Munich, October 9, 1962 (Non-Target Communist Area Analysis Department: Yugoslavia - Stankovic)

Yugoslavia's popularity among the Bulgarian people is underlined by the Yugoslav daily Nova Makedonija. The Skoplje paper claims that "one million registered visitors at the recent Plovdiv Fair" visited the Yugoslav pavilion. Most of the interest generated by Bulgarian visitors who "besieged the Yugoslav stands" was directed at the books displayed there, including the anti-Bulgarian pamphlet by Lazar Kolishevski (Yugoslavia's Macedonian leader) on the "Macedonian Problem."

As in the first (1955) reconciliation between Khrushchev and Tito, Bulgaria again becomes the first Soviet satellite to be used as a testing ground for the sincerity of the new reconciliation between Moscow and Belgrade. One day after Leonid Brezhnev, the Soviet State President, left Belgrade for Moscow, a Bulgarian Government delegation headed by the Deputy Prime Minister and Chief of the State Planning Commission, Zhivko Zhivkov, arrived in Yugoslavia. Since October 5, the Yugoslavs and the Bulgarians have been negotiating over the extension of economic cooperation between the two neighboring countries.

(In the meantime, another Yugoslav trade delegation, led by Bernad Menashe, who had signed a Soviet-Yugoslav trade protocol on October 4, started negotiations in Warsaw on October 8 for Polish-Yugoslav trade in 1963.)

It is not yet known how successful the Yugoslav-Bulgarian talks in Belgrade have been, although one may assume that both sides will strive for a large increase in trade. Only a few months ago, the most influential Belgrade economic weekly, Ekonomskob Politika, said in its June 16 issue that "trade exchanges between Bulgaria and Yugoslavia have stagnated." Commerce between the two countries, according to the Yugoslav paper, "has been characterized by the paradox that the Bulgarian markets are almost completely unknown to the Yugoslav exporters." The present talks in Belgrade are, therefore, aimed not only
at overcoming this stagnation but also -- following the line
given by the Russians -- at increasing trade in a big way.

Bulgarian Sympathies for Yugoslavia

Commenting on the great interest shown by the Bulgarians
in the Yugoslav pavilion in Plovdiv, the author of the article
in Nova Makedonija, Nikola Kirkov, said:

"There were days and hours when the visitors stormed the
Yugoslav stands like a torrent. This interest in the
Yugoslav pavilion was not accidental...."

According to Kirkov, the Bulgarian visitors were also inter-
ested in the products of the Yugoslav consumer goods industry,
as well as in Yugoslavia's automobile industry. Many Bulgarian
firms concluded agreements with various Yugoslav machine-build-
ing factories to supply Bulgaria with special machines amounting
to 530,000 U.S. dollars. On the other hand, products of the
Macedonian factories were given special attention by the Bulgarian
visitors, Kirkov said, adding that "Macedonian books also greatly
interested the visitors."

Titoist Analysis of Bulgaria's Economic Development

The care with which the Yugoslavs are watching Bulgarian
activities is best noted from a report published in the Belgrade
daily Borsa of October 6. The author of the report is the Tanjug
correspondent in Sofia, Aleksandar Markovic, who discusses the
problem of economic development in Bulgaria under the title
"Bulgaria and New Trends in the Comecon." Markovic stressed the
shortage of consumer goods in Bulgaria and Sofia's plans to
penetrate underdeveloped countries of Asia, Africa and Latin
America -- something which the Yugoslavs have been doing for
years. Of course, the internal developments in Comecon are also
discussed by Markovic who implies that the Bulgarians now have
better prospects in this organization than previously. The
Yugoslav journalist claims that "the latest decisions made by
Comecon have opened for Bulgaria new prospects for a closer co-
operation and specialization with this organization." Said
Markovic:

"Here in Sofia it is stressed that, in some countries of
the Socialist camp, the items produced in the cooperation
among several Comecon members are already being sold. For
instance, Czechoslovakia, East Germany and the Soviet Union
have purchased in Bulgaria electromotors and accumulators
... At the same time, Bulgaria has purchased in these
countries ship motors. In Sofia's economic quarters it is con-
sidered that the cooperation in Comecon on the basis of concluded trade agreements and protocols has been surpassed and that new forms of cooperation should now be sought for. One of these new forms -- as formulated recently by the periodical Novo Vreme -- is the creation of common enterprises for the production of certain articles through the participation of one or several countries..."

