

# GENERAL AGREEMENT ON

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L/6364

22 June 1988

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# TARIFFS AND TRADE

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Original: English

## ACCESSION OF BULGARIA

### Memorandum on Bulgaria's Foreign Trade Regime

The following communication, dated 14 June 1988, has been received from the Vice-Minister of Foreign Economic Relations of Bulgaria.

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Pursuant to Bulgaria's application for accession to the General Agreement on Tariffs and Trade (GATT document L/6023 and Add.2), I have been authorized to submit herewith a memorandum on the main features of the economic and trade policies and of the foreign trading system of Bulgaria. May I request that the memorandum be circulated to all contracting parties.

Having submitted the memorandum the Bulgarian Government expects that the Council, as envisaged in its decision of 5-6 November 1986, would now proceed to establish the usual terms of reference and appoint a Chairman of the Working Party on Accession of Bulgaria at its meeting on 20 July 1988, so that the Working Party would start examination.

**ACCESSION OF BULGARIA**

***Main Features of the Economic and Trade Policies  
and of the Foreign Trading System of Bulgaria***

***Memorandum submitted by  
the Bulgarian government***

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\*Available for consultation in the Secretariat (Office No. 1002, Tel. 39 52 48).

## PART I

### INTRODUCTION

#### 1. THE BULGARIAN ECONOMY AND THE ROLE OF FOREIGN TRADE

##### structural transformation and growth - historical overview

1. Bulgaria has a population of 8.97 million, ranking 67th in the world, and a territory of 110.9 thousand square km, ranking 100th.\*

2. Before the Second World War Bulgaria's economy was underdeveloped, based on the relatively most abundant factor of production - land. Small-scale, low productivity agriculture engaged 80 per cent of the labour-active population and produced 65 per cent of national income.\*\*

3. Industrial production accounted for 15 per cent of national income.\*\*\* It was labour-intensive and technologically lagging. The food- and tobacco-processing industries provided more than half of the industrial output and textiles and clothing another 20 per cent, while machine-building and metalworking produced only 2.4 per cent and chemical industry - 1.9 per cent. Due to the scarcity of profitably exploitable natural resource deposits production of "hard" primary commodities or minerals was negligible.

4. The pre-war economic level could sustain neither adequate living standards for the large majority of the population nor full employment.

5. In the post-war period the country embarked on a long-term policy of economic and social development through accelerated industrialization. As a result Bulgaria was able to radically restructure the manufacturing and agricultural sectors of the economy. One of the basic factors for this restructuring was the active involvement in the international division of labour.

\* Source: Statistical Yearbook of the People's Republic of Bulgaria, 1987;

\*\* All data for the pre-war period are for 1939 - the peak pre-war year.

\*\*\* Here and throughout the Memorandum national income data are based on net material product calculations. Data on the major national accounts aggregates in Bulgaria are based on the concepts and definitions of the MPS (Material Production System) and are compiled in accordance with the "Basic Principles of the Balances of the National Economy", Studies in methods, Series F, No.17 (United Nations Publication, Sales No.E.71.XVII.10).

6. Between 1948\* and 1987 national income grew at an average annual rate of 7.25 per cent. The structure of national income produced changed fundamentally, with industry accounting for 60 per cent and agriculture for 12.5 per cent by 1987. The new industrial structure of the economy has been based on markedly export-oriented industries such as electronics, machine-building, fork-lift manufacturing, chemicals and pharmaceuticals, and food processing.

7. The other industrial sectors as well as agriculture have also undergone considerable change. Farming has been modernized on the basis of agro-industrial technologies. In 1987 agricultural production was 2.6 times greater than in 1939. Bulgaria is self-sufficient in agriculture. In fact in a number of fruits, vegetables, dairy, meat and other products it is an established supplier to some of the major international markets.\*\*

8. These profound changes have contributed to the achievement of considerable economic and social advancement, placing Bulgaria's economy at present at an intermediary level of development.\*\*\* Correspondingly a number of developed market economy countries (Austria, Australia, Canada, Finland, Japan, New Zealand, Norway, Sweden, Switzerland) extend GSP treatment to Bulgarian exports. Such treatment is of significant importance since the country experiences similar problems in the structure and growth of its exports to the developed market economy countries to those of the majority of developing countries.

9. Bulgaria's post-war economic development was achieved through economic policies utilizing mainly instruments of centralized planning. Under those policies the market instruments employed (prices, interest rates, taxes and tariffs etc.) had limited effectiveness as factors for resource allocation and for influencing supply and demand conditions. However, the overriding objectives of accelerated economic and social development warranted centralized resource allocation and investment mobilization as the most direct approach to successfully construct new plants and infrastructure, to develop necessary raw materials and processing capacities. Advanced social benefits were implemented making for a high degree of social equity - stable full employment, equitable income distribution; free education and health care, constant growth of living standards.

\* 1948 - the year in which the economy basically attained its highest pre-war level of 1939.

\*\* Basic statistical data on Bulgaria's economy and foreign trade are presented in Annex II and Annex III.

\*\*\*According to the United Nations Development Programme estimates in connection with the fourth programming cycle, the 1983 per capita GNP of Bulgaria was \$ 2350 (Governing Council of the UNDP. Doc DP/1986/83, 7 May 1986).

10. By the beginning of the 80-s the limits of centralized economic management became increasingly evident. Further dynamic growth and social advancement, given the level and diversity of economic and welfare systems attained by present-day Bulgaria is feasible primarily on the basis of full implementation of efficiency criteria through competitive market conditions and the corresponding instruments. Such a reorientation of economic policy is necessitated also by the requirements of the new international economy and the globalization of competition resulting from the revolution in science and technology.

#### foreign trade as a major factor of economic development

11. The limited internal market and restricted raw material base closely link the economic development of Bulgaria to the expansion of foreign trade. Traditionally lacking comparative advantages based either on relative factor abundances or technology, growth and participation of the country in international trade could be accomplished only through specialization in production based on economies of scale. A corresponding strategy of export-led growth was adopted. Such growth could be achieved only because of the favourable possibilities for the expansion of exports of machinery and other manufactures to the markets of CMEA member-countries as well as for long-term supplies of equipment and industrial inputs from them. Trade with most of these countries was also favoured by geographical proximity.

12. Thus foreign trade consistently grew at rates surpassing the overall growth of the national economy. As a result the economy evolved from being virtually closed to international trade to a state of extensive involvement in the international division of labour.

13. In 1939 foreign trade turnover amounted to no more than 2.3 per cent of national income. Industrial goods of non-agricultural origin contributed only 0.4 per cent of exports.

14. After 1950, when it attained the pre-war level of 1939, foreign trade turnover increased 61 times by 1987 (at comparable prices). In 1987 trade (as average of exports and imports) approximately equalled 50 per cent of the national income in value terms, while according to GATT Secretariat estimates, the present average contribution of trade to the GDP of GATT member countries amounts to 20 per cent.\* The structure of exports has been substantially modified, industrial goods of non-agricultural origin reaching 82 per cent.

\* The GDP/NMP ratio for Bulgaria in the early 1980-s according to different estimates is 1.11 to 1.37.

15. At present Bulgaria takes 32nd place in world exports and 30th in imports and conducts trade with 119 countries.\*

16. A detailed analysis of Bulgaria's exports and imports by composition and destination is presented in an Addendum to the Memorandum.

17. The further growth of exports and imports will strongly depend on the ability of Bulgarian enterprises to follow viable market-oriented business strategies. The success of such strategies is also dependent on the degree to which conditions are created at the intergovernmental level for predictable and equal access to markets on a multilateral basis.

## 2. ECONOMIC REFORM

18. Thus both for national economic and foreign trade reasons by the mid 80-s economic policy and the trading system were confronted by the necessity for radical reform. As a result a comprehensive programme and corresponding legislation were adopted for transforming economic policies on the basis of efficiency criteria and market instruments, thus creating economic and legal conditions enhancing the autonomy of economic units.

19. The main changes already resulting from the implementation of the economic reform are the following:

- increasingly government intervention is being limited to the implementation of specific welfare objectives and programmes, leaving correspondingly greater scope for market-based adjustment and incentives for growth;

- directive planning is being supplanted by a new approach to planning emphasizing mainly its strategic aspects and relying basically on economic instruments;

- government measures and economic policy instruments are being applied on the basis of rules of general validity in a non-arbitrary and transparent manner and on an equal basis regarding enterprises, irrespective of the particular form of ownership;

- competitive market conditions and transmission of competitive factors from the international onto the domestic market are being promoted through relevant legislation and economic policy measures;

- the new legislation provides a broad scope for enterprises to engage in virtually any type of economic activity in which they have an interest, except those which are explicitly prohibited by law.

\* GATT "International trade 1986-1987", p. 157;  
Statistical Yearbook of the People's Republic of Bulgaria, 1987;



20. The guiding principle of the reform is economic self-management. Under this principle of the reform enterprises have acquired broad independence in matters of operation and development as to decisions on purchases, sales and prices in the local and foreign markets, production and marketing strategies, income distribution, investment resources and decisions, financing, etc.

21. Enterprises assume direct responsibility for their economic state and prospects. Their operating results depend on their production costs and on the prices at which a given product or service can be realized on the market. They are free to choose their domestic and foreign suppliers. Enterprises under the new system are not limited to a given economic sector and are free to enter any line of production or trade activity (provided they satisfy consumer demand in their main sector of operation). Neither is entry into any industrial sector restricted to a predetermined number of suppliers. At present further legislation is being elaborated on the prevention of abuse of possible dominant positions by enterprises as well as on insolvency and bankruptcy procedures. No monopoly of specific enterprises exists on the production or trade with individual goods.

22. A distinct feature of the ongoing reform is that enterprises are managed by those working in them (the working collectives) both directly and through representative organs they elect and charge with management functions. The fact that enterprises are founded on public ownership does not in any way limit their independence of decision-making on current business and investment programmes. This was explicitly reaffirmed in April 1987 by a legislative act of Parliament empowering the working collectives of the enterprises as full authorized managers of the publicly owned means of production and infrastructure facilities. Subsequently the Council of Ministers adopted a more detailed regulation on the matter. These legislative acts preclude the possibility public ownership to lead to state management at the microeconomic level.

23. Legislative instruments broadening the scope and diversity of economic activities by cooperatives and individuals have also been adopted. Rules are being elaborated specifying the requirements for issuing bonds and other securities by enterprises, through which the employees can invest part of their savings in the enterprises they are working in.

24. Under the system based on self-management redistribution of income between enterprises through the state budget is significantly reduced and may be effected only by generally utilized fiscal and monetary instruments on a much more limited scale.

25. The national plan for socio-economic and technological development is adopted by Parliament and sets out target levels for national income, target rates of growth in production, investment, consumption, foreign trade

turnover, etc. However, in the absence of directives these targets are to be achieved through economic and market policy measures and instruments. These targets however, are no longer broken down by enterprises.

26. Thus the national plan acquires an indicative nature and its implementation is based on the inter-play of economic interests and market factors.

27. In practice the combining and harmonizing of the interests of the economic enterprises with the goals of the national strategy is achieved through series of discussions ("dialogues"). The rules and procedures for these discussions are spelled out in the new economic legislation. They provide for joint examination and agreement between the different levels in the economy (enterprises and their unions and central economic policy bodies) on questions of volumes of production of major items, technological restructuring and on the respective resource requirements.

28. In addition to the system of discussions in individual cases the interests of the enterprise and the national plan are matched through ad-hoc measures within a legal framework for government intervention in exceptional circumstances (on the nature and types of such measures see Part II, p. 8). Such measures are implemented principally for specific welfare considerations and external economic obligations undertaken at the national level (The nature and procedures concerning such obligations are examined in greater detail in Part III, p. 1). Existing market imperfections and imbalances are also subject to similar ad-hoc adjustment measures. However, government intervention measures are applied on an equal basis towards all producing and trading enterprises and to the sale, purchase and distribution of domestic and imported products.

29. Economic policy instruments and intervention measures are applied and influence the market behaviour of enterprises within clearly formulated transparent rules. Such instruments and measures, applied in conditions of market-oriented decision-making and self-financing, tend to enhance enterprise viability and to promote greater equilibrium between domestic demand and supply.

30. The national policy objective is to create and maintain competitive market conditions for economic activities. This is essential for successful implementation of the economic reform. The legislation already adopted transforms this objective into specific regulations in all spheres of the economy: competition between all production enterprises in setting their internal prices on the basis of what they receive abroad for their products; between producing and trading enterprises in choosing suppliers and customers; between enterprises within a corporation; between enterprises tendering for state orders; between enterprises in obtaining credits for investment resources and working capital; between banks - whenever enterprises choose a servicing and crediting bank as well as between Bulgarian

and foreign banks in providing foreign exchange credits; between Bulgarian and foreign design organizations, construction organizations and suppliers of machinery and equipment; between research and development teams and institutions, etc.

