

# RADIO FREE EUROPE *Research*

## EAST EUROPE

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*ECONOMICS*

● BULGARIA/T4  
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### CURRENT STATE OF BULGARIAN-WEST GERMAN RELATIONS

Summary: The paper reviews some of the most recent developments in Bulgarian-West German relations and the prospects for the establishment of normal diplomatic relations. It is forecast that this will occur in the near future, and an attempt is made to answer the question why Bulgaria missed earlier opportunities to normalize its relations with Bonn in view of the lack of any outstanding problems between the two countries. A brief review of economic relations with the FRG is also included: there has been a sharp decline in bilateral trade since 1967, primarily attributable to Bulgaria's desire to balance its negative trade balance with West Germany.

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As a result of the over-all easing of East-West relations in Europe, and particularly those between West Germany and the Soviet Union and Poland, Bulgaria is now -- at last -- on the threshold of opening up normal diplomatic relations with Bonn. Although Sofia was one of the initial targets of the West German Ostpolitik in the mid-1960s -- and even seemed to be on the verge of establishing diplomatic relations with Bonn in early 1967 (1) --

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- (1) In February 1967, just after Rumania had established diplomatic relations with Bonn, former Foreign Minister Ivan Bashev declared at a press conference in Copenhagen that Bulgaria would impose no conditions for the establishment of diplomatic relations with Bonn, and that he was willing to go to Bonn himself if he should be invited (see Frankfurter Allgemeine Zeitung, 8 March 1967).

since the Karlovy Vary conference (April 1967), Bulgaria has pursued a rather hard line on the question of normalization and has refused to consider the matter until West Germany had settled its relationships with the other East European nations. In fact Bulgarian leader Todor Zhivkov virtually promised in 1970 that Bulgaria "would probably be the last East European country to have talks on normalization of relations with Bonn." (2) As was to be expected, the FRG's response to Zhivkov's tactlessness was prompt and clear: on the following day government spokesman Conrad Ahlers declared that "West Germany can live quite happily without diplomatic relations with Sofia."

Two years after these rather unfriendly exchanges relations with the FRG have noticeably changed for the better and the path seems finally clear for the establishment of full diplomatic relations between the two countries as a result of the general relaxation of tensions in Europe and the elimination of the controversial issues which divided Bonn from Moscow and Warsaw, and lately from Pankow.

One of the first signs of the thaw in Sofia-Bonn relations came in September 1972 when for the first time since World War II a West German Foreign Ministry representative was invited to Sofia for talks. The invitation, extended by the Bulgarian Foreign Ministry, went to Juergen Diesel, chief of the East European Department in the FRG's Foreign Ministry. Details on the visit were not released, but, as the press noted (3) the purpose of Diesel's visit was clearly to sound the prospects for an early establishment of diplomatic relations. According to the same press reports, the German delegate found himself in a remarkably relaxed atmosphere, with the Bulgarians indicating their profound satisfaction over the early prospects for normalization of relations. At the same time, however, they had told the Bonn envoy that no Bulgarian ambassador would arrive in Bad Godesberg until West Germany had negotiated the Grundvertrag with East Germany and an acceptable

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(2) Zhivkov at a press conference in Copenhagen on 30 September 1970. See RFE Special of that date.

(3) See Andreas Kohlschuetter, Die Zeit, 6 October 1972; also Olaf Ihlan, Sueddeutsche Zeitung, 5 December 1972.



formula with Czechoslovakia over the 1938 Munich Agreement. This was the message that Diesel brought back home at the beginning of October.

Another opportunity for sounding the mood of the Bulgarian government was presented last month, when a large Bulgarian national exhibition was staged -- from November 6 to 17 -- in Cologne. It was attended by a number of Bulgarian government officials, the highest ranking of whom was Foreign Trade Minister Ivan Nedev. Just prior to the opening of the exhibition, the head of the Bulgarian trade mission in Frankfurt, Penko Penkov, gave an interview to a West German paper (4) in which he indicated that Bulgaria deemed full diplomatic ties with West Germany feasible this year. Asked whether an exchange of ambassadors was envisaged in 1973, Penkov replied "we hope earlier."

Judging by current development, Penkov's prediction is unlikely to materialize: success cannot realistically be expected before 1973. It should be noted, however, that Penkov, appointed to his post in Frankfurt last spring and until then a deputy minister of foreign trade, has been given the rank, if not the post, of an ambassador and thus a status well above that of his predecessor. His German counterpart in Sofia since early 1970 has the same rank.

In the meantime -- on November 8 -- the two German states initialed the basic treaty, or Grundvertrag, regulating relations between them. This automatically eliminated one of the more serious obstacles previously placed by Bulgaria in the way of the resumption of diplomatic relations with Bonn. (5) The signing of the Grundvertrag has cleared the way for the establishment of

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(4) Neue Rhein Ruhr Zeitung, 30 October 1972.

