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ECONOMIC COMMITTEE

BULGARIA: ECONOMIC REVIEW 1973-1974

Note by the Acting Chairman

The attached summary report has been prepared on the basis of a note(1) submitted by the German Delegation and the discussions held in the Economic Committee on 5th and 6th December, 1974 with the participation of experts including members of the Embassies of various NATO countries in Sofia.

2. It is submitted to the Economic Committee who might decide to send it to the Council.

(Signed) O. DEBUNNE

NATO,  
1110 Brussels.

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(1) AC/127-D/496 dated 18th October, 1974

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

BULGARIA: ECONOMIC REVIEW 1973-1974

Draft Report by the Economic Committee

INTRODUCTORY COMMENT

1. Any economic evaluation of Bulgaria must take account of the fact that the country's close ties with the Soviet Union constitute the basis and guiding precept of its policies in all spheres, military, political and economic. As soon as a conflict of interests with Moscow threatens, Bulgaria's own interests must take second place. This dependence is not only a consequence of the country's military dependence on the USSR, but also is due to the presence of Soviet advisers in the Bulgarian Government itself.

2. Bulgaria itself regards its bilateral relations with the Soviet Union as a kind of special relationship within the Warsaw Pact and COMECON. Of all COMECON countries Bulgaria appears to have the least reservations with regard to Soviet aspirations for hegemony. This attitude probably has its roots in historical factors (e.g. the liberation of Bulgaria from Turkish rule in 1878 by the Russians), as well as in the ethnic and linguistic background. At any rate there are signs that the Bulgarian public does not disapprove its country's close ties with the Soviet Union.

SUMMARY OF REVIEW

3. Contrasted with the period 1961-1965, Bulgarian economic growth reflected an overall economic upturn during 1966-1970. During the latter period, however, the country's rate of industrial production showed a further decline, paralleling the trend between 1961-1966. This was partly due to the slow progress made in implementing labour intensive policies - the manpower shortage is acute in Bulgaria - and partly to inadequate investment capital. Although there has been much said on economic reform, the various experiments with recentralization and decentralization have failed to show satisfactory results in the growth figures; indeed, overall growth in 1972 proved to be weak and largely below expectations, even taking into account the downward revised targets of the current five year plan. Bulgaria's trade with the West did not become significant until the late 1950s. This share peaked in 1966, after which it regressed, although total volume has and will continue to increase.

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4. Bulgaria's economy during 1973, by contrast, appeared to have one of the highest growth rates within COMECON, the national income rising by an estimated 8.7%. Factors contributing to this upturn include increased investment and wage hikes. Performance slackened in agriculture and, on a lesser scale, in construction; nevertheless, as a whole, the economy met or surpassed planned rates of growth. A key problem area remains the chronic labour shortage, affecting all branches of the economy, and especially the agricultural sector. Clearly, Bulgaria will pursue its integration policies with the USSR and COMECON - the latter already claims some 80% of Bulgaria's trade, but it is likely that trade with the West will progress as Bulgaria seeks aid and equipment outside COMECON not available from its Eastern partners. Finally, Bulgaria appears to have suffered less than other East European countries through the energy crisis. Nevertheless, some shortages have occurred, petrol prices have soared, and 1974 was declared by the Central Committee as the "year of maximum economy of fuels, power and raw materials".

5. The planning data for 1974 show that Bulgaria's leaders hope for the continuing dynamic growth of 1973. The plan targets - apart from an anticipated real income boost of only 5% - are all higher than the growth rates reached in 1973. The target of an 11% increase in gross industrial output will hinge on hikes in labour productivity of at least 9% and investments of around 13%. Agricultural output should grow by 5%, and at least a 10% growth is planned for the net material product. With its stable price levels ensured, the retail trade turnover is planned to continue its growth at last year's pace, i.e. 8.5% while the planned growth rate of trade with the Communist bloc is around 17% (1973: +12.7%). However, data released for the first half of 1974 intimate that 1974 may be a year of gradual economic slowdown (see Outlook).

