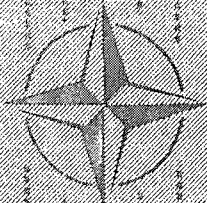


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REVIEW 1968-1969



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# CONSEIL DE L'ATLANTIQUE NORD NORTH ATLANTIC COUNCIL

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## ECONOMIC COMMITTEE

### ECONOMIC REVIEW OF BULGARIA

Report by the Economic Committee

#### SUMMARY AND CONCLUSIONS

The economic development of Bulgaria is closely dependent on its relations with the Soviet Union, both as regards its industrialisation and as regards the implementation of economic reforms and the pattern of its foreign trade. A traditionally agricultural country, it has been developing its industry for some years with remarkable speed, the rate of growth being one of the highest in the world. Its standard of living is sufficiently high for the country to be considered as having progressed beyond the under-development stage. Nevertheless, as in most socialist economies, there has been a tendency for the rate of economic expansion to slow down during recent years. More heavily dependent on foreign trade than the other countries of Eastern Europe, Bulgaria at present conducts 55% of its transactions with the USSR and plans to raise this proportion to 70% during the next decade (paragraphs 1-3).

2. In spite of its small size, sparse population, limited natural resources and restricted domestic market, Bulgaria has carried through its industrial transformation mainly owing to the financial and technical help given by the USSR: the ratio between industrial output and agricultural output stood at 16:42 just before the war; it had become 49:26 in favour of industry in 1968 (paragraphs 4-11).

3. The first steps had been taken between 1966 and 1968 to implement an economic reform programme based largely on the Czechoslovak model; however, it had been introduced with much hesitation and only in certain limited sectors of the economy. After the events of the summer of 1968, the Bulgarian leaders thought it advisable to steer clear of the liberal reform philosophy of the Czech economists and to return more uncompromisingly to Soviet concepts. Very few of the original intentions have survived this reversal of policy, which has been accompanied by increased Party control over the economy. Future prospects depend primarily on the Soviet attitude (paragraphs 12-35).

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4. It has been announced that with the co-operation of the Soviet Union there is to be a reform of the planning system involving the use of computers; once this system has been worked out, it should serve as a prototype for all the countries of Eastern Europe (paragraphs 36-37).

5. As regards industrial output, Bulgaria had had the highest growth rate of the COMECON countries (15.9%) up to 1960; since 1961, however, this distinction has gone to Rumania. The originality of the 1966-1970 Five Year Plan lies in the fact that priority has no longer been given to iron and steel but to chemicals; industrial output is to rise at an average annual rate of 8.2% until it accounts for 52-53% of the national income in 1970 (paragraphs 38-43).

6. In the economic field, the last two years have been marked by a certain decline attributable mainly to the disappointing agricultural record resulting from bad weather. Bulgaria's agriculture, however, is one of the best organized in Eastern Europe; as a result of relentless and energetic efforts to modernise farming equipment and improve methods, yields, even during periods of drought, are  $2\frac{1}{2}$  times higher than before the war. Industry is continuing to expand rapidly (the rate being 11.8% in 1968 and 9.9% in 1969) and special attention is being given to the demands of technology: the régime seems to be preoccupied with atomic power and computers. The standard of living of the Bulgarian population has improved considerably during recent years, and in 1969, which marked the 25th anniversary of the revolution, the growth rate of the consumer goods sector for the first time exceeded that of capital goods. Nevertheless, the high level of private savings indicates that the choice and quality of goods available are still inadequate (paragraphs 44-70).

7. Bulgaria's exports represent 22% of the net material product and the volume of trade is increasing more quickly than the growth rate of the national income. The trade pattern has noticeably improved as a result of industrial expansion, and the proportion of manufactured products in the country's exports rose from 32% in 1960 to 46% in 1969; however, this diversification is mainly confined to intra-COMECON relations. One of the salient features of the Bulgarian economy is its close dependence on the USSR, whose deliveries of raw materials and equipment are of vital importance for industrialisation and which offers a practically unlimited outlet for a good many products which would be difficult to sell on Western markets. Bulgaria's trade with Western countries still represents only a small share of the total and its prospects in this direction are limited by its extensive indebtedness. The adoption of a restrictive policy in respect of imports as from 1968 resulted last year in a smaller number of foreign transactions, in particular with Western countries, and in the first positive trade balance (paragraphs 71-81).

8. Bulgaria has greatly benefitted from its membership of COMECON, some countries of which (Czechoslovakia, the Soviet-occupied Zone of Germany, and Poland) have also provided substantial aid. This is why Bulgaria is not opposed to plans for co-operation and closer integration within COMECON. A decision was recently taken for joint planning in certain economic sectors between Bulgaria and the Soviet Union, and then with Poland as well. Like certain other countries of Eastern Europe, Bulgaria has lately shown an interest in the establishment of mixed enterprises to be managed jointly with Western companies (paragraphs 82-84).

9. At its present level, Bulgaria's industrialisation can no longer advance at a sufficiently rapid pace without the aid of the equipment and sophisticated technology of the West. In view of the substantial credits already granted, this means that it will have to make considerable efforts if its products are to be competitive on Western markets. The conclusion of co-operative agreements between Western and Bulgarian concerns and the growth of tourism might help to solve this problem. It is true that Bulgaria's very close ties with the Soviet Union discourage it from taking any initiative which might incur Moscow's displeasure, but the influx of tourists, besides bringing in foreign currency, has, no doubt, had some psychological effect on the population. However, the level of Bulgaria's trade with the West is so low that it could probably be developed without alarming the USSR.

10. The country's modernisation entails a measure of economic and intellectual liberalisation which is in the interest of the West; it is also in its interest to develop its trade with Bulgaria, which provides an outlet for its industrial exports. Although the Western countries have little chance of parting Bulgaria from the Soviet Union in the near future, they could none the less help it to promote its national interests by establishing closer economic relations and by making it easier for Bulgarian products to come on to their own markets. However, it should be remembered that several of Bulgaria's exports may compete with those of NATO countries also undergoing industrialisation.

ECONOMIC PROFILE OF BULGARIA

|                             | Hungary | Albania   | Bulgaria  | CSSR       | Zone       | Poland     | Rumania    |
|-----------------------------|---------|-----------|-----------|------------|------------|------------|------------|
| Area (sq.km)                |         | 28,748    | 110,912   | 127,859    | 108,239    | 312,700    | 237,500    |
| Population                  | 93,030  | 2,019,000 | 8,370,000 | 14,362,000 | 17,084,000 | 32,305,000 | 19,721,000 |
| Net annual rate of increase | 0.34%   | 2.8%      | 0.7%      | 0.6%       | 0.2%       | 1%         | 0.6%       |

National Income

Net material product: 8,556 million leva in 1968

of which:

Industry: 49%

Building: 9%

Agriculture and Forestry: 26%

Transport and Communication: 4.9%

Trade: 9.0%

Other: 2.1%

Growth by Sector

|                               | 1961-1965 (average) | 1968  | 1969 (actual) | 1970 (plan) |
|-------------------------------|---------------------|-------|---------------|-------------|
| National income               | 6.7%                | 6.4%  | 7.7%          | 9.0%        |
| Gross industrial production   | 11.7%               | 10.4% | 9.9%          | 8.2%        |
| Gross agricultural production | 3.2%                | -8.7% | 2.4%          | 12%-14.7%   |
| Investment                    | 10.8%               | 9.5%  | 6.5%          | -1.5%       |
| Employment                    | 4.3%                | 1.2%  | 3.5%          | -0.7%       |
| Industrial productivity       | 6.9%                | 9.1%  | 6.3%          | 9.9%        |
| Real income per capita        | 5.0%                | 2.7%  | 3.0%          | 7.0%        |

Defence budget as % of NMP (1969) = 3.3%

Foreign trade (1969)

Imports (f.o.b.): 2,046.7 million leva

Exports (f.o.b.): 2,107.2 million leva

Foreign trade per capita: \$405

National currency

Official exchange rate: \$1 = 1.17 leva

Tourist exchange rate: \$1 = 2 leva

Trade with the Soviet Union: 53.5%  
Trade with other Communist countries: 25.9%  
Trade with the industrialised West: 15%-16%  
Trade with developing countries: 5.6%-6.6%

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ECONOMIC TRENDS IN BULGARIA

1. With a population of 8,472,000 inhabitants and an area of 110,900 sq.km, Bulgaria is one of the smallest countries of Eastern Europe. It is also one of the least developed ones, its gross national product per head, estimated at \$1,010 in 1967, representing about two-thirds of that of the USSR (but three or four times that of Albania)(1). Nevertheless, its economy does have several quite original features.

2. Bulgaria's economic development is closely dependent on its relations with the Soviet Union, both as regards the development of its industry and as regards the implementation of economic reforms and the pattern of its foreign trade; the events of 1968 further strengthened the already predominant rôle of the USSR in Bulgaria's policy. A traditionally agricultural country, Bulgaria has been developing its industry for some years with remarkable speed, the rate of growth being one of the highest in the world; having started at a very humble level, Bulgaria has now progressed beyond the under-development stage, mainly owing to the financial and technical help given by the USSR. Limited natural resources and too narrow a domestic market make Bulgaria more heavily dependent on foreign trade than all the other countries of Eastern Europe; at present, transactions with the USSR represent 55% of the total volume of trade and this proportion should increase to 70% during the next decade.

3. The purpose of this report is to review Bulgaria's economic situation and its future prospects; the study is divided into three parts, dealing successively with the relevant background information, domestic economic developments, and external economic relations.

I. BACKGROUND INFORMATIONA. Natural resources

4. Except for the processing of agricultural products, there is no natural basis for a Bulgarian industry. Anthracite deposits are scarce, but the lignite resources are sufficient to meet the present domestic demand, and it is thought that this will allow more powerful generating stations to be built. The amount of oil discovered and extracted so far is comparatively small; the production of natural gas may be more promising, for the reserves are estimated at 30 milliard cubic metres. Two metallurgical complexes have been set up as a

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(1) However, the notion used in Bulgarian official statistics does not correspond to the Western concept of gross national product; there are considerable divergencies between Western experts' estimates of the latter owing to differences in their methods of calculation



result of the discovery of iron ore, but Bulgaria has practically no coking coal which must, therefore, be imported. The Eastern Rhodope Mountains contain deposits of lead, zinc, copper and other non-ferrous metals but in small quantities. Sulphuric acid is produced by roasting sulphurous metallic ores; salt resources are adequate for the production of caustic soda and chlorine. Bulgaria has to import potassium and phosphates but has sufficient quantities of lime and of all other materials required for the manufacture of cement. The production of cellulose may be appreciably increased once proper access roads to lumbering regions have been built.

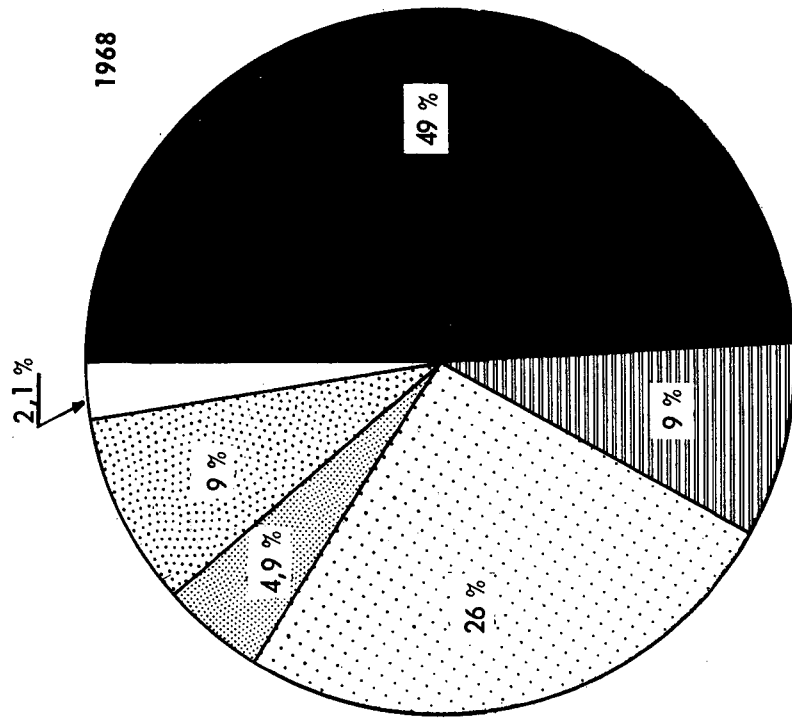
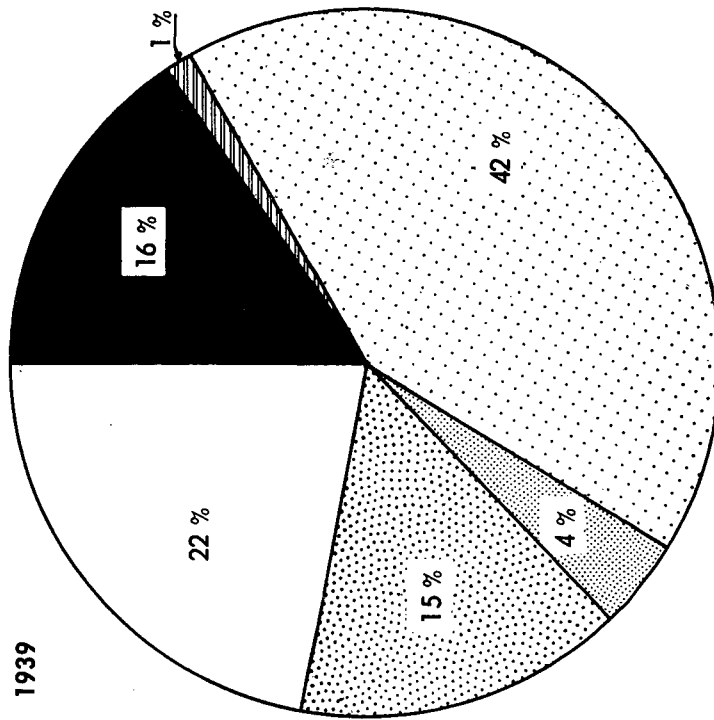
B. Population and employment

