial production in 1970 compared with 1965
 at current prices: 65.8%
 at fixed prices: 68%

Source: Official statistics

Output in Selected Agricultural Products

Table 14(a)

	1966	1967	1968	1969	1970	1971	1972	1973
Grain (in 1000 t)	6.702	6.417	5.224	5.996	6.700	6.900	7.972	7.407
Apples	343,7	413,1	427,1	460,4	363,1	344	326	
Plums	314,4	191,1	294,0	327,5	334,3	312	287,5	
Grapes	711,0	569,2	761,4	721,2	620,9	616	572	
Dessert Grapes	266,1	240,9	385,3	407,3	263	274	236	
Tobacco	132	118	114	95	120	117	133	
Meat (live weight)	680,4	694,4	762,1	700,5	633,8	737,3	800,7	
Milk (in million l)	1.455,6	1.562,0	1.539,9	1.533,7	1.583,2	1.621	1.698	
Eggs (million ea)	1.489,7	1.683,2	1.626,9	1.518,7	1.617,5	1.747	1.723	
Wool (unwashed - in tons)	25.465,2	27.164,1	28.884,5	28.303,7	28.814	29.740	31.400	
Cattle (1000)	1.450,1	1.384,7	1.362,7	1.296,8	1.255,5	1.278,6	1.378,9	1.441,1
Pigs	2.407,6	2.275,8	2.313,9	2.140,0	1.966,5	2.369,1	2.806	2.806
Sheep	10.312,3	9.997,9	9.904,9	9.651,9	9.223,1	9.678	10.127	9.921
Fowl	20.844,6	23.637,3	27.725,9	24.873,6	29.589,6	33.705,9	34.102,5	34.788,1

1) Plan fulfilment

Source: Official Statistics

Production
Agriculture

Table 14(a)(Contd)

<u>Quantity Production</u>	<u>in 1,000 tons</u>		
	1970	1971	1972
Wheat	2,982	3,095	3,560
Rye	27	24	21
Barley	1,174	1,253	1,423
Mais	2,380	2,518	2,968
Beans	68	66	47
Sunflower grains	405	462	483
Crude cotton	37	40	47
Oriental tobacco	111	106	133
Sugar beets	1,684	1,516	1,910
Tomatoes	675	721	837
Potatoes	367	404	388
Strawberries	31	18	14
<hr/>			
Fish (1,000 tons)	97.1	103.2	-
Meat conserves (1,000 tons)	22.2	25.5	-
Fish conserves (1,000 tons)	8.1	8.8	-
Vegetable conserves (1,000 tons)	275.3	312.4	329.9
Fruit conserves (1,000 tons)	215.9	257.0	259.9
Butter (1,000 tons)	14.2	14.4	-
Cottage cheese (1,000 tons)	71.9	68.2	69.7
Vegetable fats (1,000 tons)	145.9	145.8	164.2
Flour (1,000 tons)	1,191	1,223	1,232
Rice (1,000 tons)	34.6	34.1	-
Sugar (1,000 tons)	356	283	-
Tobacco products (1,000 tons)	64.7	67.2	69.7

Sources: Stat. Sprawotschnik 1973
Stat. Iswestija No. 12/73

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Average Yield of the Most Important Field Crops in Bulgaria (100 kg/hectare)

Table 14(b)

	1961 - 1965	1966	1967	1968	1969	1970	1971	1972
Wheat	18,1	27,9	30,5	24,0	24,7	29,9	30,5	37,1
Barley	20,5	25,5	25,4	20,0	22,0	28,9	28,9	31,9
Mais	25,1	38,1	34,3	31,3	41,3	37,3	40,0	43,0
Potatoes	85,5	113,0	106,6	114,0	118,4	117,8	136,8	126,4
Sugar beets	205,4	404,0	342,0	264,5	282,3	309,5	359,0	353,7
Sunflowers	13,4	16,6	17,8	16,3	18,9	14,6	17,3	17,6