6. During 1973 and into 1974, the Bulgarian economy continued to receive considerable attention from the party leadership. The State Council produced one of the most sharply critical documents issued in recent times on violations of the rules governing reporting on economic activities, and outlined measures to be taken to ensure discipline in the economy. In May 1974, a joint party and state document was issued setting forth basic principles for non-material incentives. The document dealt with methods to be utilized in order to secure greater productivity from the labour force in all sectors. To achieve greater flexibility in economic organization, new regulations were issued in April 1974 permitting a much wider variety of state economic organizations. Nevertheless, stricter control and greater discipline in the economic sector will probably characterize 1975 without, however, any guarantee that this will really contribute to improving labour productivity - the main concern

of the Bulgarian Communist Party's national conference held in March 1974. This goal, as Zhivkov indeed intimated, will probably only be reached by economic measures more far reaching than those suggested by the above-mentioned party-state document.

Outlook

7. After relatively modest targets and achievements in 1971 and 1972, the 1973 plan targets were rather more ambitious. This seems even more so for 1974. Evidently, the aim for 1974 was to make up for what was lost in the first years of the plan, thus preparing the way for aggregate fulfilment in 1975.

8. However, data available for the first six months of 1974 suggest that the economic targets will have to be lowered. These data indicate a decline in the growth rate of gross industrial output, ongoing slack in labour productivity (1st half of 1974: +5.7% - plan for 1974: +9%) and bottlenecks in the domestic sector.

9. In the light of this situation, the outlook for 1975, the final plan year, is not too hopeful. For example, in order to reach the plan target in the industrial sector, an upturn of almost 12% would be needed in the coming year. Additionally, it seems highly unlikely that five year plan targets for overall economic growth will be attained, as expressed in terms of national income increases. One salient reason for this is that the plan targets for the agricultural sector in the period 1971-1974 were set approximately twice as high as the levels actually achieved.

10. Ultimately, a key factor in the successful implementation of current plan targets remains increased labour productivity. The appropriate consequences appear to have been drawn in the 1974 plan (minimum growth rate of 9%), after some degree of success was reached in this sector during 1973 (+8%)..

11. Efforts to achieve improved labour morale and discipline, a controlled inflow of workers into industry and wage hikes as an incentive for extra effort had some impact during 1973. Nevertheless an additional prerequisite for further improvement of labour productivity would appear to be larger imports of high quality investment goods from the West than planned since COMECON appears unable to satisfy Bulgaria's growing import requirements.

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12. Externally Bulgaria remains one of the most conservative of COMECON countries. Therefore direct foreign investment continues to be illegal, and Western enterprises cannot station representatives in the country. On the other hand Bulgaria wishes licensing and joint production arrangements. Presumably insufficient hard currency reserves support these projects, for which repayment can be made by production at least in part. To hasten the evolution of its domestic economy, Bulgaria prefers to purchase complete manufacturing processes rather than the products themselves. It is also interested in exploring the feasibility of third country joint co-operative ventures.

13. Finally it should be remembered that no other country within COMECON has such a high foreign trade dependence on the USSR, and that ultimately Moscow continues to play a dominating rôle in every aspect of Bulgarian economic development. While on paper the USSR will permit COMECON as an institution to direct Bulgaria's further economic evolution, Sofia will almost certainly attempt to achieve integration as fast as possible under Soviet directions, and thus serve as the ongoing model of an ideal socialist state in Eastern Europe.

MAIN REPORT

14. Any consideration of the Bulgarian economic situation is complicated first, by the inavailability, questionable quality and general unreliability of statistics and other information, and, second, by the tyranny of the five year, annual and supplementary plans. Plans are expected to be rigidly adhered to in all sectors and it is in the name of meeting plan objectives that Ministries and enterprises juggle figures and make economically unjustifiable and inexplicable decisions. Despite these factors it is possible to make a number of observations about the present economic situation in Bulgaria.

15. The current five year plan period (1971-1975), as with previous plans, again reflects the fundamental economic dominance of the Soviet Union. Although this situation is mainly politically rooted, it should be noted that to a large extent, it remains an economic necessity. Bulgaria needs credits, and the Soviet Union is willing to grant them: Bulgaria needs equipment and the USSR has been ready to supply it together with specialists and technical documentation. Additionally, Bulgaria has, hitherto, had relatively little to sell in exchange, but the USSR appears willing to take anything that is offered.

16. The Soviet market remains the safest customer for the still unattractive products of Bulgarian industry, and conversely, the natural riches of the USSR are the indispensable source supplying Bulgaria's ever growing need for power and raw materials.

