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RECENT ECONOMIC DEVELOPMENTS IN BULGARIA

Note by the Chairman

The attached report examines economic trends in Bulgaria in 1977. It has been prepared in the light of available published data and information received from delegations. It may be supplemented by up-to-date information given at the experts meeting to be held on 8th-9th May, 1978.

(Signed) J. BILLY

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This document includes: 1 Annex

N A T O R E S T R I C T E D

RECENT ECONOMIC DEVELOPMENTS IN BULGARIA

INTRODUCTION

1. In 1977 Bulgaria followed the general CMEA trend of failing to meet annual Plan targets (Table 1) and in all the main sectors achieved growth rates so far the lowest in the 1970s. Overall decelerating trends already apparent in 1976 persisted.

2. Although lack of statistics makes a detailed quarterly analysis difficult, it appears that the decline was especially noticeable in the last quarter (Table 3). Improvement had been registered in the first nine month results, particularly in capital investment (8.2% as against 0.6% in the first six months), retail sales (4.2%: 3.0%) and foreign trade (13%: 12.1%).

PLAN IMPLEMENTATION

Annual Plan

3. All main indicators in 1977 fell short of original Plan provisions (Table 4) with National Income, although 6.3% above 1976, below Plan by almost 2%; retail sales increased by less than 50% of the target and significant shortfalls were recorded in investment and labour productivity. The lower increase in National Income was due to a critical performance in agriculture (- 6.3%; target: + 4%) and a disappointing industrial performance (6.8%; target: 9.2%). The construction sector (5.7%; target: 10.6%) and services (6.1%; target 11.2%) also recorded large shortcomings.

AGGREGATE TRENDS

(a) National Income

4. Last year Bulgarian National Income with a 6.3% growth (1976: 7.0%) reached 16,252 million current leva (\$17 billion). Its growth rate was the lowest in this decade (Table 7). According to official sources the entire growth was due to increased labour productivity which, in fact, rose more than National Income, at 7% against a Plan of 8.1%, thus compensating for a decline in the total of hours worked.

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(b) Manpower

5. Manpower constitutes the most serious problem facing the Bulgarian planners: the authorities state that National Income figures were reached with approximately 27,000 fewer employees and workers - a decline in total labour force of 0.65% after a stagnation in 1976. Thus for the first time in recent history the Bulgarian labour force actually decreased because of the combined effect of lower birth rates in the 1960s and a longer schooling period. To balance this trend the régime has put considerable emphasis on increasing labour productivity. Although at 7% above the 1976 figure, the Plan of 8.1% was not met, the achievement was good. It reflected, in part, the high levels of investment during the sixth Five-Year Plan (1971-1975) (Table 7) and the imports of Western technology. However, it might not be high enough to ensure success of the current Five-Year Plan. A development of potential importance in the deployment of Bulgarian manpower is the increased employment in services. Since the end of the 1960s industry in the broad sense (i.e. industry plus construction), has been the main employer using some 41.5% of the total labour force in 1975 (Table 8). Agriculture, which accounted for 82.1% of the labour force in 1948 was down to 28.1% in 1975. The services sector, which employed 4.3% of total labour in 1948, accounted for 15.7% in 1975. No figures later than for 1975 are available, but it is believed that the trend discernible until then has continued.

(c) Wages

6. Real wages increased very slowly in 1977 and on average rose by 2%, but the increases varied according to sector, (industrial sector 2.9%; construction 2.4%; agriculture 1.5%; transportation 3.5%). Workers earning the minimum wage of 80 leva (\$83) constituted 4.6% of total manpower employed. The above increases suggest that in 1977 the per capita real income, whose actual growth rate was not disclosed, grew less than planned (4.5%); it may even have recorded its lowest increase so far this decade (Table 7).

(d) Prices

7. Retail prices, which were completely stable in 1971 and 1972, increased by 0.2% in 1973, 0.5% in 1974 and 0.4% in 1975 - which is the latest date of information available. An implicit deflator for National Income may be calculated from figures in current leva and indexes from the Bulgarian Year Book between 1971 and 1975: the result is 0.8% between the two years

in question(1). Therefore, both in terms of retail prices and the National Income deflator the Bulgarian economy was apparently inflation free until 1975. Although no firm data are available since that date several price rises have been announced and there may now be a small rate of inflation.