Source: Official Statistics

N A T O U N C L A S S I F I E D

Fertilizer Consumption (in tons)

Table 15(a)

	1966	1967	1968	1969	1970	1971	1972
<u>In total</u>	476,842	607,079	842,326	692,272	638,814	635,853	646,000
in detail:							
Nitrogen (N)	281,739	323,231	390,033	386,884	378,802	321,771	354,000
Phosphate (P ₂ O ₅)	178,105	260,401	408,560	279,926	235,060	266,015	230,000
Potash (K ₂ O)	16,998	23,447	43,733	25,462	24,952	48,067	62,000
<u>Consumption per hectare</u> <u>(in kg)</u>	98	126	174	144	134	134	136

Source: Official Statistics

Agricultural Machinery

Table 15(b)

	1967	1968	1969	1970	1971	1972	1973
Tractors calculated as representing 15 HP	71.487	75.637	84.011	90.277	93.742	99.411	110.165
Complete harvesters of which harvester threshers	13.143	14.543	15.882	16.610	16.810	17.898	19.475
	7.353	8.315	9.137	9.393	9.340	9.502	9.916
Plows to be attached to tractors	40.683	42.390	45.295	46.208	45.651	45.783	45.981
Sowing machines to be attached to tractors	23.326	23.477	24.047	23.232	21.356	19.801	18.776

Source: Official statistics

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Power IndustryTable 16

	1966	1967	1968	1969	1970	1971	1972	1973	1975 ¹⁾
Electro-energy (1,000 mill.KWH)	11,8	13,6	15,5	17,2	19,5	21,0	22,3	22,0	31
Coal (mill.tons)	26,5	28,8	30,9	31,2	31,4	29,2	29,5	28,8	34,8
Crude oil (mill.tons)	0,4	0,5	0,5	0,3	0,3	0,3	0,2	0,2	0,5
Natural gas (1,000 mill.cu.m)	0,1	0,3	0,5	0,5	0,5	0,6	0,7	-	1,0

1) Plan

Source: Official Statistics

Production of Selected Products of the Metalworking Industry

Table 17

	1966	1967	1968	1969	1970	1971	1972	1975 ¹⁾
Electric carts with ea. combustion engine	17.400 85	21.200 649	22.700 708	26.500 1.513	29.641 2.433	30.202 5.057	31.456 6.182	n.d. n.d.
Electric tackles "	23.700	27.900	35.400	42.500	43.000	55.900	63.000	500.000
Machine tools "	9.242	10.495	11.160	12.789	13.945	14.536	17.862	n.d.
Passenger cars "	-	-	5.500	7.158	7.766	8.105	n.d.	40.000-50.000
Trucks "	-	-	-	n.d.	2.200	3.275	3.400	n.d.
Buses "	-	-	-	-	-	685	2.000	2.500
Railway freight cars "	1.930	1.786	1.550	1.751	1.991	2.016	n.d.	n.d.
Tractors "	2.052	2.341	2.961	3.757	3.493	4.668	4.094	n.d.
Drilling and sowing machines "	15.779	23.513	27.315	26.136	22.427	23.131	22.480	n.d.
Accumulator batt. mill. "	2,43	2,54	2,98	3,1	3,3	3,51	3,7	n.d.
Electromotors thousd. "	586	745	773	751	750	751	779	n.d.
Television sets thousd. "	89,5	130	153	174	193	158	102	n.d.
Washing machines thousd. "	125	162	183	140	56	57	32	n.d.