5. At the end of 1969, Bulgaria had a population of 8,472,000, which represents a density of 75.7 inhabitants per square kilometre. Ethnic minorities (approximately 12% of the population) include 660,000 Turks, whose number is expected to decrease gradually in accordance with the Turkish-Bulgarian agreement on the reuniting of families, and about 200,000 gypsies. The growth rate of this population has been steadily declining since the post-war period. The rising trend still recorded each year is mainly due to a reduction in infantile mortality and to an increase in longevity. The proportion of youth to the rest of the population is the lowest in the Balkan countries, being 23.9% in Bulgaria as against 26.3% in Rumania and 31.1% in Yugoslavia. The birth rate continued to drop throughout the last decade and fell to 14.9 per thousand in 1966 and to 15 per thousand in 1967; in 1967, when there was a slight increase in the death rate (9 per thousand), the rate of natural growth was the lowest ever recorded in 50 years. New measures were then taken by the Bulgarian leaders to increase the birth rate; these were aimed in particular at encouraging families to have three children, the minimum considered essential in order to reach a population figure of 10 million inhabitants between now and 1980. Probably as a result of these measures, the birth rate jumped to 16.9 in 1968 and to 17.3 in 1969, but the Bulgarian Authorities have set themselves a target of 18 per thousand.

6. The economically active population was estimated at 4,235,000 in 1965, representing 51.4% of the total population. The population of working age - this being between 16 and 60 for men and between 16 and 55 for women - at present exceeds 4.9 million. Urbanisation is making rapid progress and the predominance of the rural population is about to disappear. In 1969, the latter numbered only 4,243,600, while the urban population had reached the figure of 4,160,500. Taking into account the increasing mechanisation of agriculture, there is no shortage of labour; it is necessary, on the contrary, to create a sufficient number of new jobs.

GRAPHIQUE I - CHART I

INDUSTRIALISATION DE LA BULGARIE  
INDUSTRIALIZATION OF BULGARIA



INDUSTRIE  
INDUSTRY

CONSTRUCTION  
CONSTRUCTION

AGRICULTURE ET FORETS  
AGRICULTURE AND FORESTRY

TRANSPORTS ET COMMUNICATIONS  
TRANSPORT AND COMMUNICATION

COMMERCE  
TRADE

AUTRES SECTEURS  
OTHER

### C. Industrialisation of Bulgaria

7. In its economic policy, the Bulgarian Government has always faithfully adhered to the Soviet model and has received full support from the USSR. One of the reasons for the extent of this support lies in Bulgaria's potential rôle as the one country having common frontiers with both Greece and Turkey, which are also going through the process of industrialisation.

8. A traditionally agricultural country, Bulgaria, since the advent of the Communist régime, has been expanding all its activities and this is bringing about a complete change in its economic patterns. In 1939, industry provided only 15% of the national income and consisted chiefly of small family concerns, the few large industries existing at the time being dominated by foreign capital. The ratio between industrial output and agricultural output at that time was 16:42; it had become 49:26 in favour of industry in 1968; these figures illustrate the great transformation effected in the space of a few years.

9. In this connection, agriculture played an essential part by meeting the requirements for a growing labour force and by providing the State with a supply of foreign currency as the result of its important export activity. The authorities have never lost sight of its interests or of its importance in the life of the country. Collectivisation has been pursued with an awareness of the real conditions of peasant life which has often been lacking in other socialist countries; it was also facilitated by a long tradition: Bulgaria is the only country in Eastern Europe to have carried out, even before the Second World War, an interesting and remarkably successful experiment with agricultural co-operatives on the farmers' spontaneous initiative.

10. The original feature of Bulgaria's industrialisation is the fact that it has been based on the expansion of electric, and especially hydro-electric, power. Since 1949, the year in which the economy reached its pre-war level, modernisation of the country has been effected in a series of five year plans, priority being given to the establishment of heavy industry. Following the example of the USSR, more ambitious long-term targets were laid down in the directives covering economic development in the period 1961-1980. The growth in Bulgaria's industry is mainly due to deliveries of capital goods from the Soviet Union and other European Communist countries; the credits granted by the USSR are currently estimated at 1.8 milliard roubles. Western countries, too, have contributed, though less decisively, to the industrialisation of Bulgaria, and the latter shows a growing interest in the modern equipment and advanced technology of the West as its economy becomes more diversified. As regards the

gross industrial product, Bulgaria had the highest growth rate of the COMECON countries up to 1960 (an average of 15.9% between 1956 and 1960); since 1961, however, this distinction has gone to Rumania. The swift growth rate of these two countries is a sign that their industrial development is still at an early stage.

11. At the beginning of the 1960s, in spite of high growth rates and rapid modernisation, the Bulgarian economy was faced with the same kind of problem as most of the other countries of Eastern Europe. Centralised planning methods had been effective in the first stages of industrialisation, but with the growing complexity of the economy, its future prospects of expansion seemed threatened by excessive centralisation, arbitrary pricing and the lack of material incentives. A thorough reform of the system of controlling the economy seemed essential.

D. Economic reforms

12. Although the Bulgarian leaders gave this matter some personal thought, they seem to have been guided by the Soviet attitude. The first decision to reform the planning and management system was taken in November 1962, shortly after Liberman's theories were published in the USSR. As early as 1963, the proposed measures were tried out in a number of pilot enterprises, but were finally accepted only in 1965 after the new Soviet system had been adopted by the 23rd Congress of the Communist Party. The first steps were taken between 1966 and 1968 to implement this reform programme, which was based largely on the Czech model; however, it was introduced with much hesitation and only in certain limited sectors of the economy. After the events of the summer of 1968, the Bulgarian leaders thought it advisable to steer clear of the liberal reform philosophy of the Czechoslovak economists and to return more uncompromisingly to Soviet concepts. Very few of the original ideas have survived this reversal of policy, which was accompanied by increased Party control over the economy.

The initial programme

13. Aimed at establishing a more competitive economy and at introducing more flexible management methods, the Bulgarian reform programme tried to combine increased autonomy for enterprises with the maintenance of a centralised planning system. However, the measures envisaged were weakened by the half-hearted way in which they were implemented.

14. Enterprises were to be allowed more freedom in their production, investment and wage policies. In principle, their decisions were to be based solely on the criterion of profit. The Government, however, maintained a number of market regulators, allowing it to keep strict control over economic

developments. The autonomy enjoyed by enterprises under the new economic system was restricted in so far as decentralisation meant that the decision-making powers were delegated to "industrial associations" managed by Government nominees and invested with authority to co-ordinate production, scientific and technical research and sales policy. Democratisation within the enterprise took the form of "production committees"; these were elective bodies with purely consultative functions concerning, in particular, profit-sharing decisions and the choice of the managerial staff.

15. The notion of "planning at base" seemed to be a sign of a trend towards liberalisation, enterprises no longer being required to reach a production target fixed by the State but being allowed to negotiate contracts with their suppliers and customers; however, for essential commodities, the State entered into annual contracts which were designed to cover the requirements of the domestic market and of the export programme and which, in proportion to the importance of these commodities in total output, which varied according to economic sector, had the effect of imposing limits on the freedom of action of enterprises. However, the number of compulsory indices in the plan had been reduced, so that only the volume of production, the value of investments, and the allocation of raw materials and basic products continued to be subject to centralised planning, although exchange controls were maintained; in fact, other indices were fixed during the trial period of the reforms.

16. Fiscal policy was centred on profitability. The main source of revenue was turnover tax, variations in which were a means of influencing the level of prices. The new system had introduced a tax on the capital of enterprises to induce them to reduce their excess capacities. There was also a progressive tax on profits, designed to act as an incentive and at the same time to control the level of wages and profits, but it proved, in practice, to have the effect of slowing down the rate of expansion.

17. As regards investments, it was intended that self-financing and bank credits should to a large extent take the place of budgetary appropriations. For this purpose, enterprises were to establish a development and modernisation fund representing a certain proportion of their capital and profits deposited at the National Bank, on which interest was to be paid. Bank credits also carried interest, at a rate inversely proportionate to the enterprise's profitability. The end-result of this arrangement was, in fact, to penalise certain branches which showed a deficit yet were of vital significance to the economy, e.g. heavy industry. In practice, however, most investments continued to be the subject of centralised planning. Thus, at the end of 1967, about 10% of

the projects were financed by bank credits, although 70% of the industrial enterprises had gone over to the new system. To encourage a more rational use of capital, the sums set aside for depreciation were increased - despite continuing uncertainty regarding the method of assessing assets - and interest at 6% was charged on the fixed and working capital of enterprises. In the final analysis, the object of the new system was to remove some of the obstacles inhibiting economic growth, while at the same time leaving at the disposal of the State economic controls to enforce observance of the priorities laid down by the political authorities.

18. With profit becoming the main criterion of economic activity, a system of financial incentives tied the remuneration of the workers to the success of the enterprise. A wages fund was established, which the enterprise could use to pay both the State-guaranteed part of the wages and the additional amount which varied according to each worker's contribution to the total output. From 1967 onwards, however, ~~the original scheme was revised on less liberal lines; with~~ the introduction of the hourly wage, the system now provided for profit-sharing on the basis of many different criteria from which an enterprise could select those best suited to the nature of its activity. Wages cuts were to be made if the accounts showed a deficit, and new production norms were laid down. The reform programme thus became extremely complex and arbitrary; although each of the measures adopted was individually sound, their simultaneous application could only lead to confusion. What was being done, in effect, was to find piecemeal solutions to certain problems instead of applying a coherent policy.

19. Price reform was primarily aimed at adapting wholesale prices to production costs, the ultimate goal being to put an end to the system of open and hidden subsidies while adhering to the State's economic policy and respecting the law of supply and demand. With this end in view, three categories of prices were established on the Czechoslovak model: prices fixed by the authorities for essential products; prices freely negotiated by enterprises within upper and lower limits determined by the State; and free prices. No precise indication of the proportion of products falling into each of these categories was given. The implementation of the reform was repeatedly postponed, in fact; further conditions were laid down for each of the three categories of prices by the Bulgarian leaders, which raised doubts as to their sincerity. In short, it seems that the old price system never ceased to operate during 1966 and 1967.

20. Even before the reforms were discussed, several measures had been taken in the agricultural sector to stimulate production: in particular, a guaranteed minimum wage for members of collective farms, the introduction of a pension scheme, the payment of bonuses, and the provision of incentives for the cultivation of privately-owned plots. The new system

aimed at reducing the number of compulsory indices and sought to make agricultural incomes depend on output. Attempts were made to approximate the agricultural co-operative system to that of industrial enterprises and State farms, particularly by establishing various funds which limited their theoretical autonomy, by abolishing rent and by placing restrictions on the cultivation of privately-owned plots. On the whole, the Bulgarian leaders seemed to be more satisfied with the reforms introduced in the agricultural sector than with those applied in industry.

21. The first steps taken up to 1968 to implement the reform programme merely amounted to a mixture of sometimes contradictory measures of unequal value. However, they represented an effort to improve the centralised planning and management system then in force. Although not all the promises made were kept and although the new principles were only applied piecemeal, considerable progress was, in fact, made towards the rationalisation of the economy.

#### The 1968 reversal of policy

22. With a sudden reversal of policy, the Bulgarian Authorities returned to their previous concepts during the summer of 1968. The official reason given for this change was that the scientific and technological revolution made it necessary to resort to mathematical methods and computers to manage the economy, and that this entailed some recentralisation. This is not a very convincing explanation in the case of a country as little advanced as Bulgaria. It would seem nearer the truth to say that the course of events in Czechoslovakia had strengthened the fear that liberal-type reforms might undermine the political monopoly of the Communist Party and loosen the Soviet Union's hold over Eastern Europe.