17. Although plan figures for the present sixth five year plan indicate a flatter growth curve for the economy in general and for industry in particular, in 1973 Bulgaria met or surpassed planned performance levels in the bulk of the key economic sectors, agriculture excepted. National income as a whole showed an estimated upturn of 8.7% over 1972, led by industrial output which increased by 10.6%. By contrast, the reported agricultural production upswing was 3%, well below the planned 7.4% boost, this in spite of the second best wheat harvest on record.

18. The plan adopted in December 1973 by the Council of Ministers for 1974 appears more ambitious than for 1973. It calls for a 10% boost in national income, 11% in industrial production, 9.5% in labour productivity and 13% in industrial services. The plan this year for the farm sector was fixed, however, at 5%, reflecting the on-going problems encountered in agriculture, due partially to labour shortages, an inadequate investment level, and the usual relative neglect compared with the industrial sector.

19. Investments in the industrial sector will total roughly 50% of the 4.5 billion leva(1) slated for capital investment in Bulgaria during 1974. Despite the statistically impressive gains, Bulgarian industry still has considerable problems to resolve: these include the perennial labour shortages, obsolete plant and equipment, unused production capacity, uncertain management, etc. In other words, Bulgaria certainly has its fair share of those problems generally characteristic of socialist economies. Nevertheless, and taking into account revised five year plan targets, the overall picture for 1973 was of improved growth over 1972 - except for agriculture, with 1974 planned to be even more ambitious. The 1973 breakdown looked as follows:

<u>National Income:</u>	up 8.7% compared with an estimated 7% for both 1972 and 1971;
<u>Industrial Output:</u>	up 10.6% compared with 8.3% (1972) and 8.9% (1971);
<u>Agriculture:</u>	up 3.1% compared with 4.8% (1972) and 3.1% (1971);
<u>Foreign Trade:</u>	up 13.2% overall compared with 11.4% (1972) and 11.6% (1971);
<u>Real per capita income of the population:</u>	up by 7.9% compared with 7% (1972) and 4.3% (1971).

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(1) Official exchange rate \$1 = leva 0.97

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Demography and Labour

20. One salient reason for the relatively on-going decline in Bulgarian economic growth has been the problem of implementing labour intensive policies because of the manpower shortage. Although the labour situation in the industrial sector is more favourable than in other sectors, the overall manpower figures reflect a downward trend: in the previous planning period the number of workers and employees in the economy increased by an average of only 1%. During the present plan period an even smaller increase is anticipated (0.8% - 1% annually). A continuation of this trend will almost certainly adversely affect Bulgaria's industrial development in the next plan session. This raises serious problems as Bulgaria strives to create an economy based on increasing specialization and the introduction of modern technology and planning techniques.

21. The problem of labour shortages is so acute that a recent National Party Conference was devoted solely to methods of increasing labour productivity. Aside from bonuses and appeals for a greater work effort, the need for wider utilization of up to date labour saving machinery and equipment has gained increasing recognition, and Bulgaria will doubtless look in part to the West in future to supply such equipment (see Foreign Trade).

22. Between 1950-1972, the Bulgarian birth rate decreased from 25.2 to 15.9 per 1,000 inhabitants, and is likely to decrease further to around 15.4 by the end of 1974. If the present trend continues, a birth rate of about 14 per 1,000 inhabitants can be expected by 1990. Comprehensive measures to counter this trend by granting family allowances and bonuses for larger families have not shown any perceptible success hitherto. The present population totals around 8.6 million.

National Income, Investment and Wages

23. Only estimates can be made for national income during 1973, as no figures were quoted in the official report on plan results published at the end of January 1974. The report merely stated that "the rate of increase in the national income was higher than for 1971 and 1972". Presumably this was the case, but omission of a figure could well indicate that the 8.7% anticipated by the State Planning Committee was not reached: the growth rates for both 1971 and 1972 were around 7%.

24. In 1973, gross capital investment reportedly showed a 9% increase over 1972. Taking into account inflationary price developments in the West and continuing inefficiency in the Bulgarian investment sector, it must be assumed however that

targets were only partially met. This assumption derives especially from the section in the above-mentioned report criticising lagging construction projects: "the construction programme as a whole remains unfulfilled". Projects completed during 1973 were said to be worth 3,700 million leva, a figure which indicates that the volume of incompleting projects has increased.