31. The promotion of joint ventures with foreign partners, as well as the creation of tariff-free zones on the territory of Bulgaria are also expected to contribute to developing a competitive environment.

32. As a result of the economic reform the enterprise acquires central importance in the structuring and functioning of the economy. It is the basic technological economic and organizational entity, being an independent legal person. The principle sub-unit of the enterprise, the brigade, also organizes itself on the principles of self-management. The brigades in agriculture are beginning to constitute themselves as separate legal persons working as independent enterprises. Now more than 10000 enterprises operate in the Bulgarian economy out of which nearly 2400 in industry and about 2500 in agriculture. (See Annex II, Tables 9. and 10.).

33. Enterprises may form economic unions (amalgamations roughly equivalent to market-economy type companies) also operating as self-managing economic systems based on the voluntary decision by enterprises' collectives to enter into such unions. In industry there are roughly 200 of them now functioning and in agriculture more than 300 (the agro-industrial complexes reorganizing themselves as economic unions of autonomous enterprises). The economic unions comprise most, but not all of the existing enterprises. They are not empowered to exercise management authority over their constituent enterprises. They coordinate restructuring and marketing policies, investment projects. They organize various consultancy and personnel training activities for their members. The enterprises may empower the economic unions on a contractual basis to exercise on their behalf specific operational business functions.

34. Associations of economic unions and individual unaffiliated enterprises have been established as large inter-industry groups. Their main task is to maintain coordination and interaction, on the basis of their members' common interests, in marketing, business development and investment policies, to encourage competition, provide joint services in the field of training, acquisition of scientific and technological information, etc. The associations may carry out specific governmental functions upon special authorization from the Council of Ministers as is the case, for instance, for the associations of power generation and of communications.

35. At present there are eleven such inter-industry complexes encompassing electronics (plus metalworking systems), transport and equipment machinery, heavy engineering equipment, the biotechnology and chemical

industry, metallurgy and mineral materials, the consumer industries, the agro-industrial complex, forestry and wood products, construction, power generation and communications. A number of economic unions remain outside these associations. The staff of each association numbers no more than 70 experts with specialized skills in managing the implementation of commonly adopted policies.

36. In addition, the enterprises and other self-managing economic organizations may under the new legislation form various types of business partnerships. Such partnerships are formed on a contractual basis either as independent juridical persons operating on the principles of enterprises or purely as frame agreements for joint business operations or for coordination and cooperation aimed at more efficient utilization of resources and capacity.

37. The economic reform has profound implications for management in all sectors of the economy, with the external sector among the most directly affected. Its implementation inevitably is a longer term process affecting the interests of all individuals, economic entities and government institutions. At present the country's economy is undergoing a transitional period needed to ensure the optimal and smooth interaction of the instruments and measures introduced.

38. A competitive environment is essential to enhancing economic efficiency and furthering the development of the country's economy. However, Bulgaria needs a fair competitive environment under clear, predictable and strict set of rules. Therefore, it is interested to accede to the General Agreement on Tariffs and Trade on fair and equitable terms.

## PART II

### ECONOMIC AND TRADE POLICY INSTRUMENTS

#### 1. BASIC LEGISLATION

39. In 1986-1988 several legal acts were adopted thus beginning the process of juridical enactment and codification of the principles and instruments of the economic reform:

- in 1986 the National Assembly adopted a Labour Code governing industrial relations in line with the basic principles of self-management;

- in the course of 1987 the Council of Ministers adopted rules and regulations on banking, cooperatives, self-employment, joint investments with foreign firms and tariff-free zones which are based on and reflect the principles of the new economic reform;

- in December 1987 the Council of Ministers adopted new Regulations on Economic Activity (REA) as the main legal act for the current stage of the reform with general validity for all business operations and government policy measures;

- between December 1987 and May 1988 on the basis of the REA new rules and regulations were consecutively adopted by the government stipulating the basic instruments and measures for the current implementation of the economic reform in the areas of prices, taxes, the investment process, labour remuneration, contractual procedures and obligations for business transactions and the formation and functioning of business partnerships.

40. It should be noted, however, that the major part of existing legislation in Bulgaria was adopted in the period preceding 1986. The national legislative organs and the governmental institutions are therefore performing a comprehensive review of all basic legal acts, laws and regulations with the purpose of elaborating the necessary system of laws and other legal instruments for the full implementation of the principles and guidelines of the economic reform. Work has already begun on the preparation of a legal code of self-managed entities as the basic law of the reform. It is expected that the code will enter into force 1 January 1991.

41. A list of laws, regulations and other legislative acts affecting foreign trade and economic cooperation is presented in Annex I.

## 2. PRICES AND PRICE POLICIES

42. The price reform is an essential element of the economic policies introduced in Bulgaria in the mid 80-s. Formerly, virtually all wholesale and retail prices were fixed or approved by governmental bodies on the grounds of calculations prepared by the enterprises generally on a cost-plus basis.\*

43. The REA and the Rules on prices introduce new principles and methods of price formation and reduce substantially the range of prices set by governmental institutions.

44. The reform at present affects primarily wholesale prices. In the context of the comprehensive price reform which is expected to be fully implemented by 1 January 1991 both the wholesale and the retail prices will have undergone adjustments. Special attention will be paid to the implications of the envisaged closer link between wholesale and retail prices. Social considerations, particularly as regards relative price stability for essential consumer goods, will also be taken into account. One of the main aspects of the preparatory work on the comprehensive price reform concerns ensuring the necessary public support for its effects at the retail level.

45. The price reform will be carried out in stages, until 1990. In 1988 the reform has already affected the wholesale prices of 22 per cent of the list of all goods produced (the ferrous and non-ferrous metals, energy and chemical products, basic agricultural products, etc.). The new prices influence the operations of all processing industries.

46. The price reform is aimed at achieving:

- price formation on the basis of autonomous current market factors and criteria with an increasing role of supply and demand as price determining factors;

- greater equilibrium between supply and demand through market-induced innovation and increases in production as well as reductions in costs and rationalization of consumption;

- enhancement of competition in the national economy between domestic producers and foreign suppliers, in order to increase efficiency, through transmission of competition factors from the international onto the domestic market;

- increasing the role of prices as a factor influencing resource allocation and accelerating structural adjustment by guiding enterprises' investments to more competitive lines of production, towards profit optimization and cost reductions;

\* Price formation on the basis of actual costs plus a specified percentage of profitability.

- strengthening the independence of business enterprises and significantly diminishing administrative intervention through continuously increasing the range of goods the prices of which are set by the enterprises themselves.

#### price formation - general principles

47. The "cost-plus method" applied before the economic reform in conditions of administered fixed prices has resulted in considerable disparities between domestic and international prices. These disparities relate both to the level of prices and to the correlations between prices of different commodities and commodity groups, the latter being of central importance to the price reform. While the disparity in the level of prices is being adjusted through concurrent changes in the rate of exchange, the adjustment of price correlations requires at present a substantial departure from the established "calculated" costs of production.

48. As a rule under the reform the prices are formed by the producing enterprises following generally valid principles. The prevailing prices that Bulgarian producers receive on the international markets have in present circumstances been adopted as the most objective criterion for the transmission of international price correlations onto the domestic market. This is the approach embodied in the regulations on price formation. The understanding is that, with the progress of the process of reform, price formation will increasingly be based directly on market-defined costs of production.

49. The guidelines for price reform do not aim at replacing one rigid system of price formation with another. The prices acknowledged internationally are a point of reference for the enterprises in setting internal prices. They are duly adjusted for quality, services, transportation costs, other specific terms of the respective international contract, affecting the price level. The enterprises adjust the prices also for unusual factors of supply and demand, strongly affecting international prices.

50. Prices are not to be static for a predetermined period of time as they were in the past. They will be changed by the enterprises to reflect the fluctuations on the international market as well as the supply/demand situation on the domestic market.

51. For products which are not exported, prices are set by the enterprises on the basis of analogous goods on the international markets or in relation to prices of similar exportable Bulgarian products. The prices of semi-finished products and components which are not directly exported are set as a portion of the end-product price.

52. In cases when enterprises' production costs for goods of prime necessity for the national economy exceed the level of their prices set under the principles of the price reform, budget bonuses or subsidies may be granted under clearly defined rules (on subsidies see Part II, p.6).

53. Bonuses on prices may be granted in the following cases:

- technological restructuring;
- accelerated overcoming of deficits in supplies of major products;
- for production of agricultural commodities in mountainous and semi-mountainous areas;
- premiums for increasing supply of agricultural products to internal trading organizations.

#### registered prices

54. The enterprises are obliged to register the prices set by them with government bodies for information gathering and possible surveillance regarding observance of price-formation regulations. Such information is necessary in particular for checking inflationary tendencies and the prevention of monopolistic abuses of dominant market positions.

55. The registration of prices is a procedural act which does not imply their approval by government bodies. These bodies cannot decline registration if the procedural requirements are fulfilled by the enterprises. The control on pricing practices is subject to rules of general validity described below.

56. The registered price reflects the expectations of the producing enterprise as to the maximum price it may receive for its products on the domestic market in compliance with legal requirements. Necessary conditions for registration include transparency (information on the particular considerations and international prices used in the formation of a given price) and documentation testifying to the agreement of the main users with the actions of the producer related to registering the price. In cases of disagreement between producers and consumers they may request guidance from the respective government bodies for settlement of the dispute or may turn to arbitration.

57. The price under each specific contract is set by the parties concerned on the basis of commercial considerations, including the specific terms of the contract and the prevailing supply and demand situation. This price, however, cannot exceed the current price registered for the product by the producing enterprise.



58. The producing and consumer enterprises may agree to fix bonuses of up to 30 per cent of the registered wholesale price when consumers have specific requirements for quality and technical parameters higher than those envisaged in the Bulgarian standards as well as for express delivery of the product.

59. Registration of prices is envisaged as a practice with a longer duration.

#### **prices, set by government bodies**

60. For a specified range of basic raw materials and essential consumer goods prices are determined at present by government bodies. The goods are listed in an Annex to the Rules on prices. In setting their prices government institutions adhere to the principles of price formation valid for the enterprises (i. e. use as reference international prices). The share of such prices will gradually diminish in the course of the reform.

#### **control on pricing practices**

61. Special provisions have been enacted in order to ensure orderly transition to a new price system and the protection of the legitimate interests of consumers against abuses in price formation.

62. In February 1988 the State Council adopted a Decree on prevention of unlawful increases in prices. It stipulates the rights of governmental institutions, public organizations and consumers to monitor the level of prices and to control the practices of price formation as regards conformity to legal requirements. The raising of prices through the abuse of dominant market positions by individual producers or suppliers is explicitly prohibited. The decree strengthens the economic, administrative and penal measures against pricing violations. It contains also provisions for reinforcing transparency in price policies and practices.

#### **prices of exported and imported goods**

63. The enterprises are guided in their pricing policies on exports by market estimates, production costs, the rate of exchange, etc., i. e. by normal commercial considerations.

64. When exporting directly the producing enterprise sets the prices of its exports independently and receives the corresponding sum paid for its goods on each individual contract. When exporting through an intermediary the foreign

trade prices are endorsed by the producing enterprise either on a case by case basis or in a frame arrangement with the exporter defining the acceptable fluctuations for a specified period of time.

65. The prices of imported goods are formed on the basis of the transaction value of the goods and all costs to the Bulgarian border. In cases where identical products are bought from multiple suppliers and are sold on the internal market by a wholesaler, it may establish average import prices for his clients based on an appropriate preceding period of time. However the procedures, including the provision of detailed information on import contracts, are to be agreed with the clients.

66. The levels of final retail market prices of imported goods are set, with a few exceptions mentioned below, by retail organizations in line with normal commercial considerations, including the demand of the product and the prices of analogous imported goods.

67. The prices, set by government bodies with very limited exceptions (electricity, etc.) do not apply to imports of capital goods, raw materials and other goods for productive consumption. However, the retail prices fixed for essential consumer goods of particular importance for the cost of living, apply both to domestic and imported products (meat, butter, etc.). In such cases the import duty is effectively paid from the profit of the enterprise that has imported the goods directly or through an intermediary.

### 3. TARIFF POLICY

68. The role of the customs tariff as a trade policy instrument has evolved along with the development of the system of economic management. Its economic effect has considerably increased in the context of the economic reform, and in particular as a result of the price reform.