(e) Consumption

8. The consumption fund rose by 4% in 1977, the lowest increase to date in the 1970s. However social consumption rose faster whereas retail sales - the bulk of personal consumption - were up by only 3.2% (target: 7%). Material consumption represented 75% of National Income. However, no growth rate was announced for the sales of consumer durables and although such sales were said to have increased the rates were probably very modest. The official Plan communiqué admitted that "because suppliers failed to fulfil their contracts and shortcomings occurred in trade organizations, in certain areas of the country the supplies of individual foodstuffs and industrial goods were not regular".

(f) Investment

9. Capital expenditure, i.e. gross fixed investment excluding capital repairs, reached 5.7 billion leva (almost \$5 billion) from the 5.5 billion leva (\$5.7 billion) in 1976. They recorded a 3.6% increase against the Plan target of 3.9%. However, this sluggish growth rate is hardly consistent with other figures released by the authorities. If retail sales - which account for over 56% of National Income - increased by only 3.2%, the remainder of final demand must have grown by over 10% in view of the National Income growth of 5.3%. Moreover, a 3.6% increase in gross investment is difficult to reconcile with the 10% increase of the residual of which net investment constitutes the overwhelming part.

SECTORAL TRENDS

(a) Agriculture

10. Agricultural output in 1977 declined by 6.3% (Table 10) and was only 90% of that planned (Table 4); this is one of the most mediocre results on record. Official

(1) 1971 is taken as the base year because data in current leva for earlier years do not seem to be comparable to those in 1971-1975

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sources stated: "Agricultural development in 1977 proceeded under unfavourable climatic conditions. Drought, spring cold spells and early frost, as well as hail, which hit several agricultural regions of basic importance in our country, inflicted considerable losses on our production ... Our national economy suffered about 1.5 billion leva in damages...."

11. Except for sunflowers and potatoes, all crop data for 1977 are below those of 1976 (Table 11); however, it may be presumed that for the two successes, the higher output was brought about by larger areas being cultivated. No figures are published on average yields. The livestock data are also unimpressive: at the end of 1977, compared with 1976, there were 4.3% more sheep and 4% more poultry, but 1.6% fewer pigs and only 0.7% more cows. Milk output in 1977 was 7.1% more than in 1976, but the quantity of eggs increased by only 0.6% and that of wool by 1.9%. These results show that the much publicised agricultural reform embodied in the "agro-industrial complexes"(1) is not as yet a viable solution to the persistent problems of Bulgaria's agriculture.

(b) Industry

12. In sharp contrast to agriculture, the industrial sector is growing at a fast rate. However, the 1977 results fell short of the Plan target by 2.4% (actual: 6.8%; Plan: 9.2%). Two industrial sub-sectors, vital to consumers' welfare either stagnated or declined: the light industry (textiles and skins) and food - the former increasing by 4.8% (1976: 15.3%), the latter decreasing by 0.7% (1976: 7.7%) (Table 12). On the other hand, some high priority sectors, e.g. mechanical engineering and the chemical industry, developed rapidly despite the lowest growth rates this decade. According to official reports production costs in industry as a whole last year declined by about 2%; the Plan on output of "K" quality (highest international standards) was overfulfilled by 12%, and that of prime quality output by 5.7%.

13. Official sources disclose that several economic organizations and ministries failed to fulfil their annual plan. Branches which fell short of Plan provisions include cast iron, steel, internal combustion engines, lathes, tractors, electric cars, sulphuric acid, light alloys, electric telfers and mineral fertilisers. These shortfalls produced supply bottlenecks in industry and contributed to lower industrial output.

(1) For description of reforms see NATO, Recent Economic Trends in Bulgaria: Summary Report, AC/127-WP/507, paragraphs 9-10 and Chart 1 at Annex

(c) Energy

14. Few data have been disclosed by the Bulgarian authorities. "Electricity and fuel production" increased by 7.5%, and electric power alone by 7.1%, reaching 29.7 kWh as against 27.7 in 1976. Reportedly these results reflect complete success in fulfilling annual electricity production targets although they are below the 9.1% growth set as an annual average for the current Five-Year Plan period. The internal production of oil is negligible and the country fully depends on imports from the Soviet Union.