1) Plan

Source: Official Statistics

Products of the Iron and NF Metals Metallurgy

Table 18

	1965	1970	1971	1972	1973
<u>1. Iron and Steel Industry:</u>					
Iron ore (million tons) (Fe contents)	0,585	.	0,993	1,052	.
Pig iron (million tons)	0,695	.	1,378	1,562	.
Raw steel (million tons)	0,588	.	1,947	2,121	2,5
Rolling steel (million tons)	0,431	.	1,752	2,024	2.098
<u>2. Non-ferrous Metals</u>					
Lead (refined) (1,000 tons)	93,4	98,6	102,2	102,2	.
Zinc (Metallurgical production (1,000 tons)	65,8	76,1	78,4	80,0	.
Copper (refined) (1,000 tons)	23,9	38,3	41,0	45,0	.

Source: Official statistics

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Products of the Chemical and Rubber Industries

Table 19

	1966	1967	1968	1969	1970	1971	1972 ¹⁾	1975 ¹⁾
Sulphuric acid (1,000 tons)	353	360	472	498	502	514	514 ¹⁵⁶¹	1.200
Soda calc (")	230	223	229	270	306	307	297 ²⁵²¹	1.500
Caustic soda (")	39	42	43	51	48	50	67	134
Synthetic ammonia (N) (1,000 tons)	390	470	666	712	788	756	699	n.d.
Nitrogen fertilizer (without urea) 1,000 tons	273	265	276	264	287	306	311	740
Urea (N)(1,000 tons)	25	89	228	276	315	256	212	n.d.
Phosphate P ₂ O ₅ (")	97	89	135	140	148	146	130 ¹³⁵	390
Plastics (1,000 tons)	40	44	59	74	89	106	123	152
Synthetic fibres (")	-	-	2	7	23	28	34	70-75
Synthetic rubber (")	-	-	-	n.d.	4	12	12	20-22
Motor vehicle tyres (k) (1,000 ea.)	375	365	333	324	546	730	821	n.d.
Cellulosis (1,000 tons)	69	73	76	75	77	81	85 ¹⁴⁰	195
Paper (1,000 tons)	133	151	187	192	200	215	218 ²²³	300
Cement (1,000 tons)	2851	3358	3512	3551	3668	3880	3300	6.000

1) Plan

Source: Official statistics

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State Budget

(Data in million Lewa)

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Table 20(a)

	1966	1967	1968	1969	1970	1971 ²⁾	1972	1973 ²⁾	1974 ²⁾
<u>Receipts</u>	3.886	4.083	4.504	5.227	5.235	5.915	6.355	7.055	8.060
Share of the industry	2.750	2.956	3.397	3.995	4.054	4.543	4.824	5.486	5.853
<u>Expenditure</u>	3.802	4.051	4.427	5.158	5.225	5.905	6.261	7.036	8.044
Surplus	84	32	77	69	10	10	94	19	16
<u>Expenditure per Chapter</u>									
Economy	2.134	2.190	2.278	2.738	2.593	2.892	3.056	3.492	3.939
Social matters and culture	998	1.132	1.312	1.564	1.672	1.884	2.057	2.310	2.609
Miscellaneous expenditure	670	729	837	856	960	1.129	1.148	1.234	1.496
in detail: National defence	239	244	264	303	324
Administration etc.	431	485	573	553	636	783	142	151	160
Difference ¹⁾	-	-	-	-	-	346	1.006	1.083	1.336
Total	3.802	4.051	4.427	5.158	5.225	5.905	6.261	7.036	8.044

1) Difference between the sum of the open expenditure per chapter and total expenditure

2) Plan

Source: Official statistics

Table 20(b)

State Budget

Rates of growth in per cent compared with the year before

	1966-1970 (annual average)	1971 ²⁾	1972	1973 ²⁾	1974 ²⁾
<u>Receipts and Expenditure</u>	10.8	13.0	6.7	11.7	14.3
<u>Expenditure:</u>					
Economy	10.0	11.5	5.7	14.3	12.8
Social matters and culture	13.2	12.7	9.2	12.3	12.9
National defence	8.4	-	-	-	-
Administration etc.	23.6	23.1	-81.9	6.3	6.0
Difference ¹⁾	-		190.7	7.6	23.4

Proportions in total receipts and expenditure (%)