#### customs tariff

69. The Bulgarian customs tariff was introduced in 1971 and amended as of 1 January 1981 as a result of Bulgaria's participation in the Tokyo Round of multilateral negotiations. It was published in August 1982 under number 74 by the International Customs Bureau in Brussels. The tariff is based on the CCCN. It consists of 21 sections, 99 chapters, 1014 tariff headings and 2479 subheadings, including those headings which are not subdivided. The tariff contains four columns. The first column is for imports from least developed countries which are exempted from import duties. The second one contains the preferential tariff rates in favour of the other developing countries.

The third column consists of MFN tariff rates and the fourth one contains the rates applicable to countries which at present do not grant MFN treatment to Bulgarian exports.

70. The rates of the duties on industrial products in column 3 after the Tokyo Round with few exceptions generally do not exceed 10 per cent. The minimum rate in this column is zero and the maximum 13.8 per cent.

71. The rates on agricultural products were not reduced in the multilateral trade negotiations and are commensurate with the general duty levels in the customs tariff before the reductions in the Tokyo Round. The minimum rate in column 3 is zero and the maximum 90 per cent.

72. The preferential margin in favour of the developing countries for agricultural goods is 50 per cent. For industrial goods this margin varies within the range of 20-50 per cent.

73. The total amount of receipts from import duties in the course of the 1980-s is presented in Annex VIII.

74. The customs duties are not collected on imports from countries with which at present trade is conducted in non-convertible currencies on the basis of fixed prices and quantities.

75. Imports from Finland (with the exception of some agricultural products) are exempt from customs duties in accordance with the Agreement on the Reciprocal Removal of Obstacles to Trade.

76. Bulgaria is a member of the Customs Cooperation Council. It is a signatory to a number of international customs conventions (see Annex VII).

#### customs valuation

77. The Bulgarian legislation on customs valuation (adopted in 1982) is based on the Agreement on Implementation of Article VII of the GATT elaborated in the Tokyo Round of MTN.

78. The customs value of imported goods is the transaction value, that is the price actually paid or payable for the goods when sold for export to Bulgaria adjusted with the cost of transportation, insurance, loading, unloading and handling charges, etc.

79. If the customs value of the imported goods cannot be determined under the provisions of the above method, the customs value is determined under the additional methods stipulated in the Agreement on Implementation of Article VII, which are used in a consecutive order.

80. The exchange rate used at present in the conversion of foreign exchange into the national currency for the

purposes of customs valuation is the temporary rate for all commercial transactions.

81. In matters regarding customs valuation the importer has the right of appeal consecutively to the customs administration and to the courts.

#### rules of origin

82. Goods are classified for tariff treatment on the principle of country of origin. The rules of origin are based on the "percentage" criteria. A merchandise is considered to be originating from a given country if parts and components originating from other countries or of unknown origin do not exceed 50 per cent of its value. In case of preference receiving countries cumulative value added is accepted. As regards the goods imported from Finland, their origin is determined under the rules of origin annexed to the Agreement between Bulgaria and Finland on the Reciprocal Removal of Obstacles to Trade.

#### purposes and effect of import duties

83. Under the new economic reform the customs tariff has a central role among the trade policy instruments as a transparent means of protection of domestic industries. The level of the rates of import duties allow for a high degree of import competition exerting pressure on domestic producers to raise productivity and reduce costs. The tariff system and its application also promote effecting of imports from the most economic source.

84. Under the four column tariff system imports from beneficiary countries under the GSP enjoy preferential tariff treatment while goods imported from countries with which trade is effected on a non-MFN basis correspondingly sustain a heavier customs tariff burden.

85. Those economic instruments and measures which in the past lessened the effectiveness of the customs tariff are either being phased out or substantially modified - i. e. overvalued commercial exchange rates; the system of fixed prices by government bodies; the great disparity between domestic and international prices. However, the price reform may necessitate certain modifications and adjustment in the customs tariff - the raising of import duties on some items and reducing those on others in connection with changes of price correlations between commodity groups on the domestic market as well as between domestic and international prices.

86. At present the effect of the import duties is achieved in two ways. In case of imports of products with registered domestic prices the import duty is a price formation factor and for all practical purposes the effect

is identical to that in the developed market-economy countries. In case of imports of products with fixed domestic prices the import duty is effectively paid from the profit of the enterprise that has imported the goods directly or through an intermediary company. In either case the tariff has a direct effect on purchase decisions. Under the new economic reform the import duties become a basic factor influencing the choice of sources of supply by purchasing enterprises.

87. Thus Bulgaria intends to negotiate its terms of accession to the General Agreement on Tariffs and Trade on the basis of tariff concessions.

#### export duties

88. The Regulations on Economic Activities contain a provision envisaging the possibility of applying on temporary basis export duties on products that are in very short supply on the domestic market. To the present this possibility has not been resorted to.

### 4. LICENSING

#### previous system

89. Exports and imports have been subject to licensing with the purpose of monitoring the fulfilment of the foreign trade plan. Up to 1987 enterprises received plan tasks for exports and imports by currency areas. The main purpose of such tasks was to ensure balance of payments stability. Thus licences for planned exports or imports were granted automatically. At the same time enterprises were required specifically to indicate those exports and imports which were outside the planned scope and volumes. In such cases licences were granted in line with balance of payments policy considerations and economic development priorities. However, this system was by nature non-discriminatory and was applied in the same manner.

#### current practice

90. Within the context of the new system of management of the economy licensing has acquired a different function. With the termination of directive planning by means of plan tasks broken down by enterprises licences retain only the role of a source of information for the current evolution of imports as well as of exports. Consequently licensing becomes registrational by nature preserving its non-

discriminatory character. In addition to their general function as instruments carrying information on exports and imports they also serve as means of monitoring compliance with particular foreign trade regime requirements.

91. The implementation of the registrational function of the new licensing system is entrusted to the Ministry of Foreign Economic Relations. Pursuant to p. 17 of its Basic Functions and Tasks (see Part III, p. 2) the Ministry is obliged to register all import and export transactions concluded by the enterprises. If the licence applications contain the information specified in the standardized application form, they are granted automatically.

92. At present work is under way to bring the application form in line with the new function of the licensing system and to make it convenient for computerized processing.

93. As a rule licences are being issued by the Ministry within the generally accepted 10 day period.

## 5. STANDARDS AND HEALTH PROTECTION POLICIES

94. Standards and other technical regulations, as well as veterinary and phytosanitary regulations are not elaborated or applied in a manner having the effect of unduly obstructing trade.

### standards and technical regulations

95. Imported goods should conform to the minimum requirements of the Bulgarian standards. Whenever no Bulgarian standards for certain products exist, the importation is effected on the terms specified in the contract.

96. In relation to test methods, administrative procedures, issuing of certificates or marks of conformity, imported goods are accorded treatment no less favourable than that accorded to domestic products.

97. Test results, certificates or marks of conformity, issued by the relevant authorities of countries signatories to international and bilateral agreements to which Bulgaria is a party, are accepted in accordance with the provisions of such agreements.

98. The Bulgarian law on standardization envisages the development of the national system of standardization in line with internationally accepted principles and practices, and taking into account multilaterally accepted standards.

99. Bulgaria participates actively in international standardization activities. It is a member of ISO, IEC and

takes part in CMEA, ECE and OIML activities related to standardization.

100. Bulgarian standardization policy was duly examined in the working party on Bulgaria's accession to the Agreement on Technical Barriers to Trade. The findings of the working party were that Bulgaria's standardization policy and practices conform to the requirements of the Agreement. However, for reasons other than standardization considerations the work of the group has not so far been finalized.

#### veterinary and phytosanitary regulations

101. All exports and imports of goods of plant or animal origin are subject to veterinary and phytosanitary control. Such goods, when exported or imported, should be accompanied by veterinary or phytosanitary certificates.

102. At present Bulgaria is a party to bilateral agreements and protocols on phytosanitary control with 18 countries and on veterinary control - with 31 countries. The country participates in multilateral activities in this field as well. It is a signatory to the Codex Alimentarius and a member of the International Office of Epizootics and of the European and Mediterranean Plant Protection Organization. Bulgaria takes also part in the activities of the UN/ECE Working Party on Standardization of Perishable Foodstuffs.

### 6. FISCAL POLICY

103. The main objectives of fiscal policy under the new economic reform are the following:

- to create generally equal economic conditions for the business activities of enterprises throughout the economy as well as for the distribution and sale of both domestic and imported products;

- to lighten taxes on economic operators and increase the portion of income that remains at their disposal thus strengthening the autonomy of enterprises and the independence of business decision-making;

- transition from highly differentiated to uniform tax rates;

- to provide scope for accelerated growth of the most efficient enterprises and to grant progressively diminishing subsidies subject to programmes for production rationalization and raising the efficiency of operation;

- progressively to diminish fiscal measures affecting internal prices and to stimulate market-led adjustment of costs of production.

#### taxes

104. The following taxes are paid by the enterprises as from 1 January 1988:

- a) turnover tax
- b) excise tax
- c) tax on fixed production assets
- d) tax on the use of land
- e) tax on working capital
- f) tax on manpower
- g) municipal tax
- h) profit tax

105. The rates in force since 1 January 1988 decrease considerably the differentiation of the turnover tax. The tax headings have been reduced from more than 23000 to 619 and the rates to 43, the highest being 65 per cent and the lowest 5 per cent. The prevailing rates are 10 per cent (90 product headings), 20 per cent (87 product headings) and 15 per cent (70 product headings).

106. Turnover taxes are payable on retail sales of consumer goods and certain services as a fixed age of the retail price. The same rates of turnover taxes are applied both to domestic and imported goods and services. Turnover tax is not levied on exports as well as when the products are sold for productive consumption in the country.

107. Excise taxes are levied on luxury goods and health hazardous goods. They are applied both to domestic and imported goods on an equal basis. Excise taxes are not levied on exports as well as when the products are sold for productive consumption in the country. Excise taxes are levied on 50 product headings, the rates varying between 24 per cent and 80 per cent. In the case of gasoline the excise tax is determined as a specific sum.

108. The "resource taxes" /taxes under point c), d), e) and f)/ have been introduced in 1988 with the aim of stimulating more efficient utilization of the factors of production. The agricultural enterprises pay tax on the use of land which is differentiated into 14 groups depending on fertility, the tax progressively increasing 2.6 times overall. In each group the tax for cultivating annual crops is about 3 times lower than for orchards, etc. All other enterprises as a rule are subject to the other three "resource taxes". Unified taxation rates are applied for fixed production assets (3 per cent of the average annual



value based on initial cost) and on working capital (4 per cent of the average annual value). The tax on manpower is differentiated in three rates according to the location of the enterprise on grounds of regional development policies.

109. The profit tax has a unified rate of 40 per cent of net profit. For industries having "excess profit", mainly due to the introduction in stages of the price reform, a higher profit tax of 60 per cent has temporarily been introduced. The unified tax on profit is a substantial change from the former system of highly differentiated profit tax rates levied depending on the profitability of individual enterprises.

110. The municipal tax paid by all enterprises is also unified (5 per cent of the net after-tax profit) and is aimed at providing support for the respective self-managed municipalities.

111. Partial or total exemptions from the payment of taxes are granted not on the basis of the profitability of particular enterprises but for policy reasons in specific branches and activities. Basically they refer to the "resource taxes" from which research and development, structural adjustment, specific social welfare programmes, infrastructure development, retail trade and some other sectors are exempted. The exemptions from payment of profit taxes is strictly limited to baking industry, consumer services, retail trade in peripheral locations with less than 1000 inhabitants and enterprises for the handicapped.

112. Reduced profit taxes are levied under the legislation on joint ventures with foreign business partners.

113. In general the new tax system increases the amount of financial resources left at the disposal of enterprises. While in 1986 tax payments amounted on the average to 62 per cent of total enterprise income, in 1988 this percentage is expected to be reduced to an average of 51. This means that in 1988 additionally about 1.2 bln. leva will be left with enterprises (for comparison - overall capital investment in material production in 1986 was 6.6 bln. leva).

114. The present tax system will be applied for the coming period until 1990. Concurrently work is going for improving and streamlining taxes after that. The possibility of introducing as of 1 January 1991 a VAT system of taxation is also being studied.

#### **subsidies**

115. Adoption of international prices as the basis of domestic price setting is an approach purposefully chosen in line with the requirement of encouraging structural adjustments in the Bulgarian economy. This approach will be consistently applied in the course of reform implementation.

Meanwhile the still inferior technical and technological level in some sectors of production predetermines their inferior productivity in comparison with leading international suppliers as well as with other branches and sectors of the national economy. This makes it necessary to grant subsidies in the early stages of reform in favour of particular goods and product groups as well as for specific enterprises taking into consideration the existing production conditions and the requirement to carry out adjustment and restructuring within socially acceptable limits.

116. Under the economic reform the principles of granting subsidies are being fundamentally altered. From being a permanently functioning system subsidies are increasingly becoming a specific policy instrument utilized by fiscal bodies for achieving progressive restructuring and increases in the efficiency of production. The overall policy in subsidies aims at creating conditions for gradually phasing them out.