(d) Construction

15. Construction activity with growth at 5.7% surpassed its 1976 low growth of 4.4%. Nevertheless, performance was far below Plan (10.6%). As a result, the annual target for total construction was fulfilled by some 95.6% only, although the Plan for projects to be completed was fulfilled. Indeed, in 1977 these included the expansion of the new soda plant in Devnya, reconstruction of the Vadin plant for polyester fibres, modernisation of the "Dimitur Dimov" plant in Yambol and of the "Lakprom" plant in Sofia. 76,464 new dwellings were completed in 1977, reportedly fulfilling the Plan (no targets disclosed). This figure represents 8,838 more than completed in 1976. However, both the 1976 and 1977 results are far from requirements for building the 420,000 new dwellings called for in the current Five-Year Plan, i.e. a yearly average of 84,000.

(e) Tourism

16. After large investments in the tourist sector and a rapid increase in foreign visitors in the 1960s, the tourist trade stagnated during 1974-1976 reaching 4,083,000 tourists in 1976, of which half were transients. The situation improved significantly in 1977, when total visitors were 4,600,000, including an increase of 320,000, or 15.5% of non-transit visitors - estimated at 2,385,000. Also in 1977 the Bulgarian Authorities provided new incentives to foreign tourists, including the return of a currency exchange premium. As a result there is every reason to expect that the Plan target of 5,000,000 visitors for 1978 (8.6% increase over 1977) will be fulfilled.

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FOREIGN TRADE

(a) Trade Turnover

17. Trade turnover in 1977 reached a value of 12 billion leva (Table 2) (some 74% of National Income) growing faster than in 1976: 13% as against 8.4%. After the record growth rates of 1974 (24.2%) and 1975 (23.5%) the sectoral increases appear to have reverted to very normal rhythms. It is feasible that the average annual increase of 9.9% for the Five-Year Plan as a whole will be overfulfilled. 80% of the total turnover in 1977 was reportedly with the socialist countries, of which 55.6% was with the Soviet Union alone. This shows a strengthening of a trend of greater orientation towards the rest of CMEA, in particular towards the USSR, which had been apparent in the previous two years. The reason behind this trend is that after the beginning of greater trade with, and especially imports from, the West in 1965-1967 and again in 1974-1975 a reorientation was necessary to balance the large deficits which had been built up with these countries. The report on the 1976 Plan fulfilment said that progress toward balancing Bulgaria's substantial trade deficit with the West had been achieved by increasing exports to the non-socialist countries by 13.1% and reducing imports from them by 15.3%.

18. In 1977 no similar progress towards balancing trade seems to have been made; Plan reports allege only that exports to non-socialist countries had increased by 18.3% but do not mention imports. A recent document from the Federal German Ministry of Economic Affairs (14th February, 1978) shows that in trade with the FRG, which has usually been Bulgaria's most important Western trading partner, Bulgaria imports were reduced by 21%, from DM. 852 million in 1976 to DM. 670 million in 1977, but efforts to increase Bulgarian exports were unsuccessful: they also decreased, although by less than 2% from DM. 285 million to DM. 280 million.

(b) Hard Currency Indebtedness

19. No data are yet available covering indebtedness beyond 1976. In that year a serious cut in imports from non-socialist countries and a parallel increase in exports contributed to reducing the rate of increase in the hard currency debt, estimated at around \$1.8 billion at the end of 1975 and \$2.3 billion at the end of 1976 (Table 13). However, hard currency indebtedness is growing much faster than exports to the industrial West (Table 14) so that the ratio between the former and the latter grew from 3.1 in 1970 to 5.66 in 1975 and is estimated at 6.38 for 1976.

Moreover, the Bulgarian debt service, i.e. interest and repayments as a percentage of hard currency export, is the worst in East Europe, reaching (in 1976) an estimated high of 50%. Such an absolute and relative level of foreign indebtedness certainly represents a major constraint for the economy as a whole and could undermine the country's ability to obtain further financing facilities in the West, although Western bankers keep viewing the Soviet Union as the ultimate guarantor of Bulgaria.

THE OUTLOOK

20. The slowdown in overall and sectoral economic growth has been acknowledged by Bulgarian planners. They appear to think that such trends will continue in 1978 and, accordingly, have set comparatively modest targets compared with last year's objectives: National Income as a whole is to rise by 6.8% (Table 5) (1977 target: 8.2%). This increase is to derive almost entirely from labour productivity gains (target: + 6.7%). Thus, by implication the labour force is projected to remain constant in 1978 after the slight decrease of 1977. A 7.7% increase is envisaged for industrial production but, as in the past, growth in this sector is unequally divided between the heavy and light branches. Electric power production will increase by about 10.5%, machine building by 13.7%, the chemical and rubber industry by 11.1% and production of construction materials by 14.9%. By contrast, no figures are given for the light and food industries; it was said only that "the development of light industry is to be adapted to the consumers' demands and available resources of raw material". Similar sentiments were expressed about the food sector. The relative share of machine building, the chemical industry, ferrous metallurgy, and power production will increase to 43.2% of the total volume of industry, as compared with 41.3% in 1977 - a clear indication that their growth rates will considerably out-distance those of the other branches.