23. In December 1968, after some pressure had been exerted by the USSR and other Communist countries, a Government reshuffle took place, several Ministries being abolished or merged and new ones created. The key economic posts were given to high-ranking Party officials, some of whom were members of the Political Bureau. In addition, the people's councils were called upon to supervise the activity of all the organizations and enterprises located in their respective districts. All these changes were designed to increase the Communist Party's influence on the management of the economy, both at the central and at the local level. This did not mean that the reform programme was discarded, but it was radically recast in the light of Soviet concepts. It was to be applied to the whole economy on 1st January, 1969.



24. An "Economic Co-ordination Committee", attached to the Council of Ministers, virtually exercises control over the whole economy; in addition to the harmonisation of economic and financial projects and measures, its responsibilities cover the allocation of investment resources, price policy and economic and technical co-operation with foreign countries. This has appreciably reduced the powers devolving upon the "industrial associations" or "trusts".

25. The measure of autonomy which had been granted to enterprises has been reduced by the restoration of central planning as regards supplies (for which a new Ministry has been set up), wages funds and technology, and by the definition of new criteria for the establishment of enterprise funds, the fixing of interest rates, the taxation system and customs tariffs. Furthermore, participation within the enterprise is limited by new regulations which put the manager at the head of the production committees, now to be known as "economic committees", and extend the powers delegated to the trade unions, which are considered to be more docile.

26. Within this rigid framework, enterprises cannot easily take the initiative in finding ways to maximise profits. However, measures have been introduced to facilitate self-financing and recourse to bank credit, while providing at the same time for the allocation of temporary subsidies. There is a ceiling for capital investments and a new interest rate policy has been outlined. The banking system was reorganized on 1st April, 1969; it was decided to set up an Industrial Bank and an Agricultural and Commercial Bank with a separate legal identity, but subordinated to the Bulgarian National Bank: they operate in the provinces through the agencies of the National Bank and their respective presidents are vice-presidents of the latter. This reform is aimed at increasing the control exercised by the banks; these will have the right to examine the economic and financial position of enterprises in order to give priority as regards credit to those with the best profitability record. Furthermore, in February 1970, a central auditing system was introduced at the Ministry of Finance in order to restrict the financial independence of enterprises. "Trusts" are to be made responsible for the task of managing funds to be used for technical development purposes.

27. The complexity of the rules for calculating remuneration payments was further aggravated when the multiple criteria system was extended to apply to the basic wage and not only to profit-sharing schemes. There is a long-term plan to establish norms which will take technological progress into account. As regards price reform, while rationalisation

and flexibility officially continue to be the goals of the régime, and although a revision of wholesale prices, agricultural prices and customs tariffs has been announced, it is quite clear that the trend towards centralisation is affecting this field just as much as the economy as a whole, and the idea of a tripartite price system seems to have been shelved for the time being.

28. The reforms introduced in the agricultural sector since 1968 have made far-reaching changes in its structure, management methods and scientific and technical standards which, by the middle of the next decade, will bear very little resemblance to what they were ten years earlier. Bulgaria's economic policy in this sector is pursuing a dual goal: the specialisation and concentration of agricultural production and the achievement of an integrated production cycle.

29. Specialisation and concentration have been the key-notes for the last two years, especially since the Central Committee Plenum of September 1969, and a trend towards the merging of collective farms has appeared: this generally means forming groups of two to four agricultural co-operatives, these being composed, in their turn, of several farms which had been independent until the first concentration drive in 1958-59. Great emphasis is also being laid on the need to introduce industrial methods in the agricultural sector. For example, huge stock farming units have been created within the framework of the collective farms or by several farms on a co-operative basis, and "complex mechanisation brigades" have been formed.

30. The most original feature of Bulgaria's agricultural reforms is the effort to achieve an integrated production cycle, from the production of raw materials to the marketing of the finished products. The establishment in 1965 of a number of bodies under State control to be responsible for the procurement and processing of agricultural products and their sale on domestic and foreign markets may, like the merging of the Ministry of Agriculture with the Ministry of the Food Industry, be regarded as a first step in this direction. It was also with this end in view that several "agricultural-industrial complexes" were formed on a purely experimental basis at the end of 1968 and the beginning of 1969; they are groups of State farms or agricultural co-operatives which have been given the task of organizing joint industrial, commercial and building enterprises. These complexes cover more than 30,000 hectares and each one employs approximately 50,000 people. Doubts have been voiced as to the profitability of such huge concerns, in view of the failure of an experimental concentration scheme in 1958-59; since that time, however, so much progress has been made in infrastructure, technology and management that it would be unwise to jump to conclusions. Moreover, this new formula should go some way towards slowing down the exodus from rural areas.

31. There is continuing uncertainty as regards the optimum organization of the agricultural sector, and other solutions have been tried out recently: one is the "industrial-agricultural combine" where, in contrast to the agricultural-industrial complex, the basic cell consists of an industrial enterprise; another is the agrocomplex, which is more concerned with the concentration and specialisation of production; its originality lies in the fact that it groups together a number of enterprises which retain their legal and economic independence under the authority of a board of management; thirdly, there is a variation of the agricultural-industrial complex where the component units are entirely independent except for the supervision of a co-ordinating committee.

32. In discussions on agricultural reorganization, the coexistence of the two farming systems has never been challenged, although differences in status are becoming progressively less marked. Not so long ago, it was mainly a question of abandoning some of the special features of collective farming; the co-operative principle faded out with the abolition of the payment of rent to the peasants and, therefore, of their theoretical ownership of land, and with the introduction of the minimum wage guarantee. More recently, however, it seems to have been agreed that the agricultural co-operatives are, in fact, superior, and their methods in the fields of planning, financing and the remuneration of labour have been extended to the State farms. Furthermore, whereas hitherto a large number of collective farms (approximately 200 between 1962 and 1966) generally with a poor profitability record and located in mountainous regions, were converted into State farms, the opposite trend was noted for the first time in the spring of 1969 when several State farms were incorporated in collective farms. Nevertheless, there continue to be two quite distinct categories, as is confirmed by the recent management reforms, with the creation of the Central Union of Agricultural Co-operatives for the collective farms in 1967, the adoption of a new legal status for the State farms in 1965, when a central "trust" was set up, and the establishment in 1969 of associations of State farms, as intermediate bodies between the two existing forms, and placed under the authority of both the central trust and the local people's councils.

33. In the field of foreign trade, no new measures have been introduced since 1968 apart from a customs duty reform which is due to come into force on 1st July, 1970; this provides for a multi-tier tariff depending on whether it applies to members of COMECON, to countries which grant Bulgaria the most favoured nation treatment, or to other countries. On 20th November, 1969, as part of the codification of the relevant laws, the control exercised by the Minister of Foreign Trade over the activities of enterprises was strengthened, and the principle of State monopoly of foreign trade was reaffirmed in unambiguous terms. On 12th February, 1970, the Council of Ministers deprived some economic associations of their right to establish direct contact with foreign firms and set up new groups under Ministries to perform this function.

34. In spite of the partial and piecemeal implementation of the initial programme and the reversal of policy in 1968, the Bulgarian economy has, on the whole, reaped substantial benefits from the experiment in progress. Emphasis is now laid on profits, material incentives and self-financing. Some of the powers formerly vested in the Ministries have been delegated to the "trusts" but as many of the key posts in these have been given to former officials, the effect of the transfer is somewhat limited. The reorganization of the banking system is likely to promote the decentralisation of investments, although State control has been tightened. From a more general standpoint, the trend of the reforms shows that the economic system is not a rigid ideological concept, but is capable of changing in the light of experience.

35. Future prospects are uncertain and they have become even more problematical following the action taken at the end of last year against the heads of certain economic associations because of their foreign trade activities, which had allegedly resulted in "breaches of State discipline in financial matters" and which have led the Bulgarian leaders to impose further restrictions on the rights granted to these groups. As the Bulgarian economy is less advanced than that of the other countries of Eastern Europe, it is true that it can operate more easily under a centralised planning and management system; none the less, a heavy price has to be paid for inefficiency, and pressure will inevitably be exerted in favour of more daring reforms. As in the past, any progress in this direction will depend very closely on the Soviet attitude.

#### E. Science and technology

36. It has been announced that, with the co-operation of the Soviet Union, there is to be a reform of the planning system involving the use of computers. Once this system has been worked out, it should serve as a prototype for all the countries of Eastern Europe, but, owing to the lack of qualified personnel, this plan cannot be implemented until 1971. At the end of 1967, however, the ILO opened a study centre for management techniques in Sofia, employing American specialists. It has recently been decided that 300 computer centres using IBM equipment should be set up in Bulgaria. In accordance with an agreement reached with the USSR in May 1969, Bulgaria will specialise in the production of certain electronic machines; as output will greatly exceed national requirements, exports are expected to amount to 500 million roubles during the next five-year period. The September 1969 Plenum laid strong emphasis on the importance of technical progress, automation and computerisation.

37. Moreover, the importance of economic science seems to have been officially recognised and a forecasting commission has just been set up which will be directly responsible to the Prime Minister and to the Political Bureau. Scientific research centres, specialising in the various branches of the economy, have also been planned for the financing and co-ordination of activities in this field, taking into account the need to ensure that none of these overlap and that attention is focused on fundamental problems.

## II. DOMESTIC ECONOMIC DEVELOPMENTS

### A. General economic developments

#### (1) Fourth Five-Year Plan (1961-1965)

38. The Bulgarian economy has expanded rapidly over the past decade. According to official statistics, the national income rose by an average of 6.5% per annum during the five-year period 1961-1965. Although well below the 9.7% achieved between 1956-1961 and the 9.8% provided for in the Plan, this rate is one of the highest in Eastern Europe. During these five years, some 7,600 million leva were invested in the Bulgarian economy as compared with the planning target of 8,200, and certain projects in the agricultural and in the housing sectors could not be carried through. Industrial growth was rapid - 11% between 1961 and 1965 as compared with 15.9% between 1956 and 1961 - emphasis being put on the capital sector, the share of which in the total rose from 47.2% in 1961 to 52.3% in 1965, while the share of consumer goods dropped from 52.8% to 47.7%. Progress was particularly marked in fuel and power, metallurgy, the engineering and chemical industries and building, mainly owing to aid from the Soviet Union and the other COMECON countries. In the agricultural sector, output rose more slowly despite heavy investments, and results were very uneven, with a yearly average of 5.7% between 1956 and 1960 and of 3.2% between 1961 and 1965, when a rate of 8-9% had been planned. These disappointing figures are largely due to bad weather, but also to a shortage of equipment and to inadequate deliveries of agricultural inputs.