117. Subsidies are granted for the production of specific products or groups of products and in limited cases to individual enterprises. They are provided only when the recipient enterprise presents to the Ministry of Economy and Planning a programme for raising the efficiency of the product concerned or of its overall activities, containing specific parameters and time-limits agreed upon with the government bodies. The subsidies and the corresponding programmes are reviewed annually. Subsidies are discontinued upon termination of the agreed time-limit of the programme. If meanwhile the enterprise has not been able to rationalize production and raise efficiency it bears alone the detrimental economic consequences that may entail insolvency and bankruptcy.

118. Subsidies alleviate current operational problems of the enterprises. Under the new system capital investments by enterprises engaged in the production of goods are not subsidized by budget allocations. They are financed through the banking system on a commercial basis, through retained funds of the enterprises or through portfolio investments by other enterprises. Longer-term investments are financed additionally through "soft" loans backed by funds from the budget (as specified in Part II, p. 7). The transition to this system of capital investments started in 1987 (see Annex II, tabl. 5 and 6).

119. Production subsidies are of two types: longer-term and temporary progressively diminishing ones. Subsidies of the first type are granted mainly to two groups of products:

- agricultural products the international prices of which have been depressed below average costs of production as a result of specific governmental policies in major exporting countries;

- products in the basic industries and infrastructure activities in which the country has below average natural

conditions but where minimum viable production is needed to sustain the normal functioning of the economy and to prevent economic disruption in case of possible adverse international circumstances. In these industries subsidies are granted as well as because of social considerations related to sustaining full employment and regional development policies.

120. The second type is applied mainly in manufacturing for products technologically lagging, if the enterprises are fulfilling the programmes on restructuring agreed upon with the government bodies.

121. An important development in product subsidy policies is that they do not compensate fully the differences between costs and prices for each enterprise but rather cover only the difference between the average cost of production in the respective branch and the current wholesale price. Subsidies are not granted for products for which there is insufficient demand or when low efficiency results from mismanagement.

122. Subsidies to enterprises with lower productivity than the average for the given branch are granted for a limited period for welfare considerations as well as to facilitate structural adjustment and technological innovation. This type of subsidy is itself a temporary measure designed to assist the transition from previous procedures of reallocation of resources among the enterprises in a specific branch of industry or in an economic union to the present autonomy of enterprises in income distribution.

#### income formation and distribution

123. The income of enterprises depends increasingly on their revenues in relation to their costs, the role of subsidies diminishing substantially in income formation.

124. After covering all costs of production and sales and payment of taxes enterprises are free to dispose of the remaining net income for additional bonus payments and for investments. From their retained earnings enterprises accumulate funds for the following purposes: investment and technological development, social programmes, reserves. The distribution of income after taxes is decided upon by the board of directors of the enterprise. Minimum or maximum rates are established for part of the funds designed to ensure the normal operation of an enterprise. However, the enterprise has considerable autonomy over distribution of income in accordance of its evaluation of the market situation and the enterprise's needs for operational activities and investment.

125. There are maximum limits and procedures for the ceding by the enterprises of part of the accumulated funds

in favour of the respective funds of the economic union of which they are members. The decision is taken by the board of directors of the union in which all constituent enterprises are represented, after the boards of directors of the enterprises have independently examined the issue. The part ceded cannot exceed 50 per cent of the annual amount the enterprise has allocated to its development and reserve funds. Depreciation cannot be subject to centralized use in the economic union. The specific amount ceded depends on the common interest of enterprises to pursue a coordinated research and development policy and cannot be used for equalizing incomes between efficient and inefficient enterprises.

126. Funds for specific programmes may be established in the associations upon decision of their members.

## 7. MONETARY AND FINANCING POLICIES

127. Monetary and financing policies have also been reviewed and brought into line with the general objectives of the economic reform. The aims of these policies in the present circumstances are:

- to sustain and enhance stable growth on the basis of efficiency criteria and to favour liquidity in international payments;

- to maintain a unified exchange rate for foreign trade transactions in convertible currencies at a level enhancing the competitive environment in the national economy and effective balance of payment adjustment; to pursue the same goals in exchange rate policies on currencies under bilateral payment agreements;

- to sustain a system of multilateral payments in convertible currencies; to apply exchange restrictions on payments to the extent necessary to protect the country's balance of payments and in a manner that permits the enterprises within the existing limitations to choose the most effective use of convertible currencies and to import from the most economic sources;

- to withdraw restrictions on payments and to move to convertibility of payments and transfers for current international transactions as soon as the government satisfies itself that the underlying economic and financial conditions, having particular regard to the reserve and payments position, are not likely to need recourse to restrictions on payments in the foreseeable future;

- to promote, through the decentralization of the banking system and greater reliance on interest rates, the most efficient alternative use of financial resources;

- to stimulate the most productive lines of investment through curtailing budget financing and increasing the role of the enterprises and banks.

#### exchange rate

128. The Bulgarian lev is not a convertible currency. All export and import transactions are priced and paid in transferable roubles or convertible currencies.

129. The official convertible currency rates of exchange are set by the method of the "currency basket", close to that of the IMF. They follow the market quotations and ensure the correct correlation between foreign currencies and are adjusted monthly or more frequently in cases of more dynamic fluctuations. Since the setting of the official rate of the lev is based on a parity from a past period, it differs from the current commercial rate which generally ensures the adequate equivalence in payments. It is for this reason that, for the time being, the Bulgarian National Bank applies temporary rates for all commercial transactions, based on the official exchange rates through the application of a uniform trade multiplier for all convertible currencies and export-import operations (see Annex IX). It therefore does not affect the correlation between the various currencies and transmits their real fluctuations on the international financial markets. The temporary commercial rates are at present double the official exchange rates. These rates are applied as well for the purposes of the price formation under the new reform.

130. The trade multiplier for the exchange rate for the transferable rouble is also based on the purchasing power of the lev. It differs from that of the convertible currencies because of the specific price formation in trade between the member-countries of the Council for Mutual Economic Assistance. Like the multiplier for convertible currencies it is used for the purposes of the price reform.

131. The official exchange rates are applied for the purposes of compiling statistical data on all trade flows and types of international business transactions.

#### regulations on payments

132. As indicated above in Part I p.1 Bulgaria has been maintaining accelerated rates of growth of the national economy based on constantly increasing involvement in international trade. This has led to demand for imports and the corresponding foreign exchange resources potentially exceeding foreign exchange receipts from exports. The permanent overall policy priority of full and productive

employment has also led to constantly expanding domestic markets and the corresponding increases of foreign exchange requirements. It should also be taken into consideration that a substantial portion of the current receipts of the country are subject to limitations on convertibility.

133. Bulgaria has never resorted to bilateral balancing of trade with countries with convertible currencies, nor has it resorted to quantitative restrictions on imports. Imports have consistently been made from the most economic source of supply.

134. Direct limitation on selling foreign currency to nationals (both physical and juridical persons) still prevails. The purpose is to permit the National Bank to control the foreign exchange situation and to ensure liquidity in international payments.

135. The payments regulations are based on surrender requirements by which the Bank centralizes the foreign exchange receipts of the enterprises and sells currency to them for their payments. The former "rigid" system of provision of foreign exchange to branches of the economy has been replaced by direct sale of currency to the enterprises. The foreign exchange is sold and bought by the enterprises at the temporary rates for all commercial transactions.

136. The National Bank relies on the Foreign Trade Bank for the operational management at the national level of the surrender and selling of currencies. The latter opens for this purpose separate accounts to the enterprises or their economic unions.

137. The National Bank's policy is to sell to the enterprises the maximum reasonable amount of foreign exchange for covering their needs for imports within existing possibilities. These possibilities are assessed on the basis of information for expected overall exports in convertible currencies and in the context of the limits to feasible borrowing on the international financial markets. The amounts of currency sold are established annually.

138. The currency sold to individual enterprises is not linked to the level of their exports. It takes into account the structure of inputs and outputs of every enterprise on the basis of the information it provides to the bank for a previous period and its production, investment and marketing programme. However, the Bank takes into account the efficiency and the general economic state and prospects of the enterprises when balance of payments constraints do not allow for sale of currency covering the maximum needs expected by the enterprises.

139. In order to permit the enterprises to make the most efficient use of the currency sold to them in April 1988 The Ministry of Economy and Planning and the National Bank adopted a regulation creating the possibility enterprises to tender parts of the foreign currency sold to

them which are not engaged in current business operations for a given period.

140. The non-convertible currencies earned under bilateral trade agreements are allocated to the enterprises usually on a country by country basis. These allocations are supplemented by specific quotas for products and groups of products in line with the amounts included in the respective bilateral agreements. The quotas are determined through the usual procedures on the basis of dialogue with the enterprises concerned.

141. The provision of currency by the National Bank is the primary but not the only source of currency for international transactions for the enterprises.

142. Enterprises may receive loans in foreign currencies for current transactions from the Bulgarian Foreign Trade Bank and medium and long-term investment credits from the newly established commercial banks as well as from foreign banks. They may also receive credits for setting up joint ventures with foreign participation. These facilities increase the flexibility of the foreign exchange system and enhance market considerations in enterprise operations.

143. In certain cases currency loans for imports, upon mutual consent between the banks and enterprises, may be related to specific exports. Such credits are of the sole responsibility of the enterprises and the banks and as special credits outside the country's monetary reserves are not subject to the surrender and currency provision mechanism operated by the National Bank.

144. The Bulgarian government is determined to continue to apply restrictions on payments only to the extent necessary to safeguard its balance of payments position and to adapt these restrictions flexibly to changing circumstances. To the extent possible it will be avoiding to resort to import restrictions for balance of payments reasons. Limitations on the quantities or values on the importation of specific goods would tend to contradict the overall policy of promoting competition in the economy.

145. Bulgaria is ready to notify under Article XV its payments regulations when it becomes a contracting party to the General Agreement.

#### banking and financing

146. The reform in banking and financing of business is aimed at creating a commercial credit system under which enterprises may source financial resources on a competitive basis in line with the policy of introducing market considerations and criteria in production, investment, costs and prices.

147. Thus banking system was decentralized in 1987 by the establishment of eight new commercial banks in addition to the Bulgarian National Bank, the Foreign Trade Bank and the Savings Bank.

148. The commercial banks were set up as joint-stock companies with the participation of enterprises, economic corporations, banks and other organizations as shareholders. The commercial banks are independent juridical persons. They are not responsible for the liabilities neither of the state nor of their shareholders and vice versa.

149. The National and the Foreign Trade Banks are the major shareholders in the new commercial banks. This however is not viewed as a constraint, but rather as an enhancement of the commercial approach to viable credit policies vis-a-vis the enterprises and as a guarantee for their equal treatment regardless of their relative weight as shareholders.

150. Six commercial banks have been set up by industrial groupings, one in the transport sector, and one by the members of the national agro-industrial association. However, enterprises may choose anyone of the banks, and the banks on their part may extend financing to any enterprise irrespective of the sphere of its activities.

151. For the present, the commercial banks have engaged in financing investments. The current financial and credit operations of the enterprises continue to be serviced by the branches of the National Bank. With the accumulation of experience and the opening of branch offices the commercial banks will gradually be undertaking current transactions of the enterprises as well.

152. The commercial banks act as independent businesses guided by commercial considerations in attracting funds and providing loans. Their main criteria are the economic efficiency and creditworthiness of the individual enterprise and the relative profitability of the respective sector of the economy.

153. The commercial banks provide loans in foreign currencies to the enterprises within the limits of their own funds, deposits and credit lines extended by the National Bank, as well as funds attracted from foreign banks. They may also guarantee credits contracted by the enterprises with foreign banks, the criteria being the creditworthiness of the enterprise and the conditions of the credit.

154. The Foreign Trade Bank, besides current operation of the system of currency payments, also acts as a commercial bank granting mainly short-term loans to the enterprises in local or foreign currency. It also provides assistance and coordinates relations of the other commercial banks with foreign banking partners.

155. The interest rate under all commercial and investment credits in foreign currencies is agreed between the enterprise and the bank on the basis of the prevailing



international market rates for the respective currency and type of credit. The agreed premium to this rate cannot exceed 0.75 of a point.

156. The National Bank influences the activities of the commercial banks through its interest rate policy and through general guidelines on banking and financing. For credits in leva a prime rate has been established. The commercial banks and the enterprises may agree to a specific rate for each loan not higher than two points over the prime rate.

157. With a view to ensuring liquidity in international payments, the National Bank establishes "ceilings" for individual commercial banks as to the amounts of the external debt the banks may contract as well as "targets" for decreases of debts outstanding. However, the National Bank's guidelines leave scope for significant flexibility regarding commercially viable projects particularly for technological innovation.