21. The main task for agriculture will be to increase grain production, improve the livestock industry and increase its productivity. An interview published in Zemedelsko Znane on 5th January, 1978 revealed, however, that very uneven priorities are concealed behind the overall planned 5% increase. Production of all grain will increase by 17.7% and of fodder grain alone by 31.6% over the 1977 output. The Plan targets directly connected with living standards envisage an increase in real income by 3.6%. This, too, is a more modest target than the 4.5% planned for 1977 and which was probably not fulfilled.

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22. The general prospects for the Bulgarian economy in the shorter-term are not particularly bright, despite a still high growth rate of material production. The country's economic development compares well with Eastern Europe, where Romania and Hungary alone registered faster growth rates in 1977. However, consumer welfare continued to register only mediocre progress, agriculture suffers from recurrent setbacks, and the investment-construction sector, which relies upon critical increases in labour productivity, seems to lack the necessary dynamism for faster growth. Foreign trade is not developing very favourably and the need for raw materials and technology perpetuates the trade deficit and, in turn, the hard currency indebtedness continues to grow. As a result the debt service ratio deteriorates. Recurrent errors in planning, but also mismanagement, and manpower limitations remain major problems for the economy. Indeed, labour shortages particularly in skilled grades are becoming the greatest constraint to further Bulgarian economic development.

TABLE 1

RANKING OF EAST EUROPEAN COUNTRIES BY NMP GROWTH RATES IN 1977

	1976	1977	
	(actual)	(actual)	(plan)
Romania	10.5	8.6	11.3
Hungary	3.0	7.5/8.0	6.0
Bulgaria	7.0	6.3	8.2
Poland	7.5	5.6	5.7
East Germany	3.7	5.2	5.5
Czechoslovakia	4.0	4.5	5.2
USSR	5.0	3.5	4.1

Source. - Press reports

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TABLE 2

BULGARIA - SELECTED MACROECONOMIC VARIABLES - 1953-1977

	GNP (billion 1976 \$)	Mid-year population (millions)	MPP (million current leva)	Investment (million current leva)	Foreign Trade Turnover (million currency leva)	Foreign Trade Balance (million currency leva)
	(0)	(1)	(2)	(3)	(4)	(5)
1 1953	...	7,346	2,779.8	611.8	475.0	5.4
2 1954	...	7,423	2,708.1	644.5	501.1	42.9
3 1955	...	7,499	2,820.3	690.1	568.8	(-) 16.0
4 1956	...	7,576	2,744.7	652.5	647.2	59.6
5 1957	...	7,651	3,208.9	644.1	821.6	44.4
6						
7 1958	...	7,728	3,486.3	790.0	865.4	7.8
8 1959	...	7,798	4,219.8	1,173.7		
9 1960	8.9	7,867	4,488.8	1,365.4	1,408.7	(-) 71.5
10						
11 1961	...	7,943	4,715.8	1,394.4	1,554.4	(-) 4.0
12 1962	...	8,013	5,158.2	1,478.8	1,822.0	(-) 14.2
13 1963	...	8,078	5,675.8	1,683.5	2,067.7	(-) 116.1
14 1964	...	8,144	6,203.7	1,849.0	2,389.2	(-) 96.8
15 1965	12.4	8,201	6,635.6	1,984.6	2,753.6	(-) 2.2
16						
17 1966	...	8,258	7,273.9	2,377.5	3,256.5	(-) 202.7
18 1967	...	8,310	7,853.0	2,939.7	3,545.2	(-) 133.0
19 1968	...	8,370	8,556.0	3,194.4	3,975.0	(-) 195.6
20 1969	...	8,434	9,349.3	3,220.3	4,146.2	52.8
21 1970	16.0	8,490	10,527.4	3,551.7	4,486.8	202.2
22						
23 1971	16.5	8,536	10,411.4	3,609.3	5,033.2	73.4
24 1972	17.3	8,576	11,241.7	3,952.7	5,609.2	64.8
25 1973	18.1	8,621	12,147.5	4,235.7	6,372.4	29.0
26 1974	18.6	8,679	13,092.6	4,577.5	7,916.6	(-) 475.0
27 1975	20.0	8,722	14,288.6	5,361.1	9,777.0	(-) 694.2
28						
29 1976	20.9	8,761	15,289	5,500	10,598	...
30 1977	...	8,802	16,252	5,700	12,000	...