#### (2) Fifth Five-Year Plan (1966-1970)

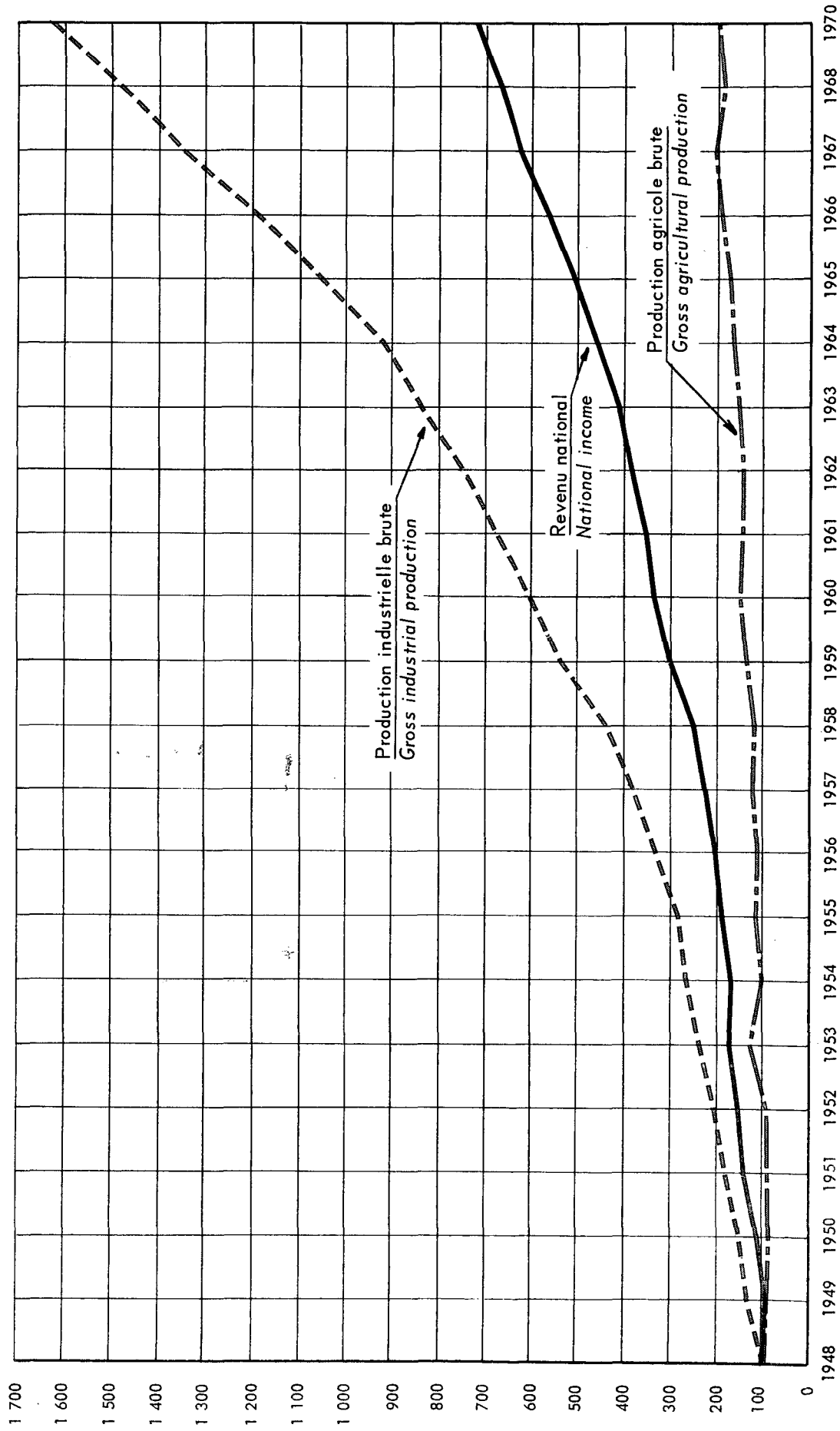
##### Targets

39. The originality of the 1966-1970 Plan lay in the fact that priority was no longer given to iron and steel but to chemicals. It provided for an increase in the national income of 45%-50%, representing an average growth rate of 8.7%, and its principal aim was to speed up industrialisation. Overall investments were to total 13 milliard leva and industry was to be allocated a much larger share (51.5% as compared with 47.1% during the previous period) at the expense of agriculture, whose share would fall from 24.1% to 18.1%. Industrial output

GRAPHIQUE II - CHART II

REVENU NATIONAL, PRODUCTION INDUSTRIELLE, PRODUCTION AGRICOLE - 1948-1968  
NATIONAL INCOME, INDUSTRIAL PRODUCTION, AGRICULTURAL PRODUCTION - 1948-1968

1948 = 100



was to rise by about 70%, representing an average annual increase of 8.2%, and to account for about 52% of the national income by 1970. About 70% of this increase was to be the result of improved productivity and technological progress. The branches of industry which were the most promising in this respect, such as those capable of producing the most for export to the West or those which had benefitted from specialisation within the framework of COMECON, were to be given priority in the allocation of available resources. In particular, the engineering industry's share in overall production was to rise from 16.5% in 1965 to 20% in 1970, and the chemical industry's share from 4.7% to 10.8%. Agricultural output was to go up by 25% to 30%, representing an annual average of 5.4%, which was a lower but more realistic target than the one set in the previous period. A special effort was to be made in the fields of mechanisation and irrigation. The Plan also provided for an appreciable rise in the standard of living, and real incomes were to increase by 30% between 1966 and 1970.

#### The first two years

40. In 1966, the first year of the Plan, national income rose by 11.1%. This prompted the Bulgarian planners to raise their average annual growth targets for the period as a whole from 7%, as originally planned, to 8.5%. Despite some falling-off in the rate of expansion towards the end of the year, industrial output increased by 12.4%, but the rise in the level of employment, particularly of unskilled labour, exceeded planning forecasts, while productivity declined. Agricultural performance was exceptionally good, with production rising by 14.3%, while investments increased by 22%, particularly, it would seem, as a result of large imports of machinery and equipment financed from credits.

41. Expansion was a little slower in 1967, when the national income nevertheless rose by 9%. The agricultural growth rate dropped sharply to 3.5%, but this was in comparison with an excellent year. In contrast, industrial output went up by 13.5% and the engineering and chemical industries, owing to the priority they were given in the allocation of investment credits, increased their share in overall output from 21.2% to 24.1% in two years. Although the planning target had been exceeded, the rate of increase in the level of employment declined and productivity rose from 3% to 8.1%. Lastly, there was a further large increase in investments (25%).

42. During the first two years of the Plan, the rapid rise in industrial output and excellent harvests made for some improvement in the standard of living. Nominal incomes rose by 10% in 1966 and probably more in 1967, and real income also rose as a consequence of new wage regulations and stable prices. Retail sales expanded by 8.6% in 1966 and by 11.6% in 1967, and there was some difficulty in keeping the balance between supply and demand.



43. Bulgarian economic expansion continued to slow down during 1968, when the net material product rose by only 6.5% as against the 10.5% planned. This situation seems to be primarily due to the bad weather which led to an 8.7% drop in agricultural output. The result was all the more disappointing because the rate of industrial growth (11.8%) was better than anticipated and would have been sufficient to offset the negative impact on the national income of a drop in agricultural production if this had been less serious. Labour productivity improved further and investments continued to rise though at a slower rate (9.5%). A more modest rise in wages and employment helped to keep the balance between supply and demand, to which the reform of the price system also contributed.

### 1969

44. In 1969, none of the planning targets was reached. The economy continued to slow down and the rate of growth of the net material product fell back to 7.7% (as compared with the 10% planned). Because of poor harvests, agricultural production rose by only 2% and even industrial output rose more slowly than planned (9.9% as compared with 11.6%). This increase was due almost entirely to higher productivity, which nevertheless fell short of forecasts. There was a further decline in the rate of increase in investments (6.5%), efforts having been directed primarily towards the completion of projects already in hand. There was again little increase in real income per head (some 3%) but, for the first time, to mark the 25th anniversary of the revolution, production of consumer goods rose faster than production of capital (11% as against 9.2%).

### The Plan for 1970

45. By and large, planning targets for 1970 are less ambitious than those for the previous year and reflect the slower rate of economic growth. The national income is to increase by 9%, and this should make it possible to reach and even exceed the Five-Year Plan targets, despite the poor performances of 1968 and 1969. Industrial output is to rise by 8.2% - the lowest figure set since 1960, and productivity by 9%, which for the first time is higher than industrial output. No growth rate has been announced for agricultural production, but, according to the information available, it can be put at between 12% and 14.7%. The share of "accumulation" in the national income should drop slightly, to 28.4%, and a small reduction (1.5%) is forecast in the volume of investments. In accordance with the new economic system, three-quarters of these investments will be financed by the enterprises themselves. The drop in the growth rate anticipated for 1970 is partly due to recent difficulties affecting supplies of raw materials, enterprise contracts and transport, but it also reflects the intention to develop the various branches of the economy on a more selective basis.

46. At the end of the first four years, it can, therefore, be said that the targets of the current Five-Year Plan will be met on the whole, even though the 1969 forecasts have not fully materialised. In a good many sectors, annual growth rates have exceeded the targets. This applies to some extent to chemicals and light industry (foodstuffs, textiles, leather), and to several types of machinery produced by the engineering industry. The agricultural sector has lagged seriously behind because of the poor weather conditions of the past two years, and it is doubtful whether the ambitious target fixed for 1970 (a 12%-14.7% increase) will be attained.

B. Consumption, investment and employment

Productivity and employment

47. The expansion of the Bulgarian economy has so far been attributable to the increase in the number of employed: the manpower requirements of industrialisation were met by drawing extensively on the large reserves of agricultural labour, although complicated problems arose in connection with the assimilation and adaptation of these workers. The result was low productivity, one of the weaknesses of the system. Efforts have been made in recent years to stop the influx of agricultural workers and to make better use of the labour already available. In 1966, a modernisation programme was started in certain branches, particularly in light industry and in the food industry, and this led to a considerable saving of manpower. Steps were also taken to retrain workers and to improve their technical qualifications. As a consequence of these efforts, the level of employment was stabilised in 1968 with the growth rate falling to 1.2%, as compared with 9.4% in 1966, and labour productivity rose during the same period from 2.7% to 9.1%. It fell again in 1969 (6.3%) and the increase in employment, which may be estimated at 3.5%, seems to point to a reversal of the earlier trend. None the less, the 1970 Plan provides for a greater increase in productivity than in industrial output (9%) and for a lower level of employment (-0.7%).

48. As part of the new system, Bulgaria had adopted an extremely liberal Labour Code and there is considerable labour mobility. To strengthen economic co-operation between the two countries, a certain number of workers are employed in the Soviet Union, where labour is required for four major projects producing commodities partly intended for Bulgaria: lumbering in Komi, where the original labour force of 2,000 is to rise to 9,000 in 1975; a cellulose factory at Archangel, where 2,000 workers and engineers have been sent; the laying of a gas pipeline between the Soviet Union and Bulgaria, on which 4,000 are employed; and the construction of metallurgical factories requiring a labour force of 4,500. Wages and bonuses are paid on the Soviet scale, but Bulgarian workers receive an additional bonus of approximately 80%. To encourage them to stay in the USSR longer than the two years agreed,

they also benefit from various financial privileges, such as easy credit for the purchase of a house when they return home or the opportunity of buying a car more cheaply with roubles, which are accepted as the equivalent of a hard currency. Attempts to send Bulgarian workers to other Communist countries (Soviet Zone of Germany and Czechoslovakia, in particular) have been unsuccessful.

### Investments

49. The current Five-Year Plan had provided for the injection of 13 milliard leva into the development of the economy. This represented an 80% increase over the figure for the previous period. After a relatively steep upward trend in 1966 (22%) and 1967 (25%), when overall investments rose to 2,192.6 and 2,744 million leva respectively, and after a further increase (9.5%) in 1968, bringing the total up to 2,995 million leva, the rate of expansion declined in 1969 to 6.5% (3,192 million leva), and the credits granted were earmarked almost exclusively for the completion of projects already in hand. During the previous three years, uncompleted investment programmes had accounted for 18% of overall investments, even more in certain major branches of industry: 38% in engineering, 36% in non-ferrous metals, 35% in chemicals, 34% in electric power and 29% in fuel production. The situation improved considerably in this respect in 1969. The 1970 Plan provides for a reduction of 1.5% (3,140 million leva) and no major project will be launched before the end of the year. Nevertheless, the target of the current Five-Year Plan will be almost met.

50. During the first three years of the current five-year period, industry absorbed on average 49% of investments (compared with 51.5% planned), agriculture 19% (as compared with 18.1%). Allocations to the four sectors, fuel and power, metallurgy, engineering and chemical industries, together represented just over 72% of the total industrial investment in 1966, nearly 74% in 1967 and 71% in 1968.

### Standard of living

51. The standard of living of the Bulgarian population has improved considerably in recent years. According to estimates which are admittedly tentative, the per capita gross national product (the Western concept) would seem to have passed the \$1,000 mark. The current Five-Year Plan provides for a 30% increase in real income and aims to reduce the gap between the income of the peasant and urban worker.

52. After two excellent years, when real income per head rose some 20% (a little more for wage earners and a little less for peasants), 1968 and 1969 saw a marked down-turn. At the end of 1967, there was an appreciable rise in family allowances as part of a policy of encouraging a higher birth rate; a new pension scheme was introduced, and it was planned gradually to extend a five-day, 44-hour working week to all sectors. In 1968, the relatively rapid rise in total nominal incomes, the consequence of rising wages, a further rise in the level of employment, and improved social benefits, was cancelled out by price increases, particularly for foodstuffs. The retail price index went up by 4% during the year, but the rise in the cost of living was probably greater since the price of services (including rents) showed a tendency to climb even more steeply. This trend continued into 1969. However, concessions were made in December 1967 to some of the least privileged members of the community to neutralise the repercussions of price increases on their household budgets. A few wage increases were announced on the eve of the 25th anniversary of the Bulgarian Communist régime, celebrated in September 1969, but they will only affect a limited number of workers and will come into force over six months. Cuts will also be made in the prices of a few consumer items of secondary importance.

53. The share of national income accounted for by consumption, which had been estimated at 65.8% in 1966, rose to 69% in 1969 and should reach 71% in 1970. Because of the down-turn in agricultural output, there has been no improvement in the supply of foodstuffs. The higher standard of living is reflected primarily in better quality of clothing, and in purchase of cars and electric domestic appliances. Government subsidies for housing have risen by 25% and per capita living space is currently 11.2 sq.m.

### C. Sector production

#### Agriculture

54. Agriculture, by tradition the chief occupation in Bulgaria, now accounts for only 40% of the labour force, whereas before the war 82% of the population were still employed in this sector. Bulgaria was the first East European country to complete collectivisation, which it did in 1956, and 88% of farm land is now in the socialist sector. Private plots only account for 9% of arable land, but make a very substantial contribution to production.