25. Information suggests that despite continuing heavy investment in 1973, some projects even considered essential could not be put into operation. For example, the Devnya industrial complex near Varna, which when completed will be one of the largest producers of soda ash in the world, operates currently at a very reduced level due partly to construction bottlenecks and labour shortages. The Bulgarian construction industry must compete for the limited manpower available along with the farming sector. It is also frustrated by poor planning and preliminary arrangements, inadequate co-ordination among the Ministries, economic organizations and district people's councils involved, and sub-standard building materials. Housing construction also fell considerably short of planned goals in certain districts during 1973 and the estimated construction shortfall for 1974 is assessed at 54,000 housing units.

26. The figures given by the report for living standards are on the whole positive and reflect the fact that 1973 was the year when many of the provisions of the December 1972 Central Committee Plenum were implemented. Nominal wages were said to have increased by 3.8% and real income by 7.9%, exceeding the planned upturn of 6.5%.

27. However, this per capita increase refers only to the domestic trade sector where prices remain relatively stable. Since some prices in the co-operative sector increased considerably in 1973, it might be more realistic to evaluate the real per capita increase in income at about 5% despite the upturn in the minimum wage. Savings reflect the same type of growth as for nominal income. Retail goods turnover was apparently over-fulfilled during 1973. An increase of 8.6% at comparable prices was reported compared with the planned 7.4%.

28. During the current five year plan period, efforts are being made to incorporate overall price formation and planning into the central "normative" system. It is also intended to make additional changes in factory prices. The goal of Bulgarian economists to adjust national prices to those prevalent on the international market would appear to contradict the promised goal of price stability during the current planning period. Price reductions in 1973 for various consumer goods will probably be offset by price hikes on goods coming within the "luxury" category.

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29. Finally, economic problems which must be assumed as a result of serious discrepancies in official data on Bulgaria's economic development tend to be confirmed by data contained in the official press relating to the second half of 1973. Criticism is frequent, for example, of poor labour morale and discipline as well as of irregular, and in general, unsatisfactory performance of industrial plans. In order to boost morale and, concurrently, productivity, early in 1973 the Government introduced several reforms directed at improving the standard of living of workers which included pay increases, a gradual reduction in the working week to five days and an extension of health and welfare facilities. In 1974 incomes rose on the average of 5 per cent, making the average annual income 1,146 leva (\$1,110) and it is proposed that this figure be increased by a further 4.3 per cent in 1975. It is also planned that by the end of 1975 only farmers, teachers, medical workers and certain tradesmen will be working more than a five day week. At the same time, the Government announced the repeal of the policy of exporting better quality foods and consumer goods at the expense of the domestic market. Reports from Sofia, however, suggest that there continues to be few quality fruits and vegetables available and that the quality of other consumer goods has not noticeably risen. Most foreign residents of Sofia continue to do their weekend shopping in Pirov, a small Yugoslav town approximately 70 kms from Sofia.

30. Additionally, in part to meet the "inflation factor", higher old age pensions are being introduced together with a revision of pensions paid to workers and employees until 1970. With an average annual growth rate in gross industrial output of 15.9%, Bulgaria headed the COMECON countries during the period 1956-1960, but yielded this spot to Rumania in 1961. Nevertheless, there would still appear to be some accelerated growth. The average rate in the period 1961-1965 was 11%, for 1966-1970 10.6%; by the end of the current plan period it should still be about 8%.

### Industry

31. The directives for the current five year plan aim at developing those industrial sectors in particular which will allow technical standards to rise most quickly and guarantee output of sufficient quality to prove competitive on world markets. The domestic raw material base is to be widened (see Energy) with the main stress being given to development of the mineral oil industry, chemical and rubber industries and the metal working sector.

32. The results for 1973 so far available suggest that Bulgaria succeeded in achieving a more rapid expansion by boosting national income (NMP) by 8.7%. The leading rôle in this development was held by gross industrial production with an increase of 10.6% over 1972, a percentage last reached in 1967. The largest increase, 18.6%, was reported by the machine building sector (plan: 20%) whereas the chemical industry with 11.1% seriously lagged behind the plan target of 22%. Official data attributes the rise to an 80% upturn in labour productivity (+8% over 1972).

33. It seems likely, however, that an equally if not more important contributory factor was played by structural sectorial adjustments e.g. greater encouragement of energy production and of heavy industry. In addition, industrial growth was positively influenced by a substantially increased investment. The question remains, however, whether in view of price increases in the investment sector, the planning targets for industry for 1974 (plan: +11%) can be achieved.