(5) In his interview (see Footnote 4) Penkov noted that a basic treaty regulating relations between East and West Germany would facilitate diplomatic ties between Bonn and Sofia, but added that such a treaty was not a precondition for ties with Bonn.

relations -- at least officially. Whereas Bulgaria has repeatedly pledged itself to establish relations with Bonn only after the relations between the two German states had been normalized (see, for example, Zhivkov's interview in Copenhagen in September 1970), there has never been an equal determination shown concerning the outcome of the Bonn-Prague negotiations. In other words, while verbally supporting the Czechoslovaks, Bulgaria has been careful to avoid making its own recognition of West Germany dependent on the outcome of the controversies over the Munich Agreement.

Despite this position, however, Bulgaria has shown a lack of responsiveness to the current possibilities of taking up relations with Bonn, and it would seem that this inertia is related to the Bonn-Prague negotiations. It now appears that Bulgaria may be waiting for a breakthrough in the negotiations between Czechoslovakia and West Germany before proceeding with its own plans. In this respect it hardly seems a coincidence that the change of policy recently apparent on the part of the Czechoslovaks regarding the Munich treaty came immediately after the initialing of the basic treaty between the two Germans. In fact, signs of a changing bloc attitude were noticeable in Sofia. In a joint declaration marking the conclusion of an official visit by Gierek to Sofia (6) both countries spoke of "supporting the just stand of Czechoslovakia on this question," without, however, explicitly mentioning the question -- that is, the Munich Agreement.

The second hint of a subtle pressure on the Czechoslovaks to ease their intransigence came at the end of Zhivkov's recent visit to Moscow. The joint communiqué (7) included a passage on the normalization of relations between the Federal Republic and Czechoslovakia which expressed the hope that the negotiations between the two countries would end with the recognition of the Munich Agreement as "invalid." However, the words "from the very beginning" -- which had hitherto been included in every official document issued in the Eastern bloc countries dealing

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(6) Printed in Rabotnichesko Delo, 11 November 1972.

(7) Published in Rabotnichesko Delo, 18 November 1972.



with the agreement -- were omitted on this occasion.

It is therefore possible that the new formula represents a sort of compromise for both Czechoslovakia and Bulgaria. The reasons why Czechoslovakia should accept it are obvious. Bulgaria, for its part, may have agreed, along with Hungary, to wait a little (since under the apparent new compromise an early solution is quite possible) instead of establishing relations with Bonn and leaving Czechoslovakia eventually out in the cold.

The normalizing of relations with Bonn is "just a matter of time," but in effect, a question of how much time. One cannot avoid the impression that, should Sofia wait until the establishment of Prague-Bonn relations before establishing its own relations with Bonn, Bulgaria will have unnecessarily let a golden opportunity slip by which would have enabled it to take advantage of the changes which have been sweeping Europe lately, since Sofia has no outstanding problems with Bonn.

#### The State of Economic Relations

A notable feature of Bulgaria-West German economic relations is that the FRG, after having uninterruptedly been Sofia's most important noncommunist trade partner for many years, slipped in 1970 to second place after Italy. After a 1966 peak of DM 604,000,000 -- which also corresponded to an all-time peak in Bulgaria's trade with noncommunist countries -- the volume of bilateral trade decreased sharply, reaching a low of DM 452,000,000 in 1969. A slight resurgence followed: in 1971 the figure was DM 482,700,000.

One of the reasons for the sharp decline in bilateral trade was its tendency to accumulate a deficit. In the 1966 high Bulgarian imports of goods were worth DM 433,000,000 while exports amounted to only DM 177,000,000. Driven by a desire to achieve a balance, the Bulgarians maintained or increased only slightly their exports (DM 226,300,000 in 1971), but managed to curtail drastically their imports from the Federal Republic, which fell to DM 256,400,000 in 1971. Bulgarian economic journals have frequently complained that EEC protectionist and West German political motives were particularly to blame for

restricting any increases in Bulgarian exports to the FRG. Some writers, however, have correctly pointed out that the unfavorable structure of Bulgarian exports to West Germany, which consist primarily of processed and nonprocessed agricultural goods, is the basic reason for the low level of Bulgarian exports, and hence of trade volume as a whole. (8)

Having achieved a relatively balanced trade with the FRG, the Bulgarians are now trying to step up both exports and imports while preserving that balance. Current economic relations between the two countries are regulated by a long-term trade agreement signed in February 1971 and covering the period until 1974. Under its terms, the Bonn government raised import quotas for 1972 by 4.8 per cent for agricultural products and by 15 per cent for industrial goods, which was certainly a step toward stimulating bilateral trade and changing the structure of Bulgarian exports for the better.

As recently as 11 December 1972 the two governments signed a trade protocol for 1973, which provides for further liberalization of Bulgaria's exports to the FRG. The document envisages an increase in Bulgarian agricultural exports by 14 per cent and in industrial deliveries by 13 per cent, measured in terms of 1972 quotas.

Bilateral trade will undoubtedly be substantially increased once the two countries decide to establish diplomatic relations. The Bulgarians make no secret of their desire to step up trade and some officials, like the head of the Bulgarian trade mission in Frankfurt (Penkov), are displaying optimism, predicting a doubling of bilateral trade in a few years. (9)

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(8) See for example Dobrin Kanev, Ikonomicheski Zhivot No.31, 26 July 1972.

(9) Olaf Ihlan, Sueddeutsche Zeitung, 5 December 1972.