

(SR/18)

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~~CURT~~ BULGARIA REPORTEDLY ASKS BONN FOR LARGE CREDIT

~~Munich, 25 June 1975 (RAD/Bulgarian Unit/G.S.) -- F 81~~

According to a dpa report from Sofia (June 24), Bulgaria has asked Bonn for a 250,000,000 dollar credit. (The report, however, has yet to be confirmed either by Bulgarian or any other Western media.) Dpa reported that Nikola Kalchev, chairman of the Committee on Foreign Economic Relations at the Council of Ministers, made known the Bulgarian request to the West German Bundestag delegation led by Annemarie Renger which is at present visiting Sofia. The credit would be used to continue the modernization of Bulgarian industry. The dpa report also mentioned that the Bulgarian government is interested in deliveries of complete West German industrial plants, which would be paid for either wholly or in part in the goods they produce. Kalchev was quoted as having said that Bulgaria is also interested in Bulgarian-West German industrial ventures in third countries, but to have excluded the possibility of creating joint enterprises based on mutual financial participation. (For more details on Bulgarian-West German economic ties in recent months, see Bulgarian Situation Reports/15 and 17, Radio Free Europe Research, 23 May and 9 June 1975, Items 3 and 2d, respectively).

The credit in question if granted would be the largest known Western credit ever asked for and received by Bulgaria. As a rule, the country's news media never report negotiations about, or the granting of, Western credits. For example, in June 1974 Reuter reported, but the Bulgarian media did not, that a Japanese business consortium had signed an agreement with the Bulgarian government granting Bulgaria an export credit up to 100,000,000 US dollars. An earlier Japanese loan amounting to 25,000,000 Eurodollars was reported by the Journal of Commerce, in September 1972. Similarly, last May, during the visit of the Austrian Chancellor Bruno Kreisky to Sofia, the Austrian press reported that the two countries had negotiated a long-term credit agreement under which Austria would grant Bulgaria credits amounting to about 120,000,000 dollars between 1976 and 1980; this agreement has not, however, been mentioned in Bulgarian media (see Bulgarian SR/14, RFER, 16 May 1975, Item 3).

Bulgarian official reticence, therefore, makes it almost impossible to assess the precise amount of Western help received so far by Bulgaria, but it may be assumed that it has amounted to very little -- perhaps somewhat over 10 per cent of all foreign credits granted to Bulgaria.

(PTG)

The USSR, of course, is by far Bulgaria's main economic creditor. In the 1944-1969 period, for instance, the Soviet Union gave Bulgaria 1,800 million rubles in credits, and it was estimated that Soviet credits in the 1970-1975 period would amount to 490,000,000 rubles (see Rabotnichesko Delo, 6 November 1970, and BTA, 19 August 1972). In other words, Bulgaria has had 2,290 million rubles in credits from the USSR so far. Soviet long-term credits are officially reported to involve an annual interest of 2 to 2.5 per cent (Partien Zhivot, No. 12, 1969). Ten years ago the Soviets were reported as supplying Bulgaria with 80 per cent of its foreign credits; this percentage has probably not changed much since.

Other major creditors are Czechoslovakia, Hungary, and the Comecon International Bank for Economic Co-operation. Exact totals have never been published, but it was mentioned in 1973 that the credits from the Comecon countries amounted to 7 per cent of all foreign credits granted to Bulgaria. The source of this information Ikonomicheski Zhivot No. 34, 22 August 1973 -- also said that the Comecon Bank had granted Bulgaria an average annual credit of 350,000,000 rubles.

Judging from recent Western-sourced information, it is safe to assume that Bulgaria is stepping up its efforts, as are some of its allies, to get credits. This tendency to turn to the West for economic help can be traced back to the July 1968 BCP CC plenum (see Todor Zhivkov's speech in Rabotnichesko Delo, 25 July 1968, p. 9), but for a long time it remained frozen. Now with economic reality, exacerbated by world inflation and the increase in the prices of Soviet oil and raw materials (an increase still unreported in domestic media), Bulgaria seems to be looking for more and more gap-filling sources in the capitalist West.

Perhaps France and Italy -- Zhivkov is on a state visit in Rome now -- might also be approached by Sofia. All this is an effort to catch up in a race in which almost all its competitor-allies are well ahead.

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