158. Correspondingly with the setting up of the commercial banking system government participation in investment financing has been greatly reduced mainly to welfare projects. A specialized investment financing fund with government budget resources has also been set up for soft loans to basic industries, infrastructure development and certain other sectors for projects with longer investment cycles.

## 8. LEGAL FRAMEWORK FOR EXCEPTIONAL STATE INTERVENTION

159. The governmental institutions are empowered under the REA to intervene in clearly defined individual cases for specific welfare considerations and for creating conditions for the fulfilment of internationally undertaken obligations. They may also take measures in cases of shortages in the supply of essential goods when the achievement of market equilibrium is not possible through additional imports to the level of full domestic demand at currently prevailing internal prices because of payments constraints. The REA envisage that the particular cases warranting ad-hoc government intervention should be tackled primarily through economic regulators, without affecting the competitive environment in general.

### state orders

160. The state order is an ad-hoc instrument through which the government seeks to promote specific production or other objectives in accordance with welfare considerations and internationally undertaken obligations.

161. The state order is not an act of government procurement. Rather, state orders constitute specific targets for technological restructuring, for the production and supply of particular goods and for large investment projects. They provide corresponding incentives and facilities (supply of deficient raw materials and other manufacturing inputs, favourable credit terms, etc.) for the achievement of these targets. Enterprises which otherwise would not have supplied the specified goods in the needed quantities, may compete for the fulfilment of such orders if they find the incentives and facilities sufficiently attractive. State orders may also create incentives for stimulating research and development projects. State orders are placed on a competitive basis with the enterprise undertaking the most efficient terms of production and sale.

162. For 1988 the state orders are about 100, out of which 43 are for raw materials, 27 - for consumer goods, 18 - for machines and equipment, 7 - for agricultural products. In value terms the state orders amount to about 35 per cent of the estimated gross material output for 1988 while in 1987 their share in it was about 50 per cent.

163. Being ad-hoc measures responding to particular economic situations, continuity in the fields of application and volume of state orders cannot be expected. Furthermore, with the development of the economic reform and the growing importance of market-based adjustment mechanisms the role of state orders will diminish.

#### **measures affecting internal wholesale trade**

164. Under the economic reform the traditional system of centralized allocation of raw materials and other basic production inputs has been replaced by the establishment of wholesale trading organizations operating on a contractual basis. These organizations have access to international markets directly or through intermediary companies upon their own choice.

165. In order to enhance rational utilization of production inputs these enterprises summarize information on the production possibilities, import and consumption requirements of specific products. In exceptional cases of materials in very short supply ad-hoc government measures are applied for their allocation to the enterprises. The aim of such measures is to limit at the present stage of the price reform the pressure that an unbalanced demand and supply situation could exert on the price formation of essential industrial consumption products.

166. In parallel to supply through wholesale trading organizations, enterprises may freely trade among themselves or import production inputs.

### PART III

#### TRADE POLICY AND ORGANIZATION OF THE FOREIGN TRADING SYSTEM

##### 1. TRADE POLICY AND CONDITIONS FOR INTERNATIONAL BUSINESS

167. The basic principles of the commercial policy of Bulgaria are equal treatment, non-discrimination and mutual advantage with all partners and in all flows of trade.

168. The pursuit of the country's main commercial policy objectives in the context of the ongoing economic reform acquires added importance in view of the process of linking the Bulgarian economy more closely to the international economy. These objectives are:

- to integrate Bulgaria in the multilateral trading system for the enhancement of economic competitiveness and of access to external markets as well as for greater stability and predictability in trade;

- to maintain bilateral trade and payments agreements to the extent they are an advantageous and necessary instrument of trade and to apply them in a manner which in no way involves less favourable treatment to third countries beyond the extent permitted by the GATT itself or through reference to the IMF, to terminate such agreements with all countries willing to do so;

- to actively support and participate in multilateral trade negotiations for furthering equal treatment, non-discrimination and mutual advantage in trade and for strengthening the international trading system and progressively broadening its scope;

- to use the customs tariff as sole instrument of trade protection (apart from the possible need to introduce trade measures for balance of payments considerations) and to strengthen competition in the domestic market through trade;

- to promote the diversification and stable growth of trade, inter-alia, through improved marketing and intensified business contacts resulting from the activities of international, bilateral and resident institutions and organizations;

- to promote industrial cooperation and joint business, including joint investments, between Bulgarian enterprises and foreign organizations and companies.

### bilateral trade agreements

169. Bulgaria has bilateral trade agreements with 87 countries which are supplemented in the majority of cases by economic cooperation agreements. They fall generally into two categories:

- (i) Agreements with countries with which trade is effected in convertible currencies

170. Such trade agreements are concluded with 74 countries. Trade under these agreements is concluded on a MFN basis which in the majority of cases is explicitly stipulated. With Finland Bulgaria has signed an Agreement on the Reciprocal Removal of Obstacles to Trade.

171. Among developed market economy countries Bulgaria has trade agreements containing the MFN clause with EFTA-countries, Australia, Canada, Japan and New Zealand. The similar agreements with EEC countries have become inoperative with the adoption of the common commercial policy of the EEC. At present Bulgaria applies on a de-facto basis MFN-treatment to these countries. With the majority of EEC-countries Bulgaria has agreements for economic, scientific and technical cooperation.

172. Bulgaria is not a signatory to the Multi-fibre Arrangement but on its basis has concluded arrangements regarding trade in textiles with the EEC, Canada, Austria, Sweden and USA. Bulgaria has also signed sectoral agreements with the EEC on steel and steel products and on live sheep or goats, and meat thereof.

173. Recently Bulgaria has signed agreements on avoiding double taxation with eight European market-economy countries and agreements for mutual promotion and protection of investments with five European market-economy countries. Negotiations on such agreements are progressing with a number of other interested countries.

174. These agreements are concluded with a view to creating at the intergovernmental level favourable conditions for the promotion of joint business between Bulgarian enterprises and foreign partners.

175. Bulgaria has signed trade agreements with nearly 60 developing countries. They generally explicitly contain the MFN clause (in 50 cases) and some of them in addition have indicative lists of commodities to be exchanged. In a few exceptional cases payments clearing agreements or partial clearing agreements are also concluded at the request of the respective countries. With some developing countries agreements on trade are part of more general trade and economic cooperation agreements.

176. Being at an intermediary level of economic development Bulgaria is both beneficiary and donor under the GSP. Bulgaria extends tariff preferences to the developing countries in accordance with the relevant principles adopted

by the United Nations Conference on Trade and Development. Thus more favourable conditions are created for the access of their products to the Bulgarian market.

- (ii) Bilateral agreements with countries with which trade is effected in non-convertible currencies

177. With CMEA and other socialist countries bilateral five-year trade and payments agreements and yearly protocols for exchange of goods and payments are signed. The agreements contain a MFN clause and establish detailed lists of commodities to be exchanged, specified either in terms of quantity or value. These lists create mutual obligation for the delivery of the respective goods. The prices for these goods are fixed on an yearly basis by the exporting and importing enterprises of the partner-countries. The clearing payments are effected in transferable roubles or in other currency. With all CMEA countries the payments are in transferable roubles. Although provisions for multilateral conversion of balances have been created in practice cases of such conversions are rare. The issue is being examined at present with the view of introducing such convertibility. Bulgaria actively supports proposals for promoting a trading system with a greater degree of multilaterality of intra-CMEA trade.

178. The Regulations on Economic Activities stipulate that the governmental institutions enter into obligations under bilateral agreements with the consent of the Bulgarian enterprises concerned. When the government considers that certain commitments should be undertaken, it is obliged to assume all the economic consequences and to compensate to the enterprises eventual prejudice and forgone benefits.

179. At present the process of elaboration of trade and cooperation agreements with CMEA-countries is undergoing substantial change. Increasingly such agreements represent the end result of trade and business contracts and arrangements between exporters and importers on production sharing, subcontracting, joint investments, etc. The decision-making process at the level of the business partners is based on economic and market interests.

180. Trade agreements with the CMEA-countries are enhanced by a number of bilateral and multilateral economic cooperation agreements. Such agreements foster complementarity in trade through specialization and cooperation of production, a high degree of predictability and possibilities for optimal utilization of production capacities.

181. The various agreements with CMEA-countries are concluded on the basis of mutual benefit and complete equality of rights and obligations. By boosting Bulgaria's economic and export potential they have enabled it to develop its trade with other partners at comparable high rates. Trade agreements with these countries cover the

major part of Bulgaria's trade and are to be considered a fact of life.

182. Due to the lack of convertibility of payments the agreements inevitably create the need for separate provision of currency to the enterprises for the convertible and the non-convertible areas of trade. However, neither the policies nor the practices of the Bulgarian governmental institutions in administering the trade agreements entail any discrimination among Bulgaria's trading partners. For example, there is no obligation for the enterprises to import first under bilateral agreements. The enterprises take a decision in each individual case, taking into account the availability of currency sold to them and the credit facilities they have access to.

#### **conditions for business with foreign firms**

183. The encouragement of business cooperation with foreign partners is a long-standing feature of Bulgarian commercial and economic policies. The economic reform has made it necessary to further develop existing legislation in line with the autonomy of the enterprises in their economic and foreign trade activities. The areas and possible forms of cooperation and the guarantees for the foreign partner were also broadened.

184. The basic legislative act Decree No. 535 of the State Council of 1980 and the legal instruments adopted in 1987 provide favourable opportunities for industrial cooperation contracts, setting up of partnerships and associations, formation of consortia, contracts on leasing of machinery and equipment and other investment-type cooperation between Bulgarian enterprises and foreign companies.

185. An important additional opportunity for expanding business relations with foreign partners is provided by Decree No. 2242 of the State Council of 1987 on tariff-free zones and the specific set of more detailed regulations on their functioning adopted in 1987 and 1988. In these zones foreign companies can organize production, processing, trade and other activities on their own or jointly with partners from Bulgaria. All payments within the zones are to be accomplished in convertible currencies. Imports into the zones are exempted from customs duties. Tax-relief is granted to the economic activities in such zones. Imports from and exports to zones from inside Bulgaria are effected according to the usual export-import procedures.

186. For the time being two tariff-free zones have been established in the areas of Vidin and Rousse (both are on the Danube).

## 2. ORGANIZATION OF THE FOREIGN TRADING SYSTEM

187. The trading system has undergone substantial decentralization in the course of last decade. The new economic reform completes this process by bringing decision-making on foreign trade operations to the level of the individual producer and/or consumer enterprise. The effects of the reform on the trading system are:

- the creation of a direct link between domestic producers and international markets, direct impact of these markets on the economic performance of enterprises and on their policies for raising competitiveness;

- increased competition by foreign products on the domestic market;

- development of longer-term cooperation and joint activities with foreign partners in line with structural adjustment, technological innovation and improving the quality of Bulgarian products;

- concentration of the government functions in the field of international economic relations to the elaboration and implementation of strategic policies for raising efficiency and competitiveness, for ensuring equal access to international markets, and to the development of the corresponding legal framework.

### nature and status of business enterprises

188. The export and import activities are an integral part of the business activities of any enterprise under the reform and there no longer exists separation between foreign trade and production and sales operations on the domestic market.

189. In the past only specialized foreign trade organizations (FTOs) were authorized to conduct foreign trade. Each of these companies had its specific scope of activity and it could not export or import outside a defined list of goods. This tended to create monopolistic practices giving rise to issues and problems of market access, contacts with end-users, etc.

190. From 1980 the above limitation was removed in order to create greater flexibility and permit each enterprise to develop those forms of foreign trade organization best suited to its interests. As a result for all practical purposes issues due to concentration of trade to a limited number of enterprises cease to arise.

191. Fundamental change was introduced in the mid 80-s by giving the right to producer organizations to decide by themselves whether they should deal directly on the domestic and foreign markets or through intermediaries. This right

was significantly amplified and strengthened by the introduction of new economic legislation in 1986 and 1987 giving broad rights to enterprises on all aspects of business operations.

192. Under the REA the board of directors of the enterprise decides whether to trade directly or through intermediaries and chooses the form of carrying out foreign trade operations on the basis of economic efficiency criteria. The enterprises conduct their foreign economic activities using one of the following forms:

- a specialized trading unit of the enterprise;
- a specialized trading unit within the economic union in which they are members;
- a partnership or joint trading company;
- a specialized enterprise for foreign economic activities;
- other forms.

193. Foreign trade operations may be included in the scope of the activities of an enterprise specified in the act for its establishment. However, the economic council of the enterprise may take a decision on this matter at a later stage on the basis of considerations of economic efficiency.

194. Enterprises that have decided to carry out foreign trade activities on their own are registered with the Bulgarian Chamber of Commerce and Industry. At present there are more than two hundred such enterprises.