Receipts: Economy	74.4	76.8	75.9	77.8	72.6
Expenditure: Economy	52.9	49.0	48.8	49.6	49.0
Social matters and culture	29.2	31.9	32.8	32.8	32.4
National defence	6.1	-	-	-	-
Administration etc.	11.8	13.3	2.3	2.1	2.0
Difference ¹⁾	-	5.9	16.1	15.4	16.6

1) Difference between the sum of the open expenditure per chapter and total expenditure

2) Plan

Source: Official Statistics

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Expenditure for National Defence

Table 21(a)

	1970	1971	1972	1973	1974
Open defence expenditure (million Lewa)	324	346 ⁺)	370 ⁺)	398 ⁺)	434 ⁺)
Increase compared with the year before (%)	6.9	6.7 ⁺)	6.9 ⁺)	7.6 ⁺)	9.0 ⁺)

Table 21 b

Burden to the Economy due to the Defence Expenditure

	1966-1970 (annual average)	1971 ⁺)	1972 ⁺)	1973 ⁺)	1974 ⁺)
Proportion of the open defence expenditure in the net material product (at current prices) (%)	3.2	3.3	3.3	3.2	3.3
Proportion of the open defence expenditure in the state budget expenditure (%)	6.1	7.8	5.9	5.7	5.4
Proportion of the open defence expenditure in the average nominal annual wages per capita of the working population (%)	5.4	6.0	6.1	6.3	6.3
Proportion of the total defence expenditure in the estimated GNP (%)	3.1 ⁺)	3.1 ⁺)	3.1 ⁺)	3.1 ⁺)	-

+) Estimated

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Table 22

Bulgaria's Foreign Trade 1955 - 1975 in Million
Transferable Lewa

	Total Turnover	Import	Export	Balance
1955	568,8	292,4	276,4	- 16,0
1960	1.408,7	740,1	668,6	- 71,5
1965	2.753,6	1.377,9	1.375,7	- 2,2
1966	3.256,5	1.729,6	1.526,9	- 202,7
1967	3.545,2	1.839,1	1.706,1	- 133,0
1968	3.975,0	2.085,3	1.889,7	- 195,6
1969	4.146,2	2.046,7	2.099,5	+ 52,8
1970	4.486,8	2.142,3	2.344,5	+ 202,2
1971	5.033,2	2.479,9	2.553,3	+ 73,4
1972	5.609,2	2.772,2	2.837,0	+ 64,8
1973	6.352,6 ¹⁾	3.156,2 ¹⁾	3.196,4 ¹⁾	+ 40,2 ¹⁾
1974	7.500,0 ²⁾	3.739,0 ^{*)}	3.761,0 ^{*)}	+ 22,0 ^{*)}
1975	8.625,0 ^{*)}	4.304,0 ^{*)}	4.321,0 ^{*)}	+ 17,0 ^{*)}

1) Preliminary figures

2) Plan

*) Estimated

Source: Official Statistics

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Table 23

Shares of the Most Important Trade Partners in Bulgaria's Import and Export in 1965 - 1972