Markovic added that the Bulgarians here think especially of the production "of consumer goods" of which Bulgaria is still short. On the other hand, the Bulgarian leaders have planned "to penetrate the Asian, African and Latin American markets."

While in 1957 goods exchanged with these countries amounted to only 21 million leva, in 1961 this sum was quadrupled, Markovic said. He added that the "special problem in the framework of all these topical questions dealing with trade with foreign countries has been -- the prices." Another problem is trans- portation, which has been "the bottleneck" in Bulgaria's foreign trade.

Yugoslav-Bulgarian Trade Relations

In discussing Yugoslav-Bulgarian trade relations, one should not forget that relations were severed in 1948 after Tito was expelled from the Communist family and were renewed only in 1954, on the eve of the reconciliation between Tito and Khrushchev in May 1955. The next setback in the Bulgarian-Yugoslav trade relations came after the Yugoslavs published their "revisionist" Party program in April 1958. According to the latest Yugoslav statistical data, the Bulgarian participation in Yugoslav foreign trade in 1961 was very low: Bulgaria accounted for only 1.5 percent of Yugoslav foreign trade, with Yugoslavia contributing almost the same percentage to Bulgaria's foreign trade.

For instance, in 1960 a trade protocol was signed between Belgrade and Sofia providing for an exchange of goods to the value of 20 million dollars in both directions. This was about 8 million dollars more than in 1959, when the realized trade between the two countries amounted to 12.6 million dollars in both directions (the trade sum agreed upon for 1959 was 18 million dollars in both directions.) According to the above mentioned issue of Ekonomitska Politika, "Yugoslav export to Bulgaria reached its peak in 1960" when various Yugoslav products totalling
2.6 billion dinars (in 1960 1$=300 dinars i.e. 8.6 million dollars) were exported to Bulgaria. The Bulgarian, however, exported to Yugoslavia 2.2 billion dinars (or 7.5 million dollars) worth of their own products. In other words, the total exchange of goods between the two countries "in both directions" amounted to 16.1 million dollars, or 3.9 million less than the sum of 20 million dollars agreed upon for 1960. In 1961 Yugoslav export to Bulgaria amounted to 8.5 million dollars and Yugoslav import from Bulgaria amounted to 9.5 million dollars.

The following table shows the value of commodity exchange between Yugoslavia and Bulgaria in the period between 1955 and 1961. (The current exchange of goods is regulated by a long-term agreement embracing the period between 1962 and 1965 with no data yet given as to the value of this year's trade.)

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</thead>
<tbody>
<tr>
<td>Yugoslav export to Bulgaria</td>
<td>0.55</td>
<td>1.4</td>
<td>4.1</td>
<td>1.9</td>
<td>8.0</td>
<td>8.6</td>
<td>8.5</td>
</tr>
<tr>
<td>Yugoslav import from Bulgaria</td>
<td>1.3</td>
<td>2.2</td>
<td>4.2</td>
<td>5.6</td>
<td>4.6</td>
<td>7.5</td>
<td>9.5</td>
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The Yugoslav leaders have not been satisfied with their own businessmen who, according to Ekonomka Politika, believe that nothing can be bought or sold in Bulgaria since that country has been producing the same type of products as Yugoslavia. At the beginning of the Soviet-Yugoslav rapprochement, the Yugoslavs started praising Bulgaria's economic successes, especially that country's "important increase of food production," as well as the glass industry, in machine building and in the chemical and timber industries. This is why the Yugoslavs have insisted that the domination of food products on the Yugoslav lists for imports from Bulgaria should be changed. They expect that the present talks between Mijalko Todorovic and Zhivko Zhivkov will
X EURO — (4) YUGOSLAVIAN POPULARITY IN BULGARIA

conclude with the setting up of a long-term (five-year) trade agreement. In the opinion of Yugoslav leaders, this will bring about a cessation of the propagation in Yugoslavia "of a wrong concept" among this country's businessmen that Yugoslavia's and Bulgaria's economies have been identical.

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