195. Now no enterprise has exclusive right over the trade with certain products and there is no limitation on the number of enterprises engaged in foreign trade with any product. Sources of supply and sales destinations, specific products to import or export, quantities and prices are freely decided upon by the enterprises on the basis of commercial considerations.

196. The carrying out of foreign economic operations can be organized at the level of the economic union. By decision of the management bodies of this union with the direct participation of representatives of the member enterprises specialized trading units may be set up in the economic union's organizational structure for effecting foreign trade and international business for its members.

197. Associations may coordinate the marketing strategies of affiliated enterprises and corporations in order to avoid unfair or inequitable market practices and to assist their members in trade promotional initiatives.



### **contractual system for business transactions**

198. The economic reform has brought about a substantial change in the basis for undertaking economic activities and regarding relations between economic operators. Formerly economic activities were organized according to specific plan directives and tasks addressed to individual producers or traders. In the new economic setting it is business contracts rather than such directives which form the basis of rights and obligations arising between enterprises.

199. The new Rules on Business Contracts in force since January 1988 develop the legal framework for business transactions, stipulating the decision-making rights and the obligations of enterprises under all business activities, including foreign trade transactions. The enterprises determine independently the scope and contents of their contractual obligations and freely choose their partners. The Rules increase liabilities in cases of undue lack of fulfilment of contractual obligations. Disputes on the fulfilment of contractual obligations are settled not by administrative decisions but by arbitration under clearly defined procedures.

200. All rights and obligations between domestic operators regarding foreign trade transactions are regulated by business contracts. This is also valid in cases when foreign trade activities are carried through a specialized trading branch of the enterprise.

201. The legal basis for the conclusion of cooperation contracts, framework agreements, partnerships and joint stock companies has also been developed.

202. Thus the Rules on Business Contracts enhance the basis of operational independence of the enterprises as an essential prerequisite for the implementation of the economic reform.

### **governmental institutions**

203. The functions of governmental institutions in foreign economic relations in line with general economic policies are concentrated on the elaboration of the overall strategy for their development and on the establishment of economic instruments and measures conducive to the attainment of strategic goals. Externally, the major function is to facilitate by all appropriate intergovernmental measures the activities of the self-managing enterprises. This represents a direct departure from administrative regulation of trade and from involvement in day-to-day economic activities related to foreign trade.

204. The body authorized to coordinate overall external economic policy, provide guidance and exercise control in foreign trade and international economic cooperation is the Ministry of Foreign Economic Relations. Its basic functions and tasks are defined by Ordinance No. 14 of the Council of Ministers of 9 May 1988.

205. The tasks of the Ministry are discharged mainly by:

- elaboration and conclusion of trade and economic cooperation agreements on a multilateral or bilateral basis;

- ensuring the adherence to international obligations undertaken by Bulgaria;

- participation in the elaboration of the national strategy of development and of the legal framework for general economic and foreign trade activities favourable to raising efficiency and restructuring of the foreign trade sector of the economy in line with the long-term development of the international economy;

- fostering competitiveness of the enterprises and elaboration of rules on avoidance of unfair competition;

- creation of a favourable climate for economic cooperation with foreign partners, including joint investment;

- analysis of trends in the development of trade flows on the national level;

- control on the adherence by enterprises to the regulations in the field of foreign trade and economic cooperation;

- provision of information and consultancy to the enterprises.

#### **relations between the enterprises and governmental institutions**

206. Relations between the enterprises and governmental institutions in the sphere of external trade and economic relations are based on economic policy instruments and measures and the corresponding legal framework of rights and obligations. These general principles are valid also in cases of exceptional state intervention for specific welfare considerations and for the fulfilment of international obligations.

207. Planning in foreign trade is carried out in observance of the general rules on planning as part of the new economic reform. No obligatory targets are prescribed to the enterprises. The enterprises plan their foreign trade on the basis of their own business strategies, export outlets and import needs. They use also the information on

indicative targets and economic and foreign trade objectives under the national plan for socio-economic development.

208. The governmental institutions also exercise control over enterprise activities from the point of view of compliance with existing laws and regulations affecting foreign trade.

## **ADDENDUM**

### **EXPORTS AND IMPORTS**

1. Bulgaria's share in world exports has registered a continuous increase. Thus in 1973 Bulgaria's share was 0.6 per cent (36th rank in the world) and in 1986 - 0.7 per cent (32nd rank in the world). In imports its share has increased even further, the corresponding data being 0.5 per cent (35th rank in the world) and 0.7 per cent (30th rank).

2. In the 80's which are generally marked by a slow-down in international trade Bulgarian exports have increased in value terms by 55 per cent and imports by 70 per cent. However, in volume terms the increase of exports and imports has been commensurate, 38.9 per cent and 37.1 per cent correspondingly.\* From 1980 to 1987 exports have risen from 8,901.5 million leva to 13,802.0 million leva and imports from 8,282.9 million leva to 14,067.3 million leva.\*\*

3. The composition of overall Bulgarian exports reflects the presentday structure of the Bulgarian economy. In 1987 the share of industrial machinery and equipment was 58.8 per cent, followed by agricultural products, including processed goods - 11.4 per cent and industrial consumer goods - 10.2 per cent.\*\*\* In the Bulgarian imports industrial machinery and equipment have also a leading role, their share being 43.5 per cent, followed by fuels, minerals and metals - 32.4 per cent and chemicals and rubber - 6.4 per cent.

4. In geographical terms Bulgaria's foreign trade developed principally with the CMEA-member countries. The share of trade with socialist countries (non-CMEA countries among them accounting for 1-2 per cent of total turnover) in the whole period from 1948 to 1987 has been generally in the

\* For average annual growth rates of the volume of exports and imports in the 1970-s and 1980-s in comparison with world exports and imports, see GATT "International trade 1986-1987", Charts IV.19 and IV.20, p. 105

\*\* The values of exports and imports in Bulgarian statistics are based on prices in the corresponding foreign currencies calculated in leva at the official rate of exchange. For the transferable rouble for the period 1980-1986 it was 100 tr. roubles = 130 leva. 100 US dollars were rated on an yearly average as follows: 1980 - 86.00 leva; 1981 - 93.00 leva; 1982 - 95.40 leva; 1983 - 97.83 leva; 1984 - 101.40 leva; 1985 - 102.40 leva; 1986 - 93.00 leva;

\*\*\*Commodity groups are according to the Unified Goods Nomenclature of the CMEA, used in Bulgarian foreign trade statistics

range of 75-80 per cent of the total turnover reaching in certain years 72.3 per cent (lowest share) and 88.7 per cent (highest share). Trade with the country's major trading partner the Soviet Union has held a share of 51-59 per cent.

5. The development of this flow of trade was a result of the prevailing economic conditions in the post-war period. Trade-policy conditions, especially in the 1950-s and the 1960-s, also played an explicit role in this respect. The CMEA countries provided particularly favourable conditions for the development of Bulgaria's industry and for meeting its requirements of technology, machinery, equipment and raw materials, as well as assistance in overcoming constraints in payments and investment financing.

6. The patterns of trade with developed market economy countries and in particular Bulgarian exports' structure and rates of increase have not corresponded to the basic developments in the national economy. The existing situation reflects both problems in the conditions of access to developed industrialized countries' markets and the insufficient orientation of Bulgarian exporters to the particular requirements of these markets. Artificial restrictions on exports to Bulgaria of needed technology and equipment diminish as well its possibilities to export some products with a quality and technical parameters fully corresponding to the western markets' criteria. The existing situation also shows the need for expanding trade based on complementarity between the business partners through more complex forms of economic cooperation, including joint investment, production and marketing.

7. In the meantime trade with the developing countries has steadily increased over the past decades. While in 1950 it accounted for only 1 per cent of Bulgaria's total foreign trade, in 1987 it already constituted 8 per cent, becoming the area of trade turnover with the highest rates of increase.

8. Trade turnover with GATT contracting parties amounted in 1987 to 8,145.1 million leva or to 29 per cent of total Bulgarian foreign trade. Their share has decreased from 33 per cent in 1980 mainly as a result of the diminishing share of Bulgarian exports to these countries. In 1980 it was 34 per cent and in 1987 it fell to 24 per cent. Imports' share was correspondingly 33 per cent and 34 per cent. While in 1980 exports to GATT contracting parties exceeded imports from them by 253 million leva, in 1987 imports surpassed exports by 1.5 billion leva. Trade with the contracting parties is of considerable importance to the national economy. In 1987 the ratio of exports to them to the national income was 11.7 per cent and of imports from them to the national income 17.1 per cent.

9. Bulgaria trades with 77 contracting parties. Among the leading exporters to Bulgaria are, in order of value of Bulgarian imports: the FR Germany, Czechoslovakia, Poland, Hungary, Romania, Austria, Switzerland, Great Britain,

Italy, France, Yugoslavia. Among the major importers from Bulgaria are: Czechoslovakia, Poland, Romania, Hungary, the FR Germany, Switzerland, Yugoslavia (on the basis of data for 1986). One should also note the importance to Bulgaria of the trade relations with India, Nigeria, Pakistan, Egypt, Argentina, Brazil and other developing countries-members of GATT.

10. By commodity groups the relative share in 1987 of exports to the contracting parties in total Bulgarian exports is smallest in machinery and equipment and in foodstuffs, 16 per cent and 19 per cent respectively. In the former case this could partly be explained by the fact that Bulgaria is a newcomer to this sophisticated sector of trade. The low share in foodstuffs for a traditional agricultural exporter, however, is largely due to the conditions of access to many developed contracting parties' markets.

11. On the other hand Bulgarian exports of industrial goods with low level of processing are predominantly going to contracting parties. In fuels, minerals and metals as well as in other raw materials (without the agricultural ones) their share in Bulgarian exports is 71 per cent. In chemical products and fertilizers more than half of the country's exports (53 per cent) is directed to contracting parties.

12. On the import side, the share of imports of machinery, equipment and vehicles from the contracting parties in total Bulgarian imports in this commodity group has increased from 35 per cent in 1980 to 39 per cent in 1987. At the same time the share of imports of fuels, minerals, raw materials and metals from them has fallen from 17 per cent to 13 per cent. In the following commodity groups the share of imports from GATT members is dominant in total Bulgarian imports: chemicals and fertilizers 66 per cent, construction materials 90 per cent, raw materials for food processing 96 per cent, foodstuffs 75 per cent and industrial consumer goods 59 per cent.

**ANNEX I**

**LIST OF LAWS, REGULATIONS AND OTHER  
LEGISLATIVE ACTS AFFECTING FOREIGN  
TRADE AND ECONOMIC COOPERATION**

**LAWS**

1. Constitution of the People's Republic of Bulgaria (published in *State Gazette* No. 31 of 1971)
2. Law on Foreign Trade (published in *State Gazette* No. 94 of 1969, amended and supplemented in *State Gazette* Nos. 60 of 1974 and 63 of 1976)
3. Customs Law (published in *Izvestiya* No. 21 of 1960, amended and supplemented in *State Gazette* Nos. 66 of 1966, 26 of 1968, 29 of 1969 and 85 of 1972)
4. Law on Transactions with Currency Valuables and on Currency Control (published in *State Gazette* No. 51 of 1966, amended and supplemented in *State Gazette* Nos. 26 of 1968 and 92 of 1969)
5. Labour Code (published in *State Gazette* Nos. 26 and 27 of 1986)
6. Law on Obligations and Contracts (published in *State Gazette* No. 275 of 1950, amended in *Izvestiya* Nos. 2 of 1950, 26 of 1951 and 92 of 1952, in *State Gazette* Nos. 85 of 1963, 27 of 1973, 16 of 1977 and 28 of 1982)
7. Law on Contracts between Socialist Organizations (published in *State Gazette* No. 85 of 1963, amended in *State Gazette* No. 16 of 1977)
8. Law on State Arbitration (published in *State Gazette* No. 127 of 1950, amended in *State Gazette* No. 137 of 1950, amended and supplemented in *Izvestiya* Nos. 104 of 1951, 11 of 1957, 21 of 1960, and in *State Gazette* Nos. 58 of 1963, 99 of 1963, 12 of 1976, 33 of 1977 and 24 of 1987)
9. Law on International Trade Arbitration (included for consideration at a session of the National Assembly in 1988)
10. Civil Procedure Code (published in *Izvestiya* No. 12 of 1952, amended and supplemented in *Izvestiya* No. 92 of 1952, 89 of 1953, 90 of 1955, 90 of 1956, 90 of 1958, 50, 90 and 99 of 1961, and in *State Gazette* Nos. 1 of 1963, 23 of 1968, 27 of 1973, 89 of 1976, 36 of 1979, 28 of 1983, 41 of 1985, 27 of 1986 and 55 of 1987)
11. Law on Normative Acts (published in *State Gazette* No. 27 of 1973)
12. Law on Administrative Procedures (published in *State Gazette* No. 90 of 1979, amended in *State Gazette* No. 9 of 1983)