Bulgarian Imports

100 %

Bulgarian Exports

100 %

	1965	1970	1972		1965	1970	1972
1. Soviet Union	50,0 %	52,2 %	52,2 %	1. Soviet Union	52,2 %	53,8 %	56,3 %
2. GDR	7,2 %	8,6 %	9,8 %	2. GDR	9,2 %	8,7 %	7,7 %
3. CSSR	6,5 %	5,2 %	6,3 %	3. CSSR	7,8 %	4,4 %	4,8 %
4. Poland	3,9 %	3,5 %	4,3 %	4. Poland	3,3 %	3,9 %	4,1 %
5. FRG	5,8 %	2,7 %	3,3 %	5. Italy	3,3 %	2,8 %	2,9 %
6. Italy	2,8 %	3,1 %	2,6 %	6. FRG	3,5 %	2,6 %	2,6 %
7. Hungary	1,6 %	1,4 %	2,4 %	7. Romania	1,2 %	2,1 %	2,0 %
8. Romania	0,8 %	1,6 %	1,7 %	8. Yugoslavia	1,9 %	1,6 %	1,8 %
9. Great Britain	1,6 %	2,5 %	1,5 %	9. Hungary	1,9 %	2,5 %	1,7 %
10. Yugoslavia	1,7 %	1,2 %	1,3 %	10. Switzerland	1,3 %	1,5 %	1,5 %
11. Austria	2,6 %	2,0 %	1,2 %	11. Cuba	1,4 %	1,2 %	1,2 %
12. France	2,1 %	2,4 %	1,1 %	12. Iran			1,1 %
13. Switzerland	1,3 %	1,0 %	1,1 %	13. France	0,6 %	1,9 %	1,0 %
14. India			1,0 %	14. Great Britain	1,5 %	1,2 %	1,0 %
15. Cuba	1,9 %	1,7 %	0,9 %	15. Austria	1,1 %	0,8 %	0,9 %
16. Libya			0,6 %	16. India			0,9 %
17. Japan	1,2 %	1,1 %		17. Greece	1,4 %	0,8 %	

Source: Official statistics

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Foreign Trade

Table 23(a)

Import and Export according to Countries in Million Lewa

fob - current prices

	Export			Import		
	1970	1971	1972	1970	1971	1972
Total	2.344,5	2.553,3	2.837,0	2.142,3	2.479,9	2.772,2
<u>Europe</u>						
Austria	19,3	25,5	25,8	42,3	46,1	34,4
Albania	6,2	6,9	7,3	6,9	7,4	7,8
England	28,7	44,0	28,6	52,4	38,4	41,1
Belgium	11,2	7,9	12,3	12,5	13,4	17,4
GDR	202,9	218,6	218,5	184,2	213,3	270,5
Fed. Rep. of Germany	60,4	58,7	73,0	57,3	69,3	91,1
Greece	17,2	14,4	13,5	19,8	10,6	10,9
Denmark	2,3	2,0	2,9	3,6	2,7	3,8
Spain	3,8	5,4	9,4	7,1	7,5	7,4
Italy	66,5	70,9	81,4	66,6	71,0	71,0
Norway	9,7	11,1	3,4	0,5	1,3	-
Poland	91,0	80,8	115,1	75,5	86,0	119,6
Romania	49,1	55,2	57,7	33,6	30,5	48,0
USSR	1.261,4	1.399,4	1.596,7	1.117,6	1.296,7	1.447,8
Hungary	59,0	51,5	47,2	29,6	55,9	66,7
Finland	2,1	6,3	2,0	4,3	3,1	3,7
France	44,4	27,0	28,0	52,0	58,6	29,3
Holland	11,2	12,3	16,0	12,0	13,0	19,9
CSSR	102,2	117,8	135,2	112,6	150,8	174,6
Switzerland	35,4	39,9	43,3	22,1	32,6	29,5
Sweden	3,0	3,0	3,3	15,9	10,7	11,6
Yugoslavia	39,1	40,4	51,8	24,6	30,6	37,0

Source:

Statistical Yearbook 1973

Table 23(a)