34. Not much has been reported over 1973 on the impact of the programme announced in December 1972 by Zhivkov to introduce a dramatic increase in the minimum wage (see paragraph 15) and a series of other benefits for the low paid. In addition to the underlying need for a revitalized industrial output on a more than transient basis via increased material incentive, some observers see the move as Bulgaria's belated response to the Polish riots of December 1970 which started the trend towards a new look for workers' wages throughout Eastern Europe. It has also been seen as an attempt to close the gap of living standards between Bulgaria and its more developed COMECON partners such as the GDR, Poland and Czechoslovakia.

#### Agriculture

35. Bulgaria's agricultural sector continues to grow at an unsatisfactory pace, reflected by the November 1973 plenum on agricultural output and the subsequent high level personnel changes in the Ministry of Agriculture. The amalgamation of the country's farm sector into less than 160 units has reportedly created some degree of socio-economic dislocation, resulting in continued shortfalls in meat and dairy production.

36. The most acute problem area, however, remains the critical shortage of agricultural workers, reflected yet again in 1973 by the incomplete harvest gathering and the poorly co-ordinated distribution of fruit and vegetables in the domestic market.

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37. For a number of years the country's agriculture has lagged way behind expectations. For example, in 1970 at the end of the last plan period, the production level was only 18.5% (at fixed prices) above the 1965 figure, whereas a planned increase of 25%-30% had been hoped for. In 1973, a growth rate of 7.4% (at current prices) was announced, whereas only 3% was attained. Factors contributing to this low increase included bad weather and the usual poor organization, but also inadequate maintenance, shortage of spare parts and long repair periods for machinery.

38. Although efforts have been made to enlarge the usable agricultural area and to increase hectare yields, 1974 crop results will hardly exceed the level of 1973. Also, the results of the first half year in stock-farming should by no means be spectacular. Therefore, on the whole, an increase in gross agricultural production of 2%-2.5% at the most (plan: +5.4%) can be expected for 1974.

39. Bulgaria's response hitherto has been towards additional mechanization, modernization of its agro-industrial complexes, higher output of fertilizers and measures to boost productivity. The programme to achieve total integration of agricultural units with industrial enterprises (already operative in the sugar industry) is also being implemented.

40. Peasants are being given larger plots on which to grow vegetables, and considerable encouragement is being given for them to raise livestock privately. Increased fertilizer output has been frustrated, however, by the worldwide shortages in phosphates and potash which have affected Bulgaria also.

#### Defence

41. In general terms, Bulgaria has a far reaching dependence militarily on the Soviet Union. It has no armaments industry of its own, its armed forces being equipped entirely with weaponry and equipment from the USSR. Again, the Bulgarian navy is virtually integrated into the Soviet navy in the Black Sea. Starting in 1968, the Bulgarian armed forces initiated a modernization programme, with extensive purchases of more sophisticated equipment beginning in 1969. Bulgaria no longer publishes national defence expenditure data, but it is believed that the current re-equipment programme will be terminated essentially by the end of 1975. It is further believed that the share of defence expenditure in the estimated GNP will remain at the low figure of 3.1% until the end of the current plan period. This figure may be compared with the estimated percentage shares of Rumania (1.7%); Poland (3.7%); Hungary (2.5%); Czechoslovakia (3.8%) and East Germany (5.3%)(1).

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(1) Data from the Military Balance 1974-5, IISS London, 1974

Research and Development

42. During the current plan period, considerable research is underway especially in the fields of electronics and bio-physics, the latter two areas having been assigned to Bulgaria within the specialization framework of COMECON. Of particular interest to the West are Bulgaria's ambitious plans in the field of electronic data processing, whereby a major part of the country's economy should be operated by data centres by 1975. In addition, in co-operation with its COMECON partners, Bulgaria aims at developing by the end of 1975, an automatic system of transportation control, one aim of which will be to compute the optimum distribution of freight between rail and road. Although Bulgaria receives the bulk of its aid and know-how from the USSR in its R&D programmes, it is also seeking high technology from such countries as France, FRG and Japan in order rapidly to double output in its electronic industry.

The Energy Crisis

43. Recent global shortages of petroleum and raw materials have had a relatively mild impact on the Bulgarian economy compared with certain other European countries. The USSR, through trade accords, supplies Bulgaria with roughly 70% of its petroleum needs until the end of 1975.