Sources - Till 1975: Statisticheski Godisnik (Bulgarian Yearbook)
1976-1977: Press reports - GNP: CIA, Handbook of
Economic Statistics, 1977

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TABLE 3

QUARTERLY BREAKDOWN OF 1977 TRENDS - RATES OF GROWTH OVER
CORRESPONDING PERIOD OF THE PREVIOUS YEAR

	First two quarters	First three quarters	Year
<u>AGGREGATE VARIABLES</u>			
Capital investment	0.6	8.2	3.6
Retail Sales	3.6	4.2	3.2
Foreign Trade Turnover	12.1	13.0	13.0
Exports	15.2	15.7	...
Imports	9.2	10.5	...
Share of Socialist countries	82%	...	80%
<u>SECTORAL VARIABLES</u>			
Animal Stocks			
Cattle	5.8	4.5	0.8
including: cows	3.8	3.3	0.7
Sheep	5.6	4.0	4.3
Hogs	2.2	5.5	-1.6
Poultry	6.6	12.0	4.0
Animal Products			
Milk	10.0	8.5	7.1
including: cow milk	9.6	8.2	6.3
sheep milk	...	9.9	9.6
Eggs	5.4	3.4	0.6
Industrial Output			
Machine building and metal processing	13.3	14.4	13.8
Chemical industry and rubber	10.6	11.7	12.3
Electrical power	6.3	6.6	7.1
Cast iron	3.8	3.0	3.7
Steel	5.8	4.7	5.2
Industrial labour productivity	7.9	7.8	6.5
Construction	...	4.3	5.7

Source - Statisticheskii Izvestiya, Nos 2 and 3, 1977.
(Translated in US Joint Publications Research Service - JPRS)

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TABLE 4

PLAN IMPLEMENTATION IN 1977. GROWTH RATES AND FULFILMENT INDEXES

	Plan	Actual	Index = Actual ÷ Plan
<u>AGGREGATE VARIABLES</u>			
Net Material Product	8.2	6.3	98.2
Consumption	...	4.0	...
Public Consumption	...	5.0	...
Retail Sales	7.0	3.2	96.4
Investment	3.9	3.6	99.7
Per Capita Real Income	4.5	- underfulfilled -	
Labour Productivity	8.1	7.0	99.0
Foreign Trade Turnover	...	13.0	- probably fulfilled -
<u>SECTORAL VARIABLES</u>			
Agricultural Output	4.0	-6.3	90.1
Industrial Output	9.2	6.8	97.8
Construction	10.6	5.7	95.6
Services	11.2	6.1	95.4

Source - Rabotnichesko Delo, 9th February, 1978, pp. 1-2
(JPRS translation)

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TABLE 5

FIVE-YEAR PLAN IMPLEMENTATION -- ANNUAL GROWTH RATES

	1976 (actual)	1977 (actual)	1978 (plan)	1976-1980 (plan)
<u>AGGREGATE VARIABLES</u>				
Net Material Product	7.0	6.3	6.6	7.7
Consumption	6.3	4.0	5.0	...
Retail Sales	7.3	3.2	4.4	7.0
Per Capita Real Income	4.4	...	3.6	3.7
Investment	2.6	3.6	4.5	7.6
Labour Productivity	7.0	7.0	6.7	7.7
Foreign Trade Turnover	8.4	13.0	11.5	9.9
<u>SECTORAL VARIABLES</u>				
Agricultural Output	3.1	-6.3	5.0	3.7
Industrial Output	8.0	6.8	7.7	9.2
New Dwellings (thousands)	67,626	76,464	82,600	84,000

Source - 1976: NATO AC/127-WP/507, op.cit.