	<u>Mio. Lewa</u>					
	fob - current prices					
	<u>Export</u>			<u>Import</u>		
	1970	1971	1972	1970	1971	1972
<u>Asia</u>						
North Vietnam	11,2	9,4	7,1	1,7	2,5	2,8
India	23,0	32,0	24,9	11,6	23,9	28,6
Iraq	16,1	28,5	30,5	1,4	0,5	-
China	1,2	8,9	5,3	1,0	6,5	2,8
North Korea	3,7	5,6	6,5	4,0	2,3	4,3
Lebanon	8,8	13,6	11,6	1,1	2,4	4,7
Mongolia	4,4	4,3	3,8	4,1	2,7	4,0
Syria	7,4	7,7	10,9	5,6	9,0	9,7
Turkey	4,6	7,4	4,3	5,5	6,1	7,8
Japan	9,5	12,0	15,3	23,3	27,7	23,2
<u>Africa</u>						
Algeria	8,6	9,7	14,1	7,3	10,3	10,9
Libya	8,4	8,2	15,4	0,4	14,0	10,1
Morocco	2,6	1,7	3,0	3,3	5,0	3,2
UAR	27,7	15,1	17,5	12,0	14,9	16,6
Tunesia	2,9	2,4	1,8	3,5	6,6	3,9
<u>America</u>						
Brazil	0,1	4,4	4,6	3,8	1,8	13,4
Canaca	1,3	1,7	1,8	4,4	1,1	0,7
Cuba	27,7	30,3	35,2	36,5	36,7	25,1
USA	3,6	3,6	3,7	7,4	4,8	4,2
Australia	0,5	1,0	0,8	0,5	0,1	-

Export

Table 23(b)

Export of Selected Products in Million Lewa

	1971	1972	1973
Lathes (ea)	2,271	2,438	2,633
Diesel engines (ea)	384	223	44
Electro-motors (1,000 ea)	321	551	665
Accumulators (1,000 ea)	670	854	999
Electric vans (ea)	29,727	31,087	-
Electric fork-lifts (ea)	49,904	57,430	69,720
Electric meters (1,000 ea)	69	133	233
Goods waggons (ea)	192	658	850
Ships (value in million Lewa)	42,9	42,8	67,5
Nitrogen fertilizer (1,000 tons)	196	131	154
Flat glass (1,000 sq.m)	3,017	2,847	3,832
Rose oil (kg)	866	1,394	1,670

Source: Statistics Iswestija No. 12/73

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Import

Table 23(c)

Import of Selected Goods in Million Lewa

	<u>1971</u>	<u>1972</u>	<u>1973</u>
Metal-cutting machines (value in 1,000 Lewa)	30.358	37,377	35.781
Tractors (ea)	4.050	5.516	5.654
Harvesters (ea)	531	1.007	878
Passenger cars (ea)	41.418	45,886	48.627
Hard coal (1,000 t)	2.608	2.480	2.576
Mineral oil (1,000 t)	7.547	8.279	9.652
Cast iron (1,000 t)	280	307	271
Iron plate (1,000 t)	140	134	147
Rubber (1,000 t)	24	35	36
Mineral oil products (1,000 t)	2.550	2.343	
Cellulose (1,000 t)	76	74	77
Cotton (1,000 t)	62	56	62
Wool - tons	1.350	1.397	1.374
Fish products - tons	6.296	4.688	1.994
Oranges - tons	10.028	12.623	13.331
Lemons - tons	4.911	5.289	10.334
Watches and clocks (ea)	560.509	591,569	742.194
Radios (ea)	116,340	120.074	65.822
TV sets (ea)	22,884	13,316	17.171

Source: Statistics Isvestya No. 12/73

(7) Exchange rates

27 May 1974: 1) Official foreign exchange rate 100 DM = 40.53 Lewa

2) Tourist rate 100 DM = 69.03 Lewa

Table 24

Regional Development of Foreign Trade during the 5th and 6th Five-Year Plan

	Import			Export			Turnover		
	1970 ¹⁾	1975 ²⁾	1975 ³⁾	1970 ¹⁾	1975 ²⁾	1975 ³⁾	1970 ¹⁾	1975 ²⁾	1975 ³⁾
Socialist countries (million transferable Lewa) Increase ⁴⁾ (%)	1.632 60	2.855 75	3.309 102	1.859 70	3.142 69	3.376 82	3.491 65	5.997 72	6.685 91
Western countries (million transferable Lewa) Increase ⁴⁾ (%)	409 33	505 23	742 81	334 53	366 10	638 91	743 41	871 17	1.380 86
Developing countries (million transferable Lewa) Increase ⁴⁾ (%)	101 110	183 81	253 150	152 134	263 73	307 102	253 124	446 76	560 121
Total (million transf. Lewa) Increase ⁴⁾ (%)	2.142 55	3.543 65	4.304 101	2.345 70	3.771 61	4.321 84	4.487 63	7.314 63	8.625 92