44. Nevertheless, cutbacks in oil deliveries from the Arab countries did result in some shortages in late-1973 and early 1974. Petrol prices, for example, were hiked 100% in February 1974 and to conserve fuel, the day of rest has been staggered throughout Bulgaria's districts.

45. Bulgaria has some reserves of low grade coal, although its lignite deposits are insufficient to meet future domestic needs, especially in the power plants. Aid is actively being sought in exploring the potential of oil fields in the Danubian plain north of Pleven in the Black Sea shelf areas, although no major deposits have yet been located. In recognition of likely short-term energy problems, however, the Central Committee has declared 1974 "the year of maximum economy of fuels, power and raw materials".

Foreign Trade

46. Bulgaria's overall foreign trade increased by 13.2% in 1973 (1972: 11.4%). Trade with COMECON showed a 12.7% upturn in 1973 (1972: 13.9%) and there is no doubt, on the basis of available trade figures, that Bulgaria's foreign trade is completely dominated by its Eastern partners, especially the USSR.

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Currently, Bulgaria's trade with the other COMECON countries is between 78%-80% of its total foreign trade. In 1973 the Western share of foreign trade amounted to a mere 14.9%; the Soviet share (54.3%) is consequently almost four times larger than the combined total of Bulgaria's trade with the developed Western countries.

47. These figures must be seen against the background of the early sixties when commerce with the West was expanding rapidly. In 1965, for example, the West accounted for nearly 20% of Bulgaria's foreign trade and the Soviet bloc's share dropped to around 73%. Since then, however, a major reorientation has taken place, and the West's share has dropped considerably. Apart from the important factor of Bulgaria's integration within the COMECON special programme, the downward trend has clearly been due to the inability of Bulgaria to achieve a corresponding increase in its sales to the West, thus creating a rising trade deficit.

48. Nevertheless, in 1973 Bulgaria appears to have sharply boosted its trade with the Western industrialized countries. This is reflected in preliminary Bulgarian data that the upturn in 1973 in trade with both Western and Third World countries was over 18% (1972: 2.6%). The combined share of both areas in Bulgaria's total trade turnover was about 21% (1972: 19.8% of which 14% for the Western countries).

49. Although Bulgaria's aim is to increase trade relations with the Soviet bloc, imports of machinery and equipment from the West are expected to grow. In view of the large planned developments in the chemical engineering, electronic and precision engineering industries it is highly improbable that all stages of production could be achieved by using only plant, equipment and machinery of COMECON origin; moreover, the expansion and modernization of the consumer goods industry and or agriculture should add to the demand for Western goods. Sofia will also still have to rely on sophisticated equipment of Western origin for the development of its engineering industries. Nevertheless, Bulgaria's indebtedness remains the lowest within COMECON and reports suggest that the Bulgarians intend to maintain this situation.

50. It is interesting to note that Bulgaria's export production has moved away from agricultural goods and towards a "specialization" in industrial production, especially machine building and metal processing. In 1973, these two areas of specialization provided 37.4% of the production growth rate in state industry as a whole, although their share of Bulgaria's total industrial production is only 23%.

Tourism

51. Bulgaria's tourist industry continues to boom and has become an important source of hard currency. In 1973, over 3.2 million foreigners visited Bulgaria, approximately a 7% increase over 1972. Foreign currency earnings from tourism for 1973 are estimated at \$161.3 million (1972: \$146 million).

52. On 1st November, 1974 Bulgaria revalued its "tourist" rate of exchange by slightly more than 25 per cent, bringing it much closer to the "commercial rate". Officials at the National Bank have apparently intimated that earlier this year 30 of Bulgaria's missions in Western countries were requested to carry out a survey of over 100 goods and services. After the figures were averaged and compared with prices of "comparable" Bulgarian items it was concluded that Bulgarian goods were underpriced by 25 per cent, hence the revaluation by 25 per cent. It is quite apparent that the Bulgarians have not adequately taken quality comparisons into account; hence Bulgaria could lose its reputation in Western Europe as offering bargains for tourists and tourist earnings may ultimately decline.