13. Law on Inventions and Innovations (published in *State Gazette* No. 81 of 1968, amended in *State Gazette* Nos. 92 of 1969, 101 of 1971, 28 of 1982 and 56 of 1986)

14. Copyright Law (published in *Izvestiya* No. 92 of 1951, amended and supplemented in *Izvestiya* Nos. 10 of 1952 and 55 of 1956 and in *State Gazette* No. 35 of 1972)

15. Law on Trade Marks and Industrial Designs (published in *State Gazette* No. 95 of 1967, amended in *State Gazette* Nos. 55 of 1975 and 56 of 1986)

16. Law on Standardization (published in *State Gazette* No. 48 of 1964, amended and supplemented in *State Gazette* Nos. 81 of 1964, 48 of 1967, 92 of 1969, 47 of 1970, 84 of 1985, 102 of 1977 and 102 of 1981)

17. Law on Veterinary Activity (published in *State Gazette* No. 96 of 1967, amended in *State Gazette* No. 36 of 1979)

18. Law on Plant Protection (published in *Izvestiya* No. 11 of 1960, amended and supplemented in *State Gazette* No. 26 of 1968)

19. Law on People's Health (published in *State Gazette* No. 88 of 1973, amended in *State Gazette* Nos. 92 of 1973, 63 of 1976, 28 of 1983, 66 of 1985 and 27 of 1986)

20. Law on Income Tax (published in *State Gazette* No. 132 of 1950, amended in *Izvestiya* Nos. 104 of 1952, 60 of 1953, 15 of 1954, 64 of 1955, 91 of 1957, 90 of 1958, 91 of 1960, 105 of 1962, amended in *State Gazette* Nos. 99 of 1963, 52 of 1965, 1 of 1961, 52 of 1966, 15 and 100 of 1967, 69 of 1968, 60 of 1970, 101 of 1972, 53 and 54 of 1973, 36 and 93 of 1979, 7 of 1982, 44 of 1984 and 79 of 1985)

21. Maritime Code (published in *State Gazette* Nos. 55 and 56 of 1970, amended and supplemented in *State Gazette* Nos. 58 of 1970 and 55 of 1975)

22. Law on Civil Aviation (published in *State Gazette* No. 94 of 1972)

23. Law on Cooperative Organizations (published in *State Gazette* No. 102 of 1983)

#### DECREEES BY THE STATE COUNCIL

1. Decree 1496 of 1975 on the Participation of P. R. of Bulgaria in International Treaties (published in *State Gazette* No. 62 of 1975)

2. Decree 535 of 1980 on Economic Cooperation between Bulgarian Juridical Persons and Foreign Juridical and Physical Persons (published in *State Gazette* No. 25 of 1980)

3. Decree 2242 of 1987 on Tariff-Free Zones (published in *State Gazette* No. 55 of 1987)



4. Decree 115 of 1988 on Prevention of Unlawful Raising of Prices (published in *State Gazette* No. 11 of 1988)

5. Decree 3420 of 1987 on Establishing Taxes Levied on Economic Enterprises (published in *State Gazette* No. 99 of 1987)

6. Decree 883 of 1974 on the Application of the Law on Normative Acts (published in *State Gazette* No. 39 of 1974)

**ORDINANCES, REGULATIONS AND RULES ADOPTED  
BY THE COUNCIL OF MINISTERS**

1. Ordinance 81 of 31 December 1980 on the Approbation of the Customs Tariff applicable to Goods Imported by Juridical Persons (published in *State Gazette* No. 74 of 1981, amended in *State Gazette* No. 9 of 1983)

2. Ordinance 35 of 5 June 1987 on the Adoption of Regulations on the Collective and Individual Labour Activity of Citizens for Additional Production of Goods and Rendering of Services (published in *State Gazette* No. 48 of 1987)

3. Ordinance 63 of 18 December 1987 on the Transfer of the State-Owned Capital Goods to Working Collectives for Management and Administration (published in *State Gazette* No. 5 of 1988)

4. Ordinance 64 of 16 December 1987 on the Adoption of Legislative Acts on Economic Activity (published in *State Gazette* No. 3 of 1988), inter-alia:

- Regulations on Economic Activity (published in *State Gazette* No. 100 of 1987)

- Rules on Prices (published in *State Gazette* No. 3 of 1988)

- Rules on Business Contracts (published in *State Gazette* No. 19 of 1987, amended and supplemented in *State Gazette* No. 5 of 1988)

- Rules on Relationships in the Investment Process (published in *State Gazette* No. 16 of 1988)

- Rules on Business Partnerships (published in *State Gazette* No. 28 of 1988)

5. Ordinance 14 of 9 May 1988 on the Basic Functions and Tasks of the Ministry of Economy and Planning, Ministry of Foreign Economic Relations and Ministry of Culture, Science and Education (published in *State Gazette* No. 39 of 1988)

6. Ordinance 33 of 3 June 1987 on the Restructuring of the Banking System and on Adoption of Regulations on Banks (published in *State Gazette* No. 46 of 1987)

7. Regulations on the Application of the Law on Foreign Trade (published in *State Gazette* No. 16 of 1976, amended in *State Gazette* Nos. 66 of 1976 and 74 of 1977)

8. Regulations on the Application of the Customs Law (published in *State Gazette* No. 12 of 1975, amended and supplemented in *State Gazette* No. 49 of 1978)

9. Regulations on the Application of the Decree 2224 on Tariff-Free Zones (published in *State Gazette* No. 86 of 1987)

10. Regulations on the Application of the Law on People's Health (published in *State Gazette* No. 31 of 1974)

11. Regulations on State Veterinary and Sanitary Control (published in *State Gazette* No. 26 of 1971)

12. Regulations on Veterinary Control Laboratories of the State Veterinary and Sanitary Control (published in *Izvestiya* No. 57 of 1960, amended in *Izvestiya*, No. 63 of 1960)

13. Regulations on Cooperative Organizations (published in *Izvestiya* No. 63 of 1960, amended and supplemented in *State Gazette* Nos. 15 of 1971 and 68 of 1974)

#### LEGISLATIVE ACTS ADOPTED BY GOVERNMENTAL INSTITUTIONS OTHER THAN THE COUNCIL OF MINISTERS

1. Rules on the Approbation of the Customs Tariff applicable to Goods Imported by Juridical Persons (published in *State Gazette* No. 16 of 1982)

2. Rules on Determination of the Origin of Goods Imported into the P. R. of Bulgaria by Juridical Persons (published in *State Gazette* No. 12 of 1982)

3. Rules on Customs Control on Goods Exported and Imported by Juridical Persons (published in *State Gazette* No. 70 of 1981)

4. Rules on Customs Control on International Post Parcels (published in *State Gazette* No. 81 of 1980, amended in *State Gazette* No. 10 of 1982)

5. Rules on Customs Formalities on Road Vehicles on (published in *State Gazette* No. 3 of 1976, amended and supplemented in *State Gazette* Nos. 74 of 1976 and 96 of 1977, 69 of 1978, 44 of 1979, 12 and 53 of 1981, 1 of 1982 and 84 of 1986)

6. Rules on Collecting of Taxes for Additional Customs Services (published in *State Gazette* No. 6 of 1981, amended in *State Gazette* No. 46 of 1981)

7. Rules on Interest Rates of 1 June 1988 (published in *State Gazette* No. 45 of 1988)

8. Rules on Control at the Border on Currency Valuables (published in *State Gazette* No. 59 of 1966)

9. Regulations on the Application of the Law on Plant Protection (published in *State Gazette* No. 15 of 1964)

10. Regulations on the Internal Quarantine of Plants (published in *State Gazette* No. 40 of 1964)

11. Rules on Sanitary Norms for Maximum Admissible Quantities of Chemical and Biological Contamination in Foodstuffs (published in *State Gazette* No. 39 of 1984, amended in *State Gazette* Nos. 5 of 1986 and 15 of 1987)

12. Rules on Permission of Imports, Production and Use of Drugs in the P. R. of Bulgaria (published in *State Gazette* No. 41 of 1973)

13. Rules on Temporary Representations of Foreign Firms in the P. R. of Bulgaria (published in *State Gazette* No. 97 of 1975)

14. Rules on Economic Activities of Self-Managing Economic Organizations with Foreign Investment Participation in the P. R. of Bulgaria (published in *State Gazette* No. 50 of 1987)

15. Rules on Procedures for Supervision and Control on Self-Managing Economic Organizations' Economic Activities Carried out with Foreign Investment Participation in the P. R. of Bulgaria (published in *State Gazette* No. 63 of 1987)

16. Rules on Levying Taxes and Fees on Foreign Juridical and Physical Persons (published in *State Gazette* No. 6 of 1988)

17. Rules on Prices of the Right to Use by Joint Ventures with Foreign Participations of Land, Natural Resources, Water, Forest Areas and Buildings (published in *State Gazette* No. 18 of 1988)

18. Rules on Determination of Types of Economic Activities by Foreign Juridical and Physical Persons, the Income of which is Taxed in Accordance with Art. 19 para 1 (c) of the Law on Income Tax (published in *State Gazette* No. 6 of 1988)

## ANNEX II

### BASIC STATISTICAL DATA ON BULGARIA'S ECONOMY

#### *METHODOLOGICAL NOTES*

NATIONAL INCOME - value-added in the branches of the material production. It is determined by deducting from the gross output of the branches of the material production the value of all material inputs (raw materials, fuels, energy, annual depreciation of the production fixed assets, etc.)

CAPITAL INVESTMENTS - total expenditure for establishment, modernization, reconstruction, expansion and innovation of fixed assets in the material and non-material sector; the expenditure for technological equipment, protection of the environment and safety of labour. In the capital investments are included expenditures for construction, delivery and assembly of machinery and equipment, for geological survey, research and design activities and other expenditures.

GROSS INDUSTRIAL PRODUCTION - value of total production - finished goods, semi-manufactured products, and other activities in manufacturing. The intra-departmental factory turnover is excluded.

TOTAL AGRICULTURAL PRODUCTION - the value of total crop and livestock production - raw materials, costs for growing up new permanent crops (fruits and berries), increase/decrease of incomplete crop production, costs for livestock breeding (new-born animals, increase of young animals and animals for fattening) and live animals' production. Excluded are the services in agriculture.

The gross industrial production for the period 1971-1980 is at constant prices at 01.01.1971 and for the period 1981-1987 - at constant prices at 01.01.1982. The total agricultural production is calculated in the same way.

THE INDEX NUMBERS AND STRUCTURES (RELATIVE SHARES) are calculated from absolute value figures at constant prices for the corresponding period. The price and methodology changes and their influence on the estimations are eliminated through the linking in chain of the index numbers for the different periods.

ALL VALUE INDICATORS FOR FOREIGN TRADE are estimated in foreign currency leva in accordance with the official exchange rate established by the National Bank.

*SYMBOLS USED*

.	=	not available
-	=	nil
0	=	less than half of the unit applied

Table 1. Basic indicators of Bulgaria's economic development

	1939	1950	1960	1970	1980	1982	1983	1984	1985	1986	1987*
National income -											
mln. leva, at											
current prices	5009.0	1876.6	4488.8	10527.4	20508.6	22849.5	23479.0	24907.0	25450.5	26851.4	28213.0
Indices of national											
income, 1939=100, (at											
comparable prices)	100	100	282	593	12 times	13 times	13 times	14 times	14 times	15 times	over 15
											times
Indices of national											
income per capita,											
1939=100, (at											
comparable prices)	100	87	226	440	825	897	921	961	978	10 times	11 times
Structure of national											
income by branches of											
the economy, in per-											
centages	100	100	100	100	100	100	100	100	100	100	100
- industry	15	33	48	55	51	54	57	58	60	60	60
- construction	3	6	7	9	9	10	10	10	10	10	9.3
- agriculture	65	45	27	17	19	19	15	17	13	15	12.5
- forestry	0	0	1	1	0	0	0	0	0	0	.
- transport	2**	3**	4	6	7	7	7	7	7	7	.
- communication			0	1	1	1	1	1	1	1	.
- internal retail											
and wholesale											
trade	12	8	11	9	10	6	7	5	7	5	.
- other branches											
of the material											
production	3	5	2	2	3	3	3	2	2	2	.

\* All data for 1987 are preliminary

\*\* Transport and communication

Table 1. Basic indicators of Bulgaria's economic development (contd.)