1977: Table 4 above

1978: RFER, Bulgaria/1, 17th January, 1978
(Originally published in Rabotnichesko Delo,
21st December, 1977. JPRS translation
available)

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TABLE 6

PLAN TARGET COMPARISON: 1978 PLAN VERSUS FYP (1976-1980)
ANNUAL GROWTH RATES

	1978-1980 annual targets after 1976 and 1977 results (1)	1978 plan (2)	1979-1980 annual residual targets (3)	1976-1980 plan (4)
<u>AGGREGATE VARIABLES</u>				
Net Material Product	8.4	6.8	9.2	7.7
Retail Sales	8.2	4.4	10.1	7.0
Investment	10.7	4.5	14.0	7.6
Labour Productivity	8.2	6.7	8.9	7.7
Foreign Trade Turnover	9.4	11.5	8.3	9.9
<u>SECTORAL VARIABLES</u>				
Agricultural Output	7.5	5.0	8.7	3.7
Industrial Output	10.4	7.7	11.8	9.2
New Dwellings (thousands)	91,970	82,600	96,655	84,000

Source - Table 5 above

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TABLE 7

GROWTH RATES IN AGGREGATE VARIABLES IN THE SEVENTIES

	1971	1972	1973	1974	1975	1976	1977
Net material product	7.0	8.0	8.1	7.8	9.1	7.0	6.3
Consumption	7.5	6.5	7.0	7.6	6.9	6.3	4.0
Retail sales	6.5	6.6	8.8	9.5	8.2	7.3	3.2
Per-capita real income	4.3	7.0	8.5	4.9	5.6	4.4	(a)
Investment	1.7	10.0	7.2	8.1	17.1	2.6	3.6
Labour productivity	6.0	2.8	11.0	5.8	8.7	7.0	7.0
Foreign trade turnover	12.2	11.4	13.6	24.2	23.5	8.4	13.0

Source - NATO, recent economic trends in Bulgaria: Summary Report AC/127-WP/507. 1977: Press reports

(a) Not available, but certainly less than planned (4.5%)

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TABLE 8

EMPLOYMENT BY BRANCH OF ACTIVITY (INCLUDING THE NON-PRODUCTIVE SPHERE) - PERCENTAGE DISTRIBUTION - 1948-1975

	1948	1960	1970	1975
Industry	7.9	21.9	30.4	33.5
Construction	2.0	5.2	8.4	8.0
Agriculture and forestry	82.1	55.5	35.7	28.1
Transport and communication	1.5	4.1	6.0	6.4
Other material sphere	2.2	4.1	6.4	8.3
Non-material sphere	4.3	9.2	13.1	15.7
TOTAL EMPLOYMENT	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>

Source - Statisticheski Godislinik 1976 (Bulgarian Yearbook 1976), Table V.1, p. 100 and Item 1974, Table IV.1, p. 82.

Note: This table is not comparable with Table 9 below, as it refers to total employment, including the non-productive sphere. The latter is excluded from NMP and, therefore, from Table 9 below.

TABLE 9

NMP BY SECTOR OF ORIGIN - PERCENTAGE DISTRIBUTION - 1948-1975

	1948	1960	1970	1975
Industry	23	48	55	54
Construction	4	7	9	9
Agriculture and forestry	59	28	18	19
Transport and communication	2	4	7	8
Other material production	12	13	11	10
TOTAL NMP	100	100	100	100

Source - Statisticheski Godislinik 1976 (Bulgarian Yearbook 1976),
Table II.1, p. 12.

Note: See note to Table 8.

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TABLE 10

SECTORAL GROWTH RATES IN THE SEVENTIES

	1971	1972	1973	1974	1975	1976	1977
Agricultural output	2.0	5.6	1.3	-1.9	7.0	3.1	-6.3
Industrial output	9.1	9.2	9.3	8.5	9.9	8.0	6.8
Employment in industry	2.4	2.2	2.4	2.0	1.8	-	-
Labour productivity in industry	6.2	6.8	6.7	6.4	7.9	-	-
Construction	2.8	4.8	8.5	8.1	5.7	4.4	5.7
New dwellings (thousands)	48.862	46.542	54.209	44.065	57.151	67.626	76.464
Freight transport (t/km)	-4.2	3.9	8.9	14.5	-4.4	-5.1	2.6
Tourism (excluding transit, millions)	1.711	1.697	1.820	2.001	2.093	2.065	2.385