1) Official Statistics

2) Calculation based on planning data for 1971 - 1975

3) Estimated on the basis of previous developments

4) Increase compared with the last year of the previous Five-Year Plan

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Rates of Growth of Foreign Trade 1966 - 1975

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Imports Coverage

Rates of Growth of Foreign Trade 1966-1975

Table 25

Imports Coverage

	1967	1969	1970	1971	1972	1973	1974	1975
<u>Rates of growth in per cent compared with the year before</u>								
<u>Total turnover</u>	8,9	4,3	8,2	12,2	11,4	13,2 ²⁾	18,0 ³⁾	15,0
Socialist countries	13,6	6,8	5,9	13,2	13,9	12,0 ²⁾	17,0 ³⁾	13,4*
COMECON 1)	15,4	7,7	5,4	13,1	16,0	.	.	.
USSR	13,5	6,1	4,1	13,3	12,9	.	.	.
Western countries	-9,5	-8,7	21,4	3,6	2,1	18,4 ²⁾	20,5 ⁴⁾	20,7*
Developing countries	13,0	10,9	10,6	23,6	4,0			
<u>Import Coverage in per cent</u>								
<u>Total trade</u>	93	103	109	103	102	101 ²⁾	101*	100*
Socialist countries	97	102	114	106	103	102 ²⁾	102*	102*
COMECON 1)	99	101	129	105	102	.		
USSR	97	101	113	108	110	.		
Western countries	70	101	81	84	89 ⁵⁾	98 ²⁾	96*	95*)
Developing countries	134	113	151	123	123 ⁵⁾			

1) As from 1972 including Cuba

5) Western and developing countries : 98.

2) Preliminary data

*) Estimated

3) Plan

4) Calculated from planning data

Source: Official Statistics

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Table 26

Regional Structure of Foreign Trade 1965-1975 (Data in % of Total Turnover)

	1965	1970	1971	1972	1973 ²⁾	1974 ³⁾	1975 ^{*)}
Socialist countries	76,8	77,8	78,5	80,2	79,3	78,6	77,5
COMECON 1)	73,0	74,4	75,1	78,1	.	.	.
USSR	51,5	53,0	53,6	54,3	.	.	.
Other socialist countries	3,8	3,4	3,4	2,1	.	.	.
Western countries	19,1	16,6	15,3	14,0	20,7 ⁴⁾	21,4 ⁴⁾	22,5 ⁴⁾
Developing countries	4,1	5,6	6,2	5,8			

1) Without Cuba until 1971; as from 1972 including Cuba

2) Preliminary data

3) Plan

4) Due to increasing world market prices and growing import requirements (high-quality investment goods) the share of the western industrialized countries has been estimated at 14.5 % (1973) and 16.0% (1975)

*) Estimated

Source: Official Statistics

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Table 27

Commodity Structure of Foreign Trade 1965 - 1973 (in per cent)

