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BULGARIAN FOREIGN TRADE: RECENT DEVELOPMENTS AND PROSPECTS -- PART II

Summary: This paper reviews recent changes in Bulgaria's foreign trade pattern since the July 1968 Plenum. Since then, foreign trade has been increasingly oriented toward the Soviet Union and Comecon member countries and away from the developed capitalist nations. At the same time, this trend has been accompanied by a continued small increase in trade with the developing nations.

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Since the July 1968 Plenum, Bulgarian foreign trade policy has tended to be increasingly oriented toward the Soviet Union and Comecon countries. (1) This expanded trade and closer integration, openly acknowledged some weeks ago by Deputy Minister of Foreign Trade Penko Penkov who noted that the trend of Bulgaria's trade is "toward an ever-growing increase in the socialist countries' share of our goods exchange," (2) reverses the trend established between 1960 and 1967 in which the percentage of foreign trade with the USSR and Comecon was declining slightly.

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- 1) See "Bulgarian Foreign Trade: Recent Developments and Prospects," Bulgarian Background Report/20, Radio Free Europe Research, 20 October 1970.
 - 2) The goods exchange between the Soviet Union and Bulgaria is expected to exceed 60 per cent of total Bulgarian foreign trade in 1970. See speech by Tano Tsolov, chairman of the Planning Committee, in a report to the National Assembly published in Rabotnichesko Delo, 19 November 1969.

Period	EEC	EFTA	Rest of Western Europe	USSR and Eastern Europe	Rest of World
		<u>Bulgarian Exports (in percentages)</u>			
1959-1960	7	4	2	82	5
1966-1967	10	5	3	72	10
		<u>Bulgarian Imports</u>			
1959-1960	12		5	78	5
1966-1967	15		9	68	8

Source: Economic Bulletin for Europe Vol.20, No.2, 1968.

In the same period in which Bulgaria's trade with the USSR and Comecon has increased, it has also continued to expand with the developing countries. (3) During the period

(3) Total Bulgarian Trade with the Developing Countries

The changes in Bulgarian trade with the developing countries, taken as a whole, since 1955 are shown in the following table:

	1955	1960	1965	1968
In million leva				
Exports	5.5	23.4	65.2	117.9
Imports	4.1	17.5	48.1	99.5
In per cent of total goods exchange				
Exports	2.0	3.5	4.8	6.2
Imports	1.4	2.4	3.5	4.9
In per cent of goods exchange with non-Communist countries				
Exports	19.3	21.9	23.0	28.2
Imports	13.1	14.7	13.6	20.6

Source: RN "Bulgarian Trade with Developing Countries," Bulgarian BR/29, RFER, 27 October 1969.

1965-1969 alone, the relative share of trade with the developing countries increased slightly from 4.1 to 5.8 per cent. (4)

More than half of this trade in 1968, however, was with the Arab countries and undoubtedly had political motivations.

The slight expansion in trade with the developing countries over the last few years has not, however, been accompanied by increased trade with the advanced industrial countries -- in fact just the opposite has occurred, as Deputy Minister Penko Penkov recently pointed out:

Until 1967 the trend was in the direction of the higher relative growth of our trade with the developed capitalist countries, which was due mainly to imports and the increase of their relative importance in our goods exchange. This trend contradicts our ideas about normal and proportional trade relations. (5)

Thus during the 1965-1969 period, the relative share of trade with the developed non-Communist world dropped from 19.1 per cent in 1965 to 14.8 per cent in 1969. (6) Of this trade, 49.4 per cent was with the Common Market countries; 34.0 per cent with the EFTA countries; 6.0 per cent with Turkey, Greece, Cyprus, and Spain; and 4.2 per cent with industrialized countries such as the USA, Japan, Australia, and New Zealand. (7)

This reduction in relative shares of trade with developed capitalist countries was due in part to Bulgaria's comfortable balance of trade. Bulgaria's imports from capitalist countries were not offset by her exports to these countries and she therefore built up large debts. Another related problem was the unfavorable structure of Bulgarian exports to the developed non-Communist countries: more than 60 per cent of exports in 1968 consisted of processed and nonprocessed rural products -- (the export of nonprocessed raw materials is less profitable than that of machinery and equipment) -- while only 1.8 per cent were machines and equipment. (8) The developed non-Communist countries with their more advanced technology have

4) Ikonomicheski Zhivot, 16 September 1970.

5) Ibid.

6) Ibid.

7) Ibid.

8) RN, "Bulgarian Trade with Developed Non-Communist Countries," Bulgarian BR/27, RFER, 15 October 1969.

little interest in Bulgarian machinery, and it is, therefore, the developing countries which offer the most promising markets for exports of this type and in turn offer the possibility of alternative raw material supplies which could relieve the country's present heavy reliance on the Soviet Union and other Comecon nations.

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