55. Agricultural output represents about 26% of Bulgaria's national production. Its share of total exports exceeds 45%; it provides nearly 75% of exports to the West. The current Five-Year Plan, 1966-1970, envisages an increase in agricultural output of 25%-30%, which means an average annual

increase of 5.4% as compared with the annual growth rate of 3.2% achieved during the period 1961-1965. To this end, investments of the order of 2,350 million leva were allocated to agriculture for these five years. This represents 18.1% of total investments, as against 24.1% in the 1961-1965 Plan, which shows that greater emphasis is now being placed on the requirements of industry.

56. During the first two years of the five-year period, harvests were exceptionally good and agricultural output, therefore, jumped by 18.3%. The 1968 Plan envisaged a further rise of 10% but, because of poor weather, production fell 8.7% relative to 1967. The wheat harvest, which had risen to almost 3.2 million tons, reached only 2.3 million tons in 1968. With national consumption at 2.2 million tons, there was nevertheless a surplus for export. The fruit and vegetables grown on irrigated land - the irrigation network now covers 20% of all arable land - were less vulnerable to drought. On the other hand, Bulgaria was again forced to import fodder grain, the chief supplier being the Soviet Union; 50,000 tons of denatured wheat were purchased from the Federal Republic of Germany. Despite these measures, the shortage of fodder led to a 3% drop in livestock production. Fertiliser supplies rose sharply (39%) and national production capacity continued to expand. An effort is being made to widen the range of machinery used in market gardening and the cultivation of orchards and vineyards in order to reduce manpower requirements.

57. In 1969, weather conditions hampered agricultural development for the second year in succession; however, production increased by 2%, as compared with the target of 7%. This increase is due almost exclusively to an excellent maize crop (over 40 quintals to the hectare) which was the result of large-scale irrigation and the use of selected hybrid strains. The livestock situation deteriorated seriously owing to the shortage of fodder, which was the consequence of the poor harvests of the previous year, and production fell again by nearly 5%. The area of irrigated land increased by 3.5% and tractor deliveries were up by over 6%. Supplies of fertiliser, on the other hand, were considerably lower. Specialisation and concentration of production, especially of fruit and vegetables, were actively pursued in 1969.

58. By and large, Bulgarian agriculture is one of the best organized in Eastern Europe; as a result of relentless and energetic efforts to modernise farming equipment and improve methods, yields, even during periods of drought, are 2½ times higher than before the war. While agriculture is more heavily dependent on weather conditions than any other sector, there also seems to be another reason for the disappointing results of the past two years. The introduction of far-reaching reforms in 1968 and 1969 probably caused some confusion and disrupted agricultural activities. Its negative influence may persist into 1970.

Industry

59. During the first two years of the current Five-Year Plan, gross industrial output went up by 27.2%; in 1968, the planning target (10.6%) was exceeded (11.8%). The main feature of the present stage of industrial development in Bulgaria is the rapid growth in the production of producer goods, which accounted for 53% of overall output in 1967 as against 47.2% in 1960. Priority in the allocation of investment credits also enabled power production, metallurgy and the engineering and chemical industries to expand rapidly. The last two branches in particular appreciably increased their share in industrial output between 1960 and 1968; this rose from 12.4% to 19.1% in the case of engineering, and from 3.7% to 6.1% in the case of the chemical industry, while the food industry now only accounts for 27.5% of the total as compared with 33.5% at the start of the previous decade.

60. In 1969, the rate of growth of industrial output (9.9%) for the first time fell short of the planning target (11.8%). For the first time too, the output of consumer goods (11%) rose faster than that of capital equipment (9.2%).

61. Production of electric power soared again from 13.63 milliard kwh in 1967 to 15.45 milliard kwh in 1968 and 17.23 milliard kwh in 1969. Since the development of national sources of power has proved costly, investments in this sector have been cut back and energy will be purchased from the Soviet Union. A new high tension line between the Vltava and the Dobruja was to be built in 1969 to provide 1.5 milliard kwh per annum to begin with and 3 milliard kwh later.

62. Oil extraction has been dwindling steadily since 1967, falling from 499,000 tons in that year to 475,000 tons in 1968 (instead of the 700,000 tons provided for in the Plan) and to only 325,000 tons in 1969. Bulgaria has concluded a long-term agreement with the Soviet Union which provides for annual deliveries of 5.5 million tons now, rising to 10 million tons in 1975, sufficient to cover practically all requirements. The result of drilling in the Black Sea has been disappointing, deposits being too deep to be worked economically. A gas pipeline capable of carrying 10 milliard cu.m will be built between Ilyin, the Soviet port on the Danube, and Sofia, via Rumania, before the end of 1975. An oil pipeline with a capacity of 60,000 tons is also planned. The total value of the two pipelines is estimated at \$70 million.

63. At a plenary meeting of the Central Committee in November 1969, it was decided to make sweeping changes in the national energy pattern, which will henceforward be based on oil, natural gas and atomic energy, with a view to preparing the integration of the Bulgarian and Soviet economies. Construction of an atomic power station started last October. The two reactors, with a capacity of 440 kwh each, will start to operate in 1974 and 1975 respectively. About 50% of the additional energy produced between 1976 and 1980 will be from this source.

64. Output from the metallurgical plants at Kremikovtzi and Pernik has expanded in recent years, rising from 1,239,000 tons of crude steel in 1967 to 1,461,000 tons in 1968 and 1,515,000 in 1969. Reports of the construction of a third metallurgical complex on the Black Sea seem hardly plausible in view of the agreement reached with the Soviet Union in May 1969 for the construction of an iron and steel complex with Bulgarian participation.

65. The chemical industry continues to forge ahead. Investments have been channelled primarily into the production of man-made fibres, plastics and chemical fertilisers. A first artificial fibre factory with a capacity of 12,000 tons came on stream at Yambal at the end of 1968, a second (9,000 tons) has just come into operation, and a third (4,000 tons) at Vidin is planned for 1970. This year, too, cellulose (50,000 tons) will be produced at Svishtov. Three million tons of crude oil were processed by the petrochemical industry in 1969. A tyre factory at Vidin is expected to be working at full capacity in 1970 (1.2 million) and output of artificial fertiliser will total 733,000 tons.

66. The engineering industry's share of total exports which stood at 27% in 1969 should, according to forecasts, rise to 40% in 1970, and 122 new factories are due to start up before the end of the year. The production of new cars is making good progress, and production and assembly capacity should be sufficient for 60,000 cars in 1975. In 1969, 10,000 ton cargo vessels were built in the Varna shipyards, and after 1970 vessels of 35,000 tons, then 75,000 tons, and finally 90,000 tons will be built. Within the framework of COMECON, Bulgaria specialises in the production of transport vehicles, electric hoists, tractors (particularly for vine-growing), pumps and machinery for the food industry.

67. The development of the merchant navy during these last years has been particularly striking: the number of merchant ships has risen from 33 in 1960 to 56 in 1966 and to 108 in 1968. The Bulgarian merchant fleet has now passed the 700,000 ton level. Its tonnage rose sharply between 1966 and 1967 (346,640 to 748,010 tons).

### Trade

68. Turnover in retail trade rose by 8% in 1968 and 7.9% in 1969. As in previous years, consumer durables, particularly electric domestic appliances, were among the fastest selling items. Demand for clothing and textiles was also very strong, and orders for cars rose steadily. Furthermore, industrial services to the population, such as the repair and maintenance of domestic appliances and vehicles, continued to expand. However, the type and quality of goods offered did not always correspond to demand, and this was reflected to some extent in the growth of savings deposits (19.8% in 1967, 11% in 1968). The 1970 plan provides for an increase of 7.7% in retail sales including services.



#### D. Public finances

69. Bulgaria's budgetary expenditure rose from 4,427 million leva in 1968 (which represents an increase of 9.2%) to 5,041 million in 1969, a further increase of 13.8%. Of this total, 2,632 million leva (approximately 52%) were earmarked for the national economy and 1,451 million (29%) for social and cultural purposes. Receipts were expected to total 5,052 million leva in 1969, of which 3,870 million (77%) were to come from the national economy, including 1,869 million from turnover tax and 1,464 million from industrial profits. Taxes paid by the population were to yield 312 million leva. The expenditure forecast for 1970 totals 5,225 million leva; this is only 3.6% more than last year, and the economy will absorb 49.6% of this amount.

70. Defence expenditure in absolute values rose by 8.1% in 1968, 14.4% in 1969, and 7.3% in 1970, but its share of the State budget has remained steady: 6% in 1968 and 1969 and 6.2% in 1970. It is the practice in Communist countries to omit from the official budget figures certain items of expenditure normally regarded in the West as being related to defence. Consequently, variations in the official budget do not necessarily reflect a corresponding variation in actual military expenditure. However, in the case of Bulgaria, the portion of military expenditure not included in the defence budget is probably not very large in relation to overall military expenditure, although it may have varied slightly over the years. Taking account of the expenditures hidden in other budget items, Bulgaria's real defence effort was put at 3-3½% of GNP (factor cost) according to the estimates of the experts who met at NATO in 1968. There seems to have been no change in this respect since that time.

### III. EXTERNAL ECONOMIC RELATIONS

#### A. Foreign trade

##### General

71. The economic expansion of Bulgaria, which is a small country with limited resources and a restricted domestic market, is more heavily dependent on foreign trade than that of any other East European country. Exports represent 22% and imports 22.8% of the net material product, as compared with 9.9% and 10.3% respectively in the case of Rumania. The volume of trade, which had been increasing by an annual average of 15% during the early sixties, is now rising less rapidly (11.2% in 1968) but, nevertheless, more quickly than the national income. Communist countries accounted for 79.4% of Bulgarian trade in 1969, and the USSR alone for 53.5%. Exports to non-Communist countries were more disappointing; the share of the industrialised countries of the West fell back to 15-16% in 1969, but the volume of trade with developing countries rose (5.6 to 6.6%).

72. Bulgaria has had an adverse balance of trade since 1959, both with the USSR and the other members of COMECON and with the industrialised countries of the West. The deficit is partly offset by the growing income from the tourist industry. The number of foreign visitors has doubled since 1965, and totalled 2,131,000 in 1969. However, the official statistics include all foreigners entering the country, even if they are only in transit. The influx of Western tourists cannot fail to have a psychological effect on the Bulgarian population. At the same time, tourists bring in an appreciable quantity of hard currencies and must be encouraged for this reason. The difficult problem of how to reconcile these two conflicting considerations has been frequently discussed in the Party.

73. Two fundamental trends have appeared in the development of Bulgaria's foreign trade: the diversification of trading partners and the improvement in the pattern of trade.

#### Geographical breakdown

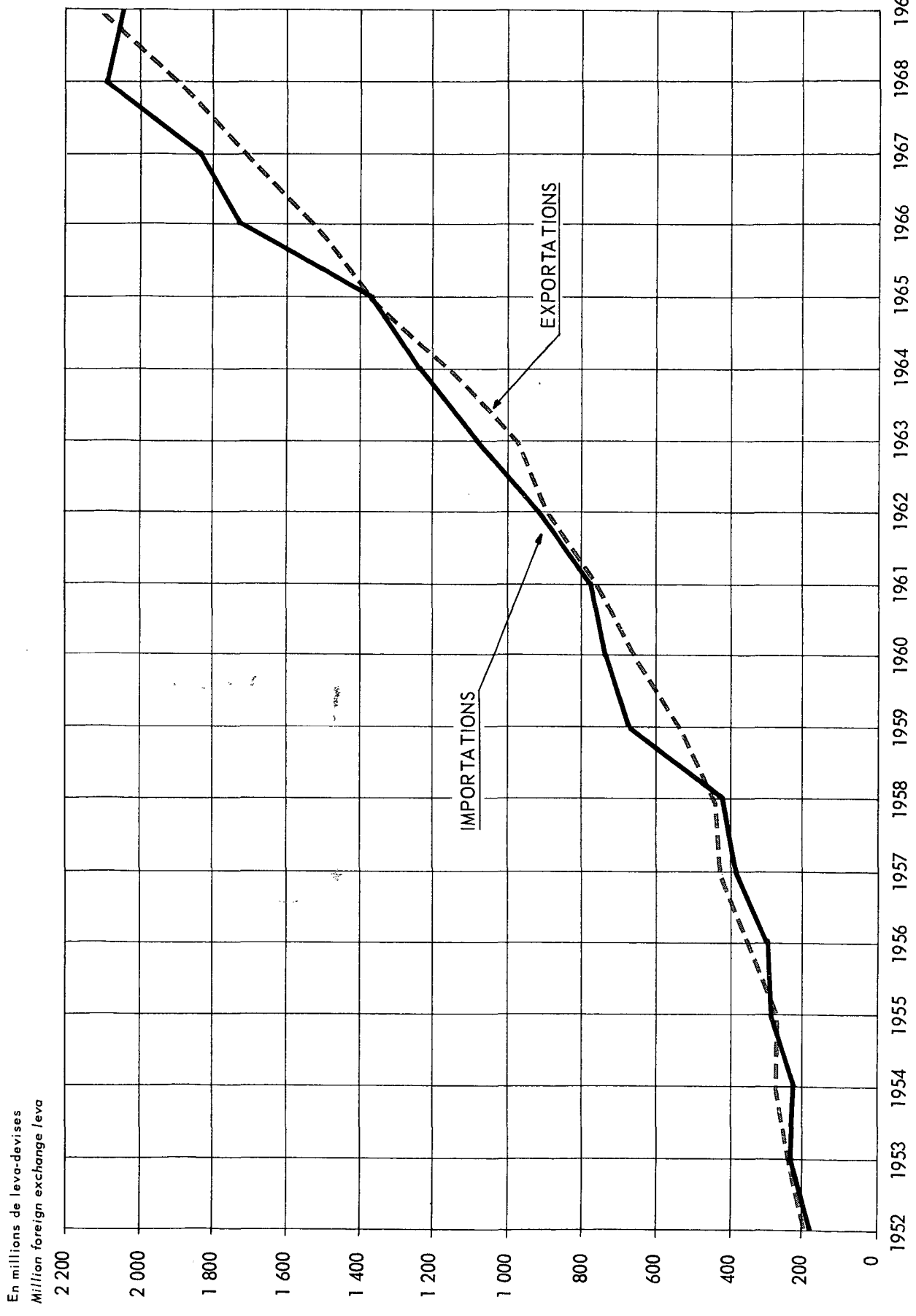
74. The COMECON countries account for almost 80% of Bulgaria's foreign trade. They supply 100% of its sulphur, potassium, fertiliser, metallurgical coke, copper and aluminium imports, more than 95% of its oil and pig iron imports and about 80% of its cellulose and sheet metal purchases. Within the COMECON, Bulgaria specialises in the production of 240 types of machines; it provides over 95% of the electric hoists and trolleys imported by its socialist partners.