	1965	1970	1971	1972	1973 ¹⁾
<u>Export</u>	100	100	100	100	100
Machines and equipment	24,4	29,1	31,1	34,5	39,8
Fuel, minerals and metals	7,0	8,2	7,6	8,4	8,7
Chemical products, fertilizers and rubber	2,2	3,4	3,4	2,9	3,6
Building material and prefabricated parts	1,5	1,0	0,9	1,0	1,3
Agricultural raw materials	13,0	8,1	4,2	3,8	3,7
Living animals	0,0	0,0	0,0	0,0	0,0
Raw materials for the food industry	6,4	4,1	8,3	8,2	7,2
Industrial consumer goods	14,4	14,9	13,5	12,4	12,2
Food	31,1	31,2	31,0	28,8	23,5
<u>Import</u>	100	100	100	100	100
Machines and equipment	43,6	40,6	43,4	46,4	44,9
Fuel, minerals and metals	26,2	29,1	28,5	27,6	28,3
Chemical products, fertilizers and rubber	7,2	7,9	6,9	7,0	6,7
Building material and prefabricated parts	0,9	0,8	0,9	1,0	0,9
Agricultural raw materials	10,0	10,5	9,3	8,9	8,7
Living animals	0,1	0,0	0,0	0,0	0,1
Raw materials for the food industry	3,0	1,4	3,3	1,9	3,0
Industrial consumer goods	5,4	5,6	5,7	5,9	5,7
Food	3,6	4,1	2,0	1,3	1,7

Basis: Comparable prices

1) Preliminary data

Source: Official statistics

N A T O U N C L A S S I F I E D

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Table 28

Tourism

	1966-1970	1970	1971	1972 ³⁾
<u>Total number of tourists</u> 1) (1,000 persons)	5,517	1,465	1,524	1,524
Countries of origin (%)				
Socialist countries	74.9	75.8	76.8	77.8
Western industrialized countries	21.3	20.8	19.4	18.5
Developing countries	3.8	3.4	3.8	3.7
<u>Increase</u> (annual average) 2) (Percentage compared with the year before)				
<u>Total Number of Tourists</u>	18.0	23.5	4.0	0.0
Countries of origin				
Socialist countries	17.1	29.0	5.5	1.3
Western industrialized and developing countries	23.1	9.2	- 0.2	- 0.4

1) Including patients at health resorts and businessmen but excluding visitors and transit travellers

2) 1970 compared with 1966

3) The total number of tourists in 1973 has been estimated at 1,600,000.

Source: Official Statistics

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DECLASSIFIED/DECLASSIFIEE - PUBLIC DISCLOSED/MISE EN LECTURE PUBLIQUE

Traffic
Tourism

Table 28(a)

Foreign Visitors to Bulgaria ¹⁾

	<u>1970</u>	<u>1971</u>	<u>1972</u>
Total	2.537.018	2.720.910	3.006.991
Austria	31.320	29.706	33.598
Belgium	9.991	10.184	10.957
Great Britain	50.106	41.464	49.557
GDR	125.134	161.568	170.259
Fed. Rep. of Germany	180.448	166.434	163.070
Greece	6.783	11.116	24.490
Iraq	6.320	10.631	4.598
Iran	17.490	20.190	21.397
Italy	28.903	36.387	49.779
Jordan	10.790	7.526	10.426
Netherlands	15.622	16.024	16.206
Poland	115.415	136.205	146.930
Romania	108.433	84.210	108.483
Hungary	57.552	48.623	55.130
France	49.278	54.116	53.864
CSSR	393.443	408.577	375.661
Yugoslavia	438.516	463.486	416.453
USA	17.688	17.845	18.202
USSR	154.071	185.415	208.987

1) Tourists as well as visitors to relatives and friends as well as transit travellers

DECLASSIFIED/DECLASSIFIEE - PUBLIC DISCLOSED/MISE EN LECTURE PUBLIQUE

Traffic

Table 28(b)

Tourism

Bulgarian Visitors Abroad

	<u>1970</u>	<u>1971</u>	<u>1972</u>
Total	305.809	343.738	409.597
to Austria	4.875	6.750	7.492
England	1.505	1.561	1.403
GDR	40.903	36.303	48.663
Fed. Rep. of Germany	3.272	3.914	6.695
Greece	1.252	3.243	3.407
Italy	4.371	4.032	4.332
France	3.836	4.352	3.775
Turkey	6.953	9.984	12.714
USA	279	345	389
USSR	70.626	78.842	100.775