TABLE I - POPULATION ANALYSIS

	<u>1965</u>	<u>1972</u>
	(Thousands)	
(a) Total (at end of year)	<u>8,230</u>	<u>8,575</u>
Urban (%)	46.5	55.7
(b) <u>Working age group</u>		
Males 16-59	<u>4,787</u>	<u>5,022</u>
Females 16-54		
(c) <u>Birth rate</u> (per 1,000)	15.3	15.3
(d) <u>Death rate</u> (per 1,000)	8.1	9.8
(e) <u>Natural growth</u> (per 1,000)	7.2	5.5
(f) <u>Employment by sector</u> (1,000)		
Industry	954	1,200
Building	224	315
Agriculture(1)	214	358
Transport, etc.	180	240
Trade/commerce	200	283
Other branches	423	586

(1) Forestry included

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TABLE II - ECONOMIC PROFILE OF BULGARIA  
PERCENTAGE GROWTH OF SELECTED INDICATORS

	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973(1)</u>	<u>1974(2)</u>	<u>1971-1975(3)</u>
(a) <u>Net material product</u>	12.5	7.0	7.0	8.7	10.0	7.7-8.4
Industrial Production	8.2	9.0	8.3	10.6	11.0	9.2-9.9
Agricultural Production	4.0	2.0	4.8	3.0	5.0	3.2-3.7
Capital Investment	10.2	4.0	9.4	8.8	13.0	8.4-9.2
Labour Productivity	6.9	0.0	3.5	8.0	9.0	7.6
Labour Force	1.2	1.7	0.5	0.2	-	-
Real Per Capita Income	4.8	4.2	7.0	7.9	5.0	4.6-5.9

(b) Distribution of net material product(4)

	<u>1971</u> (million leva)	<u>1972</u>
<u>Consumption</u>		
Personal	7,678 (69.5%)	8,377 (70.2%)
Other	295 (3.7%)	333 (3.8%)
<u>Accumulation</u>	2,772 (26.8%)	3,060 (26%)
TOTAL	<u>10,745</u>	<u>11,770</u>

(c) Net material product (current prices: million leva)

	<u>1971</u>	<u>1972</u>	<u>1973</u> (estimated)
	10,411	11,242	12,254

(d) Contribution to net material product (%)

	<u>1971</u>	<u>1972</u>
Industry and building	60.0	59.6
Agriculture and forestry	23.1	22.8
Transportation and communications	7.3	7.4
Trade and other sectors	9.6	10.2

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- (1) Estimated  
 (2) Planned  
 (3) Average  
 (4) Absolute figures at annual prices, not identical with current prices

TABLE III - TOTAL BULGARIAN FOREIGN TRADE 1955-1975  
(millions of foreign exchange leva)

	Total Turnover	Import	Export	Trade Balance
1955	568.8	292.4	276.4	- 16.0
1960	1,408.7	740.1	668.6	- 71.5
1965	2,753.6	1,377.9	1,375.7	- 2.2
1966	3,256.5	1,729.6	1,526.9	-202.7
1967	3,545.2	1,839.1	1,706.1	-133.0
1968	3,975.0	2,085.3	1,889.7	-195.6
1969	4,146.2	2,046.7	2,099.5	+ 52.8
1970	4,486.8	2,142.3	2,344.5	+202.2
1971	5,033.2	2,479.9	2,553.3	+ 73.4
1972	5,609.2	2,772.2	2,837.0	+ 64.8
1973	6,352.6(1)	3,156.2(1)	3,196.4(1)	+ 40.2(1)
1974	7,500.0(2)	3,739.0(3)	3,761.0(3)	+ 22.0(3)
1975	8,625.0(3)	4,304.0(3)	4,321.0(3)	+ 17.0(3)

- (1) Preliminary figures
- (2) Plan
- (3) Estimated

TABLE IV - FOREIGN TRADE STRUCTURE 1965-1975 (% OF TOTAL TURNOVER)

	1965	1970	1971	1972	1973(2)	1974(3)	1975(5)
Socialist countries	76.8	77.8	78.5	80.2	79.3	78.6	77.5
COMECON(1)	73.0	74.4	75.1	78.1	-	-	-
USSR	51.5	53.0	53.6	54.3	-	-	-
Other Socialist countries	3.8	3.4	3.4	2.1	-	-	-
Western countries	19.1	16.6	15.3	14.0			
Developing countries	4.1	5.6	6.2	5.8	20.7(4)	21.4(4)	22.5(4)

- (1) Without Cuba until 1971; from 1972, including Cuba
- (2) Preliminary data
- (3) Plan
- (4) Due to increasing world market prices and growing import requirements (high-quality investment goods): the share of the Western industrialized countries is assessed at 14.5% (1973) and 16.0% (1975)
- (5) Estimated