75. The Soviet Union is by far the most important of Bulgaria's trading partners. Its deliveries of raw materials and equipment are of vital importance for industrialisation and it offers a practically unlimited outlet for a good many products which would be difficult to sell on Western markets. In 1969, 53.5% of Bulgaria's trade was with the USSR, and this proportion is expected to rise to 60% in 1970 and 70% in the middle of the next decade. The Soviet Union is followed by the Soviet-occupied Zone of Germany and then by Czechoslovakia.

76. Up to 1960, the share of Western industrialised countries in Bulgaria's foreign trade was practically negligible. During the period 1961-1968, however, it rose at an annual average rate of 19.6% (as compared with 12.8% for overall trade) and in 1968 it represented 18.2% of the total (17.1% of exports and 19.2% of imports). Half of this trade is with the Common Market countries and 25% with the EFTA countries. In 1968, Bulgaria's main trading partners were Germany, Italy and France, followed by Austria and the United Kingdom. Italy moved up to first place in 1969, and France dropped back to fifth. The chief problem in trade with the

GRAPHIQUE III - CHART III

DEVELOPPEMENT DU COMMERCE EXTERIEUR 1952-1969  
DEVELOPMENT OF FOREIGN TRADE 1952-1969



West stems from the unfavourable pattern of Bulgarian exports, machinery and equipment accounting for only 1.8% and agricultural produce representing 60%. Bulgaria has an extremely adverse trade balance with the West. In order to limit its indebtedness and also because the Common Market's restrictive policy acts as an effective brake on sales of Bulgarian agricultural produce, Bulgaria greatly reduced its imports from Western countries in 1969, whose share of its foreign trade fell to 15% or 16%.

77. Bulgarian transactions with the developing countries only account for 5.6% of its foreign trade; between 1960 and 1968, these exports rose from 3.5% to 6.2% of the total and imports from 2.4 to 4.9%. In 1968, over half (53%) of this trade was with the Arab countries, headed by the UAR. Bulgaria provides these countries with economic aid in the form of long-term credits (generally for ten years) at 2.5% interest, in addition to short-term, interest-free loans (six to twelve months) which are allowed by the clearing system. The under-developed countries provide Bulgaria with outlets for its industrial production, which is not competitive on world markets, and supply it in exchange with the raw materials it needs. In 1968, machinery and equipment represented 18.3% of exports and chemicals 17%.

#### Commodity pattern

78. Over the past decade and as the economy has developed, the pattern of Bulgarian foreign trade has been radically changing. The share of industrial products in exports rose from 32% in 1960 to 46% in 1969, whereas the share of agricultural products fell from 54% to 45.2%. While sales of machinery and equipment only accounted for 27.1% of the total in 1960, they have subsequently risen twice as fast as overall exports and will account for 36% in 1970. Diversification has not been uniform, however, and has been restricted primarily to inter-COMECON relations. Foodstuffs still account for 75% of exports to the industrialised West.

79. As regards imports, they consist mainly of capital goods, machinery and complete plants, as well as raw materials and fuels, and chemical and pharmaceutical products. In 1969, means of production accounted for 86.1% of all imports, 40.9% of this being equipment and 45.2% raw materials and semi-finished products.

#### Recent trends (1969-1970)

80. Foreign trade rose by 4% in 1969, with imports falling by 1.5% and exports rising by 11%. There was a surplus on trade account for the first time in many years. No figures are yet available to show the geographical breakdown of trade, but it emerges from what information has been published that the share of the industrialised countries of

the West has fallen from 18.2% in 1968 to 15 or 16%. These results confirm the trend towards the reduction of imports from the West, which appeared in 1967 and which can be explained by balance of payments difficulties and the fact that a small country like Bulgaria cannot afford a chronic deficit.

81. The 1970 Plan is interesting in more than one respect. Foreign trade should represent only 4,076 million leva, this figure being a little lower than the amount forecast for 1969 (4,154 million leva); it will, therefore, have increased by 48% by comparison with 1965, so that there would seem to be no hope of reaching the Five-Year Plan target of a 65% increase. Furthermore, the socialist countries' share will rise to 87% (with the USSR alone accounting for 60%) while trade with the so-called capitalist countries will fall to 13% of the total. This new trend could be due to Soviet pressure, but might equally well be the consequence of recent accusations against certain foreign trade enterprises because of their transactions with the West.

B. Co-operation with COMECON countries

82. The steady expansion of Bulgarian industry is due primarily to deliveries of capital equipment from the Soviet Union. Credits from the latter (1.8 milliard roubles to date) have made it possible to build 160 factories, representing 75% of the ferrous metal industry, 95% of the coal and steel industry, 55% of the chemical industry, and 75% of the electrical power stations. At the present time, over 50 industrial plants are being built in Bulgaria by the Soviet Union, which is believed to have promised further credits amounting to 500 million roubles for the next five-year plan. A series of agreements were signed in Moscow in May 1969 covering the period 1971-1975 and providing for deliveries of Soviet oil, petroleum products and natural gas, the laying of a gas pipeline connecting the USSR with Bulgaria via Rumania, the construction of metallurgical plants in the USSR, and the delivery to Bulgaria of pig iron and steel, the construction of a cellulose and paper combine in Archangel and the delivery of cellulose to Bulgaria, together with specialisation in the production of electronic equipment and computers. These agreements will inevitably make the Bulgarian economy even more dependent on the Soviet Union.

83. Bulgaria has greatly benefitted from its membership of COMECON, some countries of which (Czechoslovakia, the Soviet-occupied Zone of Germany and Poland) have also provided substantial aid. It has further benefitted from various specialisation agreements, particularly in the engineering industries. This is why Bulgaria, unlike other member countries, is not opposed to co-operation and closer integration within COMECON. Thus, in September 1969, a decision was taken for joint planning in certain economic sectors between Bulgaria and the Soviet Union. A similar agreement with Poland was announced last February. These arrangements might be the first step towards the establishment of supra-national planning within the framework of COMECON.

C. Co-operations with Western countries

84. The Bulgarian leaders are well aware that they need the aid of the modern equipment and sophisticated technology of the West if productivity is to improve and if Bulgarian manufactures are to become more competitive on the world market. However, Bulgaria's heavy indebtedness in convertible currencies is a hindrance to the expansion of trade with the West. They have accordingly devised forms of co-operation inviting aid from foreign firms (contribution of technical know-how, barter agreements, marketing of Bulgarian exports) without giving them a say in management. They would offer the additional advantage of attracting very little political attention. Nevertheless, such agreements as have been reached so far with Western countries have been limited in scope. Even the procurement of licences leads to difficulties in respect of quality control and the training of personnel. The possibility of creating joint enterprises is currently being discussed. In particular, negotiations are in progress with Germany on a project in which costs and responsibilities would be shared equally. This project would consist of the joint procurement of licences, machinery and raw materials and would provide Bulgarian industry with the benefits of modern management techniques. There would be no legal obstacle to such a project since the Bulgarian constitution allows for the private ownership of the means of production, but it would be difficult to carry it through on account of ideological considerations.

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TABLEAU 1 - TABLE 1

## POPULATION

|  | 1960    | 1965    | 1966    | 1967    | 1968  | 1969  |  |
|--|---------|---------|---------|---------|-------|-------|--|
| Population totale<br>(milliers)                  | 7.905,5 | 8.230,8 | 8.285,3 | 8.335,1 | 8.404 | 8.472 | Total population<br>(thousand)             |
| Population en âge de<br>travailler (milliers)(1) | n.d.    | 4.788   | 4.835   | 4.856   | 4.901 | n.d.  | Population in working<br>age (thousand)(1) |
| Urbaine  | n.d.    | 2.381   | 2.475   | 2.561   | 2.651 | n.d.  | Urban                                      |
| Rurale   | n.d.    | 2.407   | 2.360   | 2.295   | 2.249 | n.d.  | Rural                                      |
| Taux de natalité                                 | 17,8    | 15,3    | 14,9    | 15,0    | 16,9  | 17,3  | Birth rate                                 |
| Taux de mortalité                                | 8,1     | 8,1     | 8,3     | 9,0     | 8,6   | n.d.  | Death rate                                 |
| Croissance naturelle                             | 9,7     | 7,2     | 6,6     | 6,0     | 8,3   | n.d.  | Natural increase                           |

(1) Hommes de 16 à 59 ans, femmes de 16 à 54 ans

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TABLEAU 2 - TABLE 2

EVOLUTION DE L'EMPLOI (chiffres en milliers de personnes employées)  
EMPLOYMENT TRENDS (in thousands of persons employed)

|  | 1964    | 1965    | 1966    | 1967    | 1968    |  |
|--|---------|---------|---------|---------|---------|--|
| 1. Industrie   | 887,6   | 953,9   | 1.043,2 | 1.095,6 | 1.106,2 | 1. Industry  |
| 2. Construction  | 209,2   | 224,5   | 251,1   | 275,5   | 284,0   | 2. Building  |
| 3. Agriculture (secteur d'Etat)  | 206,4   | 214,0   | 286,5   | 285,7   | 269,5   | 3. Agriculture (State sector)                                    |
| 4. Transports et communications  | 177,2   | 180,5   | 189,7   | 198,1   | 210,3   | 4. Transport and communications                                  |
| 5. Commerce  | 203,4   | 211,6   | 202,5   | 214,6   | 222,5   | 5. Trade   |
| 6. Autres secteurs de l'emploi   | 397,7   | 411,9   | 430,9   | 447,2   | 464,0   | 6. Other sectors of employment                                   |
| Total de 1 à 6(1)  | 2.081,4 | 2.196,6 | 2.404,0 | 2.516,7 | 2.556,5 | Total of 1-6(1)  |
| 7. Membres des coopératives de production agricole travaillant à plein temps | 1.345   | 1.233   | 1.116   | 1.071   | n.d.    | 7. Members of agricultural co-operatives in full-time employment |
| Total de 1 à 7(1)  | 3.426,4 | 3.429,6 | 3.520,0 | 3.587,7 | n.d.    | Total of 1-7(1)  |

(1) Les chiffres des rubriques individuelles ayant été arrondis, leur addition peut ne pas coïncider avec les totaux indiqués

(1) Addition of the figures for individual items which are expressed in round numbers may not tally with the total given