Source - same as Table C

Note: (P) Preliminary

TABLE 11

AGRICULTURE - RESULTS IN 1977

	Unit of Measurement	1977 Results	% Growth over 1976	Average in 1971-1975
a. CROP PRODUCTION				
Wheat	th. tons	3,011	- 4.5	3,123
Barley	th. tons	1,476	-17.1	1,477
Corn grain	th. tons	2,649	-12.6	2,505
Sunflower	th. tons	406	11.8	440
Tobacco-oriental	th. tons	106	-25.9	126
Sugar beets	th. tons	1,825	-21.6	1,711
Tomatoes	th. tons	746	- 1.1	754
Potatoes	th. tons	388	10.9	355
Apples	th. tons	255	-34.0	325
Grapes	th. tons	867	-28.2	1,053
b. ANIMAL PRODUCTION				
Milk Total	mil.litres	1,430	7.1	
Cows	mil.litres	1,255	6.8	
Sheep	mil.litres	171	9.6	
Eggs	mil.units	997	0.6	
Wool (unwashed)	th. tons	24.2	1.9	
c. ANIMAL STOCKS				
Cattle	th. units	1,736	0.8	
including: cows	th. units	696	0.7	
Pigs	th. units	3,400	- 1.6	
Sheep	th. units	10,145	4.3	
Fowl	th. units	41,100	4.0	

Source - Rabotinchesko Delo, 9th February, 1978 pp. 1-2
(JPRS translation)

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TABLE 12

INDUSTRIAL OUTPUT BY BRANCHES. ANNUAL GROWTH RATES - 1975-1977

	1975	1976	1977
Electricity and fuels	7.5
Ferrous and non-ferrous metallurgy	14.3	13.1	6.3
Mechanical engineering and metal processing	14.8	13.0	13.8
Chemical and rubber industry	11.9	5.1	12.3
Cellulose and paper industry	6.7
Light industry	8.8	5.3	4.8
Food industry	5.8	7.7	-0.7

Source - 1975-1976: Courrier des Pays de l'Est - 1977:
Rabotnichesko Delo, 9th February, 1977 (JPRS translation)

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TABLE 13

EASTERN EUROPE: NET-HARD CURRENCY DEBT

Billion US \$

	1970	1974	1975	1976
Total net debt of which:	<u>6.5</u>	<u>18.2</u>	<u>29.0</u>	<u>39.1</u>
USSR	1.9	5.0	10.0	14.0
Poland	0.8	3.9	6.9	10.0
East Germany	1.0	2.8	3.8	4.8
Romania	1.2	2.6	3.0	3.3
Hungary	0.6	1.5	2.1	2.6
Czechoslovakia	0.3	1.1	1.5	2.1
Bulgaria	0.7	1.2	1.8	2.3
Portion held by Commercial Banks in the West(1)(2) of which:	0.5	6.4	15.3	20.6(3)
USSR	n.a.	-0.1	4.7	7.0
Poland	n.a.	1.7	3.4	4.4

Source - NATO, AC/127-WP/507, op.cit., Annex I, Table 4, p. 5

- (1) Data include net East European liabilities in Western domestic currencies as well as Eurocurrencies. The data series is inconsistent because of reporting changes over time. The 1970 data represent net liability positions vis-à-vis reporting banks in Belgium, France, Germany, Italy, the Netherlands, Sweden, Switzerland and the United Kingdom. The 1974 data also include reporting vis-à-vis banks in Luxembourg, Canada, Japan and the US. Year-end data for 1975 and for the third quarter of 1976 include positions vis-à-vis offshore branches of US banks.
- (2) Estimated. Incomplete reporting from Swiss, Canadian, US and Japanese banks precludes a precise breakout of net liabilities by individual East European country.
- (3) As of 30th September, 1976.

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TABLE 14

EXPORTS AND INDEBTEDNESS VIS-A-VIS HARD CURRENCY COUNTRIES.
MILLION CURRENT DOLLARS - 1970, 1974-1976

	<u>Exports to</u> <u>Industrial West</u> (1)	<u>Indebtedness to</u> <u>Industrial West</u> (2)	<u>% Indebtedness</u> <u>ratio</u> (3)=(2)-(1)
1970	226	700	3.10
1974	352	1,200	3.41
1975	318	1,800	5.66
1976	360(a)	2,300	6

Source - 1970-1975 exports: NATO, AC/127-WP/507, cit. p. 9;
1976 exports: NATO, AC/127-D/563 and AC/127-D/560.
Indebtedness; NATO AC/127-WP/507, loc.cit.

(a) Directorate estimate of Bulgarian exports at FOB prices, derived from data in CIF imports of industrial West from Bulgaria