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TABLEAU 3 - TABLE 3

## COMPTABILITE NATIONALE - NATIONAL ACCOUNTS

|   | 1960    | 1965    | 1966    | 1967    | 1968  | 1969  | 1970<br>(Plan) |  |
|---|---------|---------|---------|---------|-------|-------|----------------|--|
| <u>PRODUIT MATERIEL NET</u><br>(sources officielles)  | 4.489   | 6.656   | 7.274   | 7.853   | 8.556 | 9.220 | 10.000         | <u>NET MATERIAL PRODUCT</u><br>(official sources)  |
| <u>ORIGINE:</u>   |         |         |         |         |       |       |                | <u>ORIGIN:</u>   |
| Industrie et Construction   | 2.579   | 3.473   | 3.858   | 4.264   | 4.963 | n.d.  | n.d.           | Industry and Construction  |
| Agriculture et Forêts   | 1.436   | 2.218   | 2.542   | 2.384   | 2.223 | n.d.  | n.d.           | Agriculture and Forest   |
| Transports et Télécommunications  | 180     | 295     | 291     | 375     | 415   | n.d.  | n.d.           | Transport and<br>Communication   |
| Commerce  | 404     | 514     | 437     | 616     | 773   | n.d.  | n.d.           | Trade  |
| Autres secteurs   | 90      | 156     | 146     | 145     | 183   | n.d.  | n.d.           | Other  |
| <u>UTILISATION</u>  |         |         |         |         |       |       |                | <u>UTILISATION:</u>  |
| Consommation individuelle   | 2.956,9 | 4.398,0 | 4.657,0 | 5.094,8 | n.d.  | n.d.  | n.d.           | Individual consumption   |
| Consommation collective   | 284,0   | 430,1   | 474,9   | 508,3   | n.d.  | n.d.  | n.d.           | Collective consumption   |
| Formation nette de capital fixe   | 642,1   | 983,0   | 1.187,9 | 1.622,3 | n.d.  | n.d.  | n.d.           | Net fixed capital<br>formation   |
| Accroissement des stocks  | 580,2   | 955,8   | 1.390,5 | 1.155,7 | n.d.  | n.d.  | n.d.           | Increase in stock  |
| Exportation nette de biens et services  | 25,6    | -109,3  | -436,4  | -528,1  | n.d.  | n.d.  | n.d.           | Net exports of goods and<br>services   |
| <u>PRODUIT NATIONAL BRUT</u><br>aux prix du marché en milliards<br>de \$ US à pouvoir d'achat<br>équivalent |         |         |         | 8,4     |       |       |                | <u>GROSS NATIONAL PRODUCT</u><br>(Western estimates)<br>at market prices in<br>billion US.\$ in<br>purchasing power equivalent |

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TABLEAU 4 - TABLE 4

CROISSANCE DU REVENU NATIONAL ET DES PRINCIPAUX SECTEURS DE L'ECONOMIE - 1966-1970  
(en pourcentage)  
GROWTH OF NATIONAL INCOME AND THE MAIN SECTORS OF THE ECONOMY - 1966-1970  
(in percentage)

|                                  | 1961-1965<br>(moyennes) | 1966-1970<br>plan | 1966  | 1967  | 1968  | 1969 | 1970<br>plan |                                  |
|----------------------------------|-------------------------|-------------------|-------|-------|-------|------|--------------|----------------------------------|
| Revenu national                  | 6,7%                    | 8,5%              | 11,1% | 9%    | 6,4%  | 7,7% | 9%           | National Income                  |
| Production industrielle<br>brute | 11,7%                   | 8,7%              | 12,4% | 13,5% | 10,4% | 9,9% | 8,2%         | Gross Industrial<br>production   |
| Emploi                           | 4,3%                    | 5,1%              | 9,4%  | 5,1%  | 1,2%  | 3,5% | -0,7%        | Employment                       |
| Productivité                     | 6,9%                    | 5,9%              | 2,7%  | 8,0%  | 9,1%  | 6,3% | 9,0%         | Production                       |
| Production agricole<br>brute     | 3,2%                    | 5,4%              | 14,3% | 3,5%  | -8,7% | 2,4% | 12-14,7%     | Gross Agricultural<br>production |
| Investissements                  | 10,8%                   | 13,5%             | 22%   | 25%   | 9,5%  | 6,5% | -1,5%        | Investments                      |

Source: Statistiques officielles  
Official statistics

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TABLEAU 5 - TABLE 5

## BUDGET DE LA BULGARIE - BULGARIA'S BUDGET

en millions de leva

million leva

|                             | 1965  | 1966  | 1967  | 1968  | Prévisions<br>1969<br>Forecast | Prévisions<br>1970<br>Forecast |                                |
|-----------------------------|-------|-------|-------|-------|--------------------------------|--------------------------------|--------------------------------|
| <u>Recettes</u>             | 3.289 | 3.886 | 4.083 | 4.504 | 5.052                          | 5.235                          | <u>Revenue</u>                 |
| dont: Economie              | 2.583 | 2.750 | 2.956 | 3.397 | 3.870                          | 4.054                          | of which Economy               |
| <u>Dépenses</u>             | 3.203 | 3.802 | 4.051 | 4.427 | 5.041                          | 5.225                          | <u>Expenditure</u>             |
| dont: Economie              | 1.785 | 2.134 | 2.190 | 2.278 | 2.632                          | 2.593                          | of which Economy               |
| Secteurs culturel et social | 894   | 998   | 1.132 | 1.312 | 1.451                          | 1.672                          | Cultural and social<br>sectors |
| Défense                     | 230   | 239   | 244   | 264   | 302                            | 324                            | Defence                        |
| Excédent ou Déficit         | 86    | 83    | 32    | 78    | 11                             | 10                             | Surplus or deficit             |

Source: Statistiques officielles  
Official statistics

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TABEAU 6 - TABLE 6

INVESTISSEMENT DANS LE SECTEUR SOCIALISTE  
(aux prix courants, en millions de leva)  
et leur répartition entre les principaux secteurs (en pourcentage)

INVESTMENT IN THE SOCIALIST SECTOR  
(at current prices, in million leva)  
and its distribution between the major sectors (in percentage)

|                                     | 1961-1965 | 1966-1970<br>Plan | 1966  | 1967  | 1968  | 1969  | 1970<br>Plan | Rate of increase (%)               |
|-------------------------------------|-----------|-------------------|-------|-------|-------|-------|--------------|------------------------------------|
| Taux de croissance (%)              | 10,8      | 13,5              | 22    | 25    | 9,5   | 6,5   | -15          | Total (million leva)               |
| Total (millions leva)               | 7.533,8   | 13.000            | 2.192 | 2.744 | 2.995 | 3.192 | 3.140        | Industry (%)                       |
| Industrie (%)                       | 47,1      | 51,5              | 48,9  | 49    | 48,8  | n.d.  | n.d.         | Construction (%)                   |
| Construction (%)                    | 2,9       | -                 | 3,9   | 4,1   | 3,2   | n.d.  | n.d.         | Agriculture and<br>Forests (%)     |
| Agriculture et Forêts (%)           | 24,1      | 18,1              | 20,2  | 18,3  | 19    | n.d.  | n.d.         | Transport and<br>Communication (%) |
| Transports et<br>Communications (%) | 10,2      | 8,5               | 9     | 10,9  | 9,9   | n.d.  | n.d.         | Trade and other<br>sectors (%)     |
| Commerce et autres<br>secteurs (%)  | 15,4      | -                 | 18    | 17,7  | 21    | n.d.  | n.d.         |                                    |

Source: Statistiques officielles  
Official statistics

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TABLEAU 7 - TABLE 7

## PRODUCTION INDUSTRIELLE - INDUSTRIAL PRODUCTION

|   | 1960 | 1965  | 1966  | 1967   | 1968   | 1969   | 1970<br>Plan |  |
|---|------|-------|-------|--------|--------|--------|--------------|--|
| <u>Structure</u>                                    |      |       |       |        |        |        |              | <u>Structure</u>                           |
| Production industrielle brute (en millions de leva) | -    | 8,581 | 9,628 | 10,916 | 12,050 | 13,133 | 14,211       | Gross industrial production (million leva) |
| Part de l'industrie des biens de production (%)     | 47,2 | 52,3  | 52,6  | 53,0   | 53,0   | 53,1   | n.d.         | Share of the producer goods industry (%)   |
| Part de l'industrie des biens de consommation (%)   | 52,8 | 47,7  | 47,4  | 47,0   | 47,0   | 46,9   | n.d.         | Share of the consumer goods industry (%)   |
| <u>Croissance</u>                                   |      |       |       |        |        |        |              | <u>Growth</u>                              |
| Production totale (%)                               | 13   | 14,5  | 12,4  | 13,5   | 10,4   | 9,9    | 8,2          | Total production (%)                       |
| Industrie des biens de production (%)               | 19   | 17,1  | 12,8  | 14,5   | 10,5   | 9,2    | n.d.         | Producer goods industry (%)                |
| Industrie des biens de consommation (%)             | 8    | 12,3  | 11,6  | 10,5   | 9,7    | 11,0   | n.d.         | Consumer goods industry (%)                |
| <u>Répartition sectorielle</u>                      |      |       |       |        |        |        |              | <u>Distribution by sectors</u>             |
| Energie (%)   | 4,8  | 6,1   | 6,1   | 6,1    | n.d.   | n.d.   | n.d.         | Energy (%)                                 |
| Métallurgie (%)                                     | 5,5  | 6,6   | 6,3   | 6,4    | n.d.   | n.d.   | n.d.         | Metallurgy (%)                             |
| Industrie mécanique (%)                             | 12,4 | 16,5  | 17,8  | 18,7   | 19,1   | n.d.   | 20,0         | Machine-building (%)                       |
| Industrie chimique (%)                              | 3,7  | 4,7   | 5,0   | 5,4    | 6,1    | n.d.   | 10,8         | Chemical industry (%)                      |
| Industrie alimentaire (%)                           | 33,5 | 31,9  | 30,3  | 28,9   | 27,5   | n.d.   | n.d.         | Food industry (%)                          |

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TABLEAU 8 - TABLE 8

PRODUCTION DE CERTAINS PRODUITS INDUSTRIELS  
PRODUCTION OF SOME INDUSTRIAL PRODUCTS

|  | 1965  | 1966  | 1967  | 1968  | 1969  | Power production (milliard kW/h)           |
|--|-------|-------|-------|-------|-------|--|
| Production énergétique (milliards de kW/h) | 10,2  | 11,76 | 13,63 | 15,45 | 17,23 |  |
| Houille (millions de tonnes)               | 26,3  | 26,5  | 28,8  | 30,9  | 31,2  | Coal (million tons)                        |
| Gaz naturel (millions de m <sup>3</sup> )  | 73    | 109   | 329   | 506   |       | Natural gas (million cu.m)                 |
| Extraction de pétrole (1,000 tonnes)       | 229   | 404   | 499   | 475   | 325   | Petroleum (1,000 tons)                     |
| Fonte (1,000 tonnes)                       | 695   | 903   | 1.028 | 1.109 | 1.134 | Pig iron (1,000 tons)                      |
| Acier brut (1,000 tonnes)                  | 588   | 699   | 1.239 | 1.461 | 1.515 | Crude steel (1,000 tons)                   |
| Ciment (millions de tonnes)                | 2,68  | 2,85  | 3,36  | 3,51  | 3,55  | Cement (million tons)                      |
| Matières synthétiques (1,000 tonnes)       | 33,2  | 39,6  | 44,0  | 58,6  |       | Synthetic materials (1,000 tons)           |
| Papier (1,000 tonnes)                      | 85    | 133   | 151   | 187   | 192   | Paper (1,000 tons)                         |
| Tracteurs (unités)                         | 2.800 | 2.052 | 2.341 | 2.961 |       | Tractors (units)                           |
| Accumulateurs (millions)                   | 2,27  | 2,43  | 2,54  | 1,26  |       | Accumulators (million units)               |
| Moteurs électriques (milliers)             | 497   | 586   | 745   | 773   | 751   | Electric motors (1,000 units)              |
| Postes TV (milliers)                       | 74,2  | 89,5  | 130   | 153   | 174   | Television sets (1,000 units)              |
| Machines à laver (milliers)                | 89,0  | 125,0 | 162   | 134   |       | Washing machines (1,000 units)             |
| Palans électriques (milliers)              | 18,0  | 23,7  | 27,9  | 35,4  | 42,5  | Industrial electric tractors (1,000 units) |

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TABLEAU 9 - TABLE 9

PRODUCTION DES PRINCIPALES CULTURES ET DE L'ELEVAGE ET EFFECTIFS DU CHEPTEL  
OUTPUT OF MAJOR CROPS AND LIVESTOCK PRODUCTS AND LIVESTOCK POPULATION

|   | 1961-1965<br>(moyenne) | 1966  | 1967  | 1968  | 1969(1) |   |
|---|------------------------|-------|-------|-------|---------|---|
| <b>Cultures:</b>                                  |                        |       |       |       |         | <b>Crops:</b>   |
| Blé<br>(en millions de T.)                        | 2,21                   | 3,19  | 3,25  | 2,55  | 2,60    | Wheat<br>(million tons)                               |
| Maïs<br>"   | 1,60                   | 2,21  | 1,97  | 1,77  | 2,26    | Maize<br>"  |
| Betteraves à sucre<br>"                           | 1,44                   | 2,53  | 2,03  | 1,41  | -       | Sugar beets<br>"                                      |
| Grains de tournesol<br>(en milliers de T.)        | 0,34                   | 423   | 478   | 459   | 525     | Sunflower seeds<br>(thousand tons)                    |
| Tobac d'Orient<br>"                               | 0,10                   | 125   | 110,5 | 107   | -       | Tobacco (Eastern)<br>"                                |
| <b>Fruits:</b>                                    |                        |       |       |       |         | <b>Fruit:</b>   |
| Raisins<br>"                                      | 1,01                   | 1,081 | 923   | 1,336 | -       | Grapes<br>"   |
| Pommes<br>"                                       | 0,31                   | 344   | 413   | 427   | -       | Apples<br>"   |
| <b>Produits de l'élevage:</b>                     |                        |       |       |       |         | <b>Livestock Products:</b>                            |
| Vieande<br>"                                      | 371                    | 490   | 490   | 534   | 476     | Meat<br>"   |
| Lait<br>(en millions de L.)                       | 838                    | 1,456 | 1,562 | 1,540 | 1,530   | Milk<br>(million litres)                              |
| Oeufs<br>(en millions)                            | 1,360                  | 1,490 | 1,683 | 1,627 | 1,430   | Eggs<br>(million)                                     |
| Laine<br>(en milliers de T.)                      | 24,2                   | 25,5  | 27,2  | 28,9  | -       | Wool<br>(thousand tons)                               |
| <b>Effectifs du Cheptel<br/>(en fin d'année)</b>  |                        |       |       |       |         | <b>Livestock Population<br/>(end of year figures)</b> |
| Bovins (en milliers de têtes)<br>dont vaches<br>" | 1,517                  | 1,385 | 1,363 | 1,297 | 1,250   | Cattle (1,000 head<br>of which Cows<br>"              |
| Porcs<br>"  | 578                    | 578   | 586   | 579   | 597     | Pigs<br>"   |
| Moutons (en millions de têtes)<br>"               | 2,331                  | 2,276 | 2,314 | 2,140 | 1,970   | Sheep (million heads)<br>"                            |
| Volaille<br>"                                     | 10,07                  | 10,0  | 9,9   | 9,7   | 9,3     | Poultry<br>"  |
|   | 22,2                   | 23,6  | 27,7  | 24,9  | 29,6    |   |
| Production animale : 1/3 de la production totale  |                        |       |       |       |         | Animal output: 1/3 of total production                |
| Production végétale : 2/3 de la production totale |                        |       |       |       |         | Crop output: 2/3 of total production                  |
| (1) Indications provisoires                       |                        |       |       |       |         | Provisional figures                                   |
| Source: Statistiques officielles                  |                        |       |       |       |         | Source: official statistics                           |

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TABLEAU 10 - TABLE 10

RENDEMENTS MOYENS A L'HECTARE DES PRINCIPALES CULTURES (EN QUINTAUX)  
AVERAGE YIELDS OF MAJOR CROPS (IN QUINTALS PER HECTARE)

|                      | 1961-1965<br>(moyenne) | 1966 | 1967 | 1968 | 1969  |                 |
|----------------------|------------------------|------|------|------|-------|-----------------|
| Blé                  | 18,1                   | 27,9 | 30,5 | 24,0 | 24,5  | Wheat           |
| Orge                 | 20,5                   | 25,5 | 25,4 | 20,0 | 22,1  | Barley          |
| Maïs                 | 25,1                   | 38,1 | 34,3 | 31,3 | 40,7  | Maize           |
| Pommes de terre      | 85,5                   | 113  | 106  | 114  | 108,2 | Potatoes        |
| Betteraves à sucre   | 205,4                  | 404  | 342  | 265  | 338,5 | Sugar beets     |
| Graines de tournesol | 13,4                   | 16,6 | 17,8 | 16,3 | 17,9  | Sunflower seeds |

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TABLEAU 11 - TABLE 11  
PARC DES PRINCIPALES MACHINES AGRICOLES  
STOCK OF MAJOR AGRICULTURAL MACHINES

|                                  | 1960     | 1965   | 1966   | 1967   | 1968   |                 |
|----------------------------------|----------|--------|--------|--------|--------|-----------------|
| Tracteurs                        | 40.309 * | 66.423 | 71.847 | 75.637 | 84.000 | Tractors        |
| Charrues à traction<br>mécanique | 25.952   | 39.193 | 40.682 | 42.390 | n.d.   | Tractor Ploughs |
| Semoirs                          | 17.798   | 22.295 | 23.326 | 23.477 | n.d.   | Sowing machines |
| Moissonneuses-batteuses          | 8.390    | 12.093 | 13.143 | 14.543 | 15.900 | Grain Combines  |

Sources: Statistiques officielles - Official Statistics

Etude sur la situation économique de l'Europe en 1969 - CEE - Genève  
Economic survey of Europe in 1969 - ECE - Geneva

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TABLEAU 12 - TABLE 12

CONSUMMATION D'ENGRAIS

FERTILIZER CONSUMPTION

| Consommation d'engrais                                      | 1960    | 1965    | 1966    | 1967    | 1968 | 1969 | Fertilizer Consumption                                   |
|---|---------|---------|---------|---------|------|------|--|
| Tonnes de substance active                                  | 156.464 | 360.722 | 476.842 | 607.079 | n.d. | n.d. | 1,000 tons of active substance                           |
| Kilogrammes de substance active par hectare de terre arable | 32,0    | 74,8    | 98,9    | 134     | 175  | 148  | Kilograms of active substance per hectare of arable land |

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Sources: Statistiques officielles - Official Statistics

Etude sur la situation économique de l'Europe en 1969 - CEE - Genève  
Economic survey of Europe in 1969 - ECE - Geneva

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TABLEAU 13 - TABLE 13

NIVEAU DE VIE  
STANDARD OF LIVING

|  | 1960  | 1965  | 1966  | 1967  | 1968  | 1969 | 1970<br>Plan |   |
|--|-------|-------|-------|-------|-------|------|--------------|---|
| <u>Indices des prix et salaires (1952 - 100)</u>                             |       |       |       |       |       |      |              | <u>Index numbers of prices and wages</u>              |
| Salaires nominal des ouvriers et employés                                    | 145   | 172   | 179   | 199   | 211   | n.d. | n.d.         | Nominal wages   |
| Prix   | 71    | 75    | 75    | 75    | 78    | n.d. | n.d.         | Prices  |
| Salaires réel des ouvriers et employés                                       | 195   | 215   | 225   | 249   | 255   | n.d. | n.d.         | Real wages  |
| Revenu réel des ouvriers et employés   | 192   | 215   | 234   | 264   | n.d.  | n.d. | n.d.         | Real income of workers and employees                  |
| Revenu réel des paysans  | 170   | 242   | 260   | 277   | n.d.  | n.d. | n.d.         | Real income of peasants                               |
| <u>Consommation</u>  |       |       |       |       |       |      |              | <u>Consumption</u>                                    |
| Augmentation de chiffre d'affaires du commerce de détail (aux prix courants) | 11,1% | 7,9%  | 18,6% | 11,6% | 7,5%  | 7,9% | 7,7%         | Increase of retail trade turnover (at current prices) |
| Accroissement des dépôts d'épargne   | -     | 14,4% | 17,6% | 19,8% | 11,0% | n.d. | -            | Increase of savings deposits                          |
| Construction de logements (en milliers)                                      | 49,8  | 45,2  | 43,4  | 42,7  | 42,7  | n.d. | n.d.         | Dwelling construction (in thousands)                  |

Sources: Statistiques officielles - Official statistics

Etude sur la situation économique de l'Europe en 1969 - CEE - Genève

Economic Survey of Europe in 1969 - ECE - Geneva

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TABLEAU 14 - TABLE 14COMMERCE EXTERIEUR BULGARE 1952-1969  
BULGARIAN FOREIGN TRADE 1952-1969

en millions de leva devises

millions foreign exchange leva

|      | Total   | Importations | Exportations | Solde   |
|------|---------|--------------|--------------|---------|
| 1952 | 385,0   | 185,2        | 199,8        | + 14,6  |
| 1953 | 475,0   | 234,2        | 240,8        | + 6,6   |
| 1954 | 501,2   | 229,1        | 272,2        | + 43,0  |
| 1955 | 568,6   | 292,4        | 276,4        | - 16,0  |
| 1956 | 647,2   | 293,8        | 353,4        | + 59,6  |
| 1957 | 821,6   | 388,6        | 433,0        | + 44,4  |
| 1958 | 865,5   | 428,9        | 436,6        | + 7,7   |
| 1959 | 1.224,4 | 677,9        | 546,5        | -131,4  |
| 1960 | 1.408,7 | 740,1        | 668,6        | - 71,5  |
| 1961 | 1.554,4 | 779,2        | 775,2        | - 4,0   |
| 1962 | 1.822,0 | 918,1        | 903,9        | - 14,2  |
| 1963 | 2.067,7 | 1.091,9      | 975,8        | -116,1  |
| 1964 | 2.389,2 | 1.243,0      | 1.146,2      | - 96,8  |
| 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 | 4.153,9 | 2.046,7      | 2.107,2      | + 60,5  |
|      | Total   | Imports      | Exports      | Balance |

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TABLEAU 15 - TABLE 15

REPARTITION GEOGRAPHIQUE DU COMMERCE EXTERIEUR (en pourcentage)  
DISTRIBUTION OF FOREIGN TRADE (in percentage)

|  | 1960 | 1963 | 1964 | 1965 | 1966 | 1967 | 1968 | 1969    |   |
|--|------|------|------|------|------|------|------|---------|---|
| Commerce avec des pays socialistes en %              | 83,4 | 82,2 | 77,5 | 76,8 | 72,7 | 75,8 | 77,5 | 79,4    | Trade with socialist countries in %           |
| Commerce avec l'URSS en %                            | 53,1 | 53,5 | 53,0 | 51,1 | 49,2 | 51,3 | 54,1 | 53,5    | Trade with the USSR in %                      |
| Commerce avec les autres pays socialistes en %       | 30,3 | 28,7 | 24,5 | 25,7 | 23,5 | 24,5 | 23,4 | 25,9    | Trade with the other socialist countries in % |
| Commerce avec l'Occident en %                        | 16,6 | 17,8 | 22,5 | 23,2 | 27,3 | 24,2 | 22,5 | 20,6    | Trade with the West in %                      |
| Commerce avec les pays industrialisés en %           | 13,7 | 13,6 | 17,6 | 19,8 | 24,3 | 20,3 | 18,3 | 15-16   | Trade with the industrialised countries in %  |
| Commerce avec les pays en voie de développement en % | 2,9  | 4,2  | 4,9  | 3,4  | 3,0  | 3,9  | 4,2  | 5,6-6,6 | Trade with the developing countries in %      |

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## TABLEAU 16 - TABLE 16

## PRINCIPAUX PARTENAIRES COMMERCIAUX - 1968

## MAIN TRADING PARTNERS - 1968

| IMPORTATIONS BULGARES                  |       | EXPORTATIONS BULGARES                  |       |
|--|-------|--|-------|
| 1. Union Soviétique -<br>Soviet Union  | 53,0% | 1. Union Soviétique -<br>Soviet Union  | 55,4% |
| 2. RDA - DRG                           | 8,4%  | 2. RDA - DRG                           | 7,5%  |
| 3. Tchécoslovaquie -<br>Czechoslovakia | 4,6%  | 3. Tchécoslovaquie -<br>Czechoslovakia | 5,5%  |
| 4. RFA - FRG                           | 4,0%  | 4. RFA - FRG                           | 3,3%  |
| 5. Pologne - Poland                    | 3,6%  | 5. Pologne - Poland                    | 3,0%  |
| 6. Italie - Italy                      | 3,2%  | 6. Italie - Italy                      | 2,7%  |
| 7. France                              | 2,8%  | 7. Hongrie - Hungary                   | 1,8%  |
| 8. Autriche - Austria                  | 1,8%  | 8. Yougoslavie - Yugoslavia            | 1,8%  |
| 9. Yougoslavie -<br>Yugoslavia         | 1,8%  | 9. Suisse - Switzerland                | 1,7%  |
| 10. Hongrie - Hungary                  | 1,7%  | 10. Royaume-Uni - UK                   | 1,6%  |
| 11. Cuba                               | 1,6%  | 11. Roumanie - Rumania                 | 1,6%  |
| 12. Suisse - Switzerland               | 1,2%  | 12. Autriche - Austria                 | 1,3%  |
| 13. Royaume-Uni - UK                   | 1,1%  | 13. Cuba                               | 1,3%  |
| 14. Roumanie - Rumania                 | 1,1%  | 14. Grèce - Greece                     | 1,2%  |
| 15. Japon - Japan                      | 0,9%  | 15. France                             | 1,1%  |
| BULGARIAN IMPORTS                      |       | BULGARIAN EXPORTS                      |       |