	1939	1950	1960	1970	1980	1982	1983	1984	1985	1986	1987
Structure of national income used, in percentages											
- accumulation fund		100.0*	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
- consumption fund		23.8*	27.5	30.8	25.0	25.3	24.1	24.3	23.8	27.2	25.4
		76.2*	72.5	69.2	75.0	74.7	75.9	75.7	76.2	72.8	74.6
Capital investments- in mln. leva		371.2	1365.4	3551.7	7195.6	7928.7	7970.7	7993.2	8681.4	9361.3	10090.0
Indices of total industrial production, 1939=100, (at comparable prices)	100	309	12 times	36 times	74 times	81 times	85 times	89 times	91 times	95 times	98 times
Indices of the per capita personnel labour productivity in the publicly owned and cooperative enterprises, 1948=100, (at comparable prices)		118	224	434	775	829	866	903	935	967	
Indices of total agricultural production, 1939=100, (at comparable prices)	100	84	152	211	255	284	264	282	248	277	265
-crop farming	100	84	154	205	214	254	210	240	186	229	211
-livestock farming	100	86	149	222	328	344	355	358	348	361	356

\* Data for 1952

Table 1. Basic indicators of Bulgaria's economic development (contd.)

	1939	1950	1960	1970	1980	1982	1983	1984	1985	1986	1987
Indices of the labour productivity in agriculture, 1939=100, (at comparable prices)	100	78	218	448	762	889	851	941	846	965	
Foreign trade turnover (at current prices in mln.leva)	116.7	292.0	1408.7	4486.8	17184.4	21855.9	23783.5	25829.6	27805.9	27703.8	27782.5
-exports	63.4	137.0	668.6	2344.5	8901.5	10880.0	11817.5	12987.3	13739.4	13350.5	13816.0
-imports	53.3	155.0	740.1	2142.3	8282.9	10975.9	11966.0	12842.3	14066.5	14353.3	13966.5
Indices of foreign trade turnover, 1939=100, (at comparable prices)	100.0	99.9	494.5	17 times	44 times	52 times	54 times	59 times	61 times	61 times	61 times
-exports	100.0	102.4	543.5	20 times	59 times	72 times	75 times	83 times	84 times	81 times	82 times
-imports	100.0	97.9	453.3	14 times	31 times	35 times	37 times	39 times	42 times	43 times	43 times

Source: Statistical Yearbook of the People's Republic of Bulgaria, 1987, p. 18-27; Statistical Guide, 1988 p. 10, 11, 80, 128-130, 156-158;



Table 2. Average annual rate of growth of the basic indicators of Bulgaria's economic development by five-year plan periods

(in percentages)

	I	II	III	IV	V	VI	VII	VIII	IX
	1949-1952	1953-1957	1958-1960	1961-1965	1966-1970	1971-1975	1976-1980	1981-1985	1986-1987
Gross national output	10.70	8.80	13.50	8.60	9.50	7.75	5.90	3.90	4.00
National income	8.40	7.80	11.60	6.70	8.75	7.80	6.10	3.70	5.20
National income per capita	7.80	6.70	10.50	5.80	8.00	7.25	5.75	3.50	5.20
National income per person engaged in the material production	9.80	6.50	15.20	7.10	8.25	7.70	6.10	3.40	5.25
Real income per capita	...	7.10	8.30	4.60	6.00	5.75	2.60	3.70	3.30
Social funds for consumption per capita *	...	...	...	6.70	12.90	8.10	4.80	5.10	5.50
Total industrial production	20.70	12.70	16.20	11.70	10.90	9.10	6.00	4.30	3.60
Total production of construction	19.60	7.10	20.80	7.40	12.00	5.70	5.90	3.90	2.75
Total agricultural production	-0.90	4.90	6.60	3.20	3.50	2.90	0.90	-0.60	3.35
Foreign trade turnover	...	...	...	14.60	11.25	12.00	8.50	6.60	0.90

\* Remuneration during vacation excluded.

Source: Statistical guide, 1988, p. 18-19;

**Table 3. Employment by branches  
of economic activity**

	1980	1985	1986	1987
Total (thousands)	4025	4095	4077	4084
Total (percentage)	100.0	100.0	100.0	100.0
In material production	83.0	82.2	82.0	81.8
of which:				
- Industry	35.2	37.3	37.6	37.9
- Construction	8.2	8.4	8.4	8.4
- Agriculture	23.8	20.4	19.9	19.3
In non-production sphere	17.0	17.8	18.0	18.2

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Source: Statistical Guide, 1988, p. 40-43

**Table 4. Capital investments by branches  
of economic activity**

	1980	1985	1986	1987
Total (mln. leva)	7195.6	8681.4	9361.3	10090.0
Total (percentage)	100.0	100.0	100.0	100.0
In material production	41.9	46.8	48.5	48.3
of which:				
- Industry	35.2	37.3	37.6	37.9
- Construction	2.5	3.7	3.6	4.0
- Agriculture	12.4	8.0	6.5	8.2
In non-production sphere	28.6	27.7	29.1	25.5
of which:				
- housing, public utilities and house- hold services	20.2	19.5	19.8	18.3

-----  
Source: Statistical Guide, 1988, p. 70-71

**Table 5. Capital investment in the national economy  
by sources of financing (percentage)**

	1980	1985	1986	1987
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Enterprises' own resources	39.1	35.4	36.2	40.1
Bank credits	35.0	31.7	22.7	18.8
"Soft" state budget-backed credits	-	-	-	22.9
Budgetary resources	25.9	32.9	41.1	18.2

**Source:** Statistical Yearbook of the People's Republic of Bulgaria, 1987, p. 454; Central Statistical Office;

**Table 6. Capital investment in the material production  
by sources of financing in 1987**

	1 9 8 7 (mln.leva)	(percentage)
<b>Total</b>	<b>6899</b>	<b>100.0</b>
Enterprises' own resources	2848	41.3
Bank credits	1469	21.3
"Soft" state budget-backed credits	1890	27.4
Budgetary resources	692	10.0

**Source:** Central Statistical Office;

**Table 7. Total industrial production by  
branches of economic activities**

	1980	1985	1986	1987
Total (mln. leva)	28588*	44809**	46582**	.
Total (percentage) of which:	100.0	100.0	100.0	100.0
Production of electricity and steamheat power	3.7	3.6	3.5	3.9
Coal production	1.4	1.3	1.4	1.4
Ferrous metallurgy (incl. ore-mining)	3.9	3.3	3.3	3.2
Engineering, electro-technical and electronic industry	23.2	26.5	27.4	28.6
Chemical and rubber industry	8.3	8.8	8.9	8.8
Building materials	4.9	3.9	4.0	3.8
Logging and wood-processing	3.3	3.0	2.9	2.8
Cellulose and paper	1.5	1.3	1.3	1.2
Glassware, china and earthenware	1.0	0.8	0.8	0.8
Textiles and knitware	5.1	5.3	5.2	5.2
Sewing	1.9	2.3	2.3	2.3
Leather, furriery and footwear	1.2	1.3	1.2	1.3
Printing	0.5	0.4	0.4	0.4
Food-processing	24.0	24.9	24.3	23.7

\* At 1 January 1971 prices.

\*\* At 1 January 1982 wholesale prices.

**Source:** Statistical Guide, 1987, p. 108;  
Statistical Yearbook of the People's  
Republic of Bulgaria, 1981, p. 192  
and 1987, p. 210;

**Table 8. Total agricultural production  
by sectors**

	1980	1985	1986	1987
<b>Total (mln. leva)*</b>	<b>7620.9</b>	<b>7398.5</b>	<b>8265.0</b>	<b>7905.9</b>
<b>Total (percentage)</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Crop farming</b>	<b>47.0</b>	<b>42.2</b>	<b>46.3</b>	<b>44.7</b>
of which:				
- cereals	13.5	10.5	14.6	.
- technical crops	10.5	10.5	10.2	.
- vegetables, potatoes				
watermelons and melons	7.4	7.7	7.3	.
- animal feed	3.6	3.8	4.1	.
- fruits and berries	7.4	7.5	7.2	.
<b>Livestock farming</b>	<b>53.0</b>	<b>57.8</b>	<b>53.7</b>	<b>55.3</b>
of which:				
- cows, buffaloes, etc.	19.4	21.8	19.9	.
- sheep and goats	15.2	16.0	14.8	.
- pigs	10.5	11.7	11.2	.
- poultry	6.5	7.4	6.9	.

\* At 1 January 1982 prices.

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**Source:** Statistical Yearbook of the People's  
Republic of Bulgaria, 1987, p. 272;  
Statistical Guide, 1988, p. 130-131;

Table 9. Number of industrial enterprises in 1987

B R A N C H E S	1987
Industrial enterprises - Total	2386
1. Publicly owned enterprises of which:	2204
- Production of electricity and steamheat power	21
- Coal production	6
- Ferrous metallurgy (incl. ore-mining)	9
- Engeneering, electrotechnical and electronic industry	716
- Chemical and rubber industry	111
- Building materials	136
- Logging and wood-processing	276
- Cellulose and paper	19
- Glassware, china and earthenware	21
- Textiles and knitware	141
- Sewing	88
- Leather, furriery and footwear	45
- Printing	36
- Food-processing	324
2. Cooperative enterprises	182

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Source: Statistical Guide, 1988, p. 87;

Table 10. Number of agricultural enterprises in 1987

	1987
Agricultural enterprises - total	2559
of which:	
- complexes	13
- combines	68
- plants and factories	674
- brigades	1387

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Source: Statistical Guide, 1988, p. 24;

**ANNEX III**

**BASIC STATISTICAL DATA ON  
BULGARIA'S FOREIGN TRADE \***

**Table 1. Value of turnover, exports,  
imports and balance**

(mln. leva)

Year	Turnover	Exports (fob)	Imports (fob)	Balance
1980	17184.4	8901.5	8289.9	611.6
1981	19818.2	9860.3	9957.9	-97.6
1982	21855.9	10880.0	10975.9	-95.9
1983	23783.5	11817.5	11966.0	-148.5
1984	25829.6	12987.3	12842.3	145.0
1985	27805.9	13739.4	14066.5	-327.1
1986	27703.8	13350.5	14353.3	-1002.8
1987	27869.3	13802.0	14067.3	-265.3

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**Source:** Foreign Trade of the People's Republic of Bulgaria, Statistical Data, 1985, p. 34 and 1987, p. 34; Central Statistical Office;

**Table 2. Indices of the volume of turnover,  
exports and imports)**

(annual percentage change)

Year	Turnover	Exports	Imports
1980	109.0	111.2	104.2
1981	108.7	108.3	109.3
1982	107.9	111.3	103.1
1983	104.7	104.4	105.2
1984	103.5	104.7	102.2
1985	108.8	107.4	110.4
1986	99.9	96.3	104.0
1987	100.2	101.8	98.5

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**Source:** Central Statistical Office;

\* All statistical data on trade are compiled in accordance with the Unified Commodity Nomenclature of CMEA.

**Table 3. Indices of the value of turnover,  
exports and imports**

(annual percentage change)

Year	Turnover	Exports	Imports
1980	114.3	116.1	112.5
1981	115.3	110.8	120.2
1982	110.3	110.3	110.2
1983	108.8	108.6	109.0
1984	108.6	109.9	107.3
1985	107.7	105.8	109.5
1986	99.6	97.2	102.0
1987	100.6	103.4	98.0

-----  
**Source:** Central Statistical Office



**Table 4. Turnover, exports and imports by groups of countries**

(mln. leva)

	1980	1981	1982	1983	1984	1985	1986
<b>TURNOVER</b>	17184.4	19818.2	21855.9	23783.5	25829.6	27805.9	27703.8
<b>I. Socialist countries</b>	12836.3	14320.2	16249.3	18583.6	20059.0	21405.0	22173.6
of which:							
- CMEA-countries	12509.9	13994.8	15947.2	18280.8	19722.4	21030.3	21791.7
<b>2. Developed market economy countries</b>	2833.2	3314.4	3062.3	2902.0	2950.6	3310.9	3137.3
of which:							
- EEC-countries	1995.0	2165.2	2051.5	1898.8	1917.5	2202.8	2055.6
<b>3. Developing countries</b>	1514.9	2183.6	2544.3	2297.9	2820.0	3090.0	2392.9
<b>EXPORTS</b>	8901.5	9860.3	10880.0	11817.5	12987.3	13739.4	13350.5
<b>1. Socialist countries</b>	6303.7	6811.1	7771.9	9033.1	9804.6	10578.9	11101.9
of which:							
- CMEA-countries	6127.4	6632.7	7606.7	8894.7	9643.3	10407.5	10907.2
<b>2. Developed market economy countries</b>	1407.0	1326.1	1236.7	1234.4	1179.2	1168.9	925.8
of which:							
- EEC-countries	1020.2	983.7	921.5	856.3	828.4	874.9	655.1
<b>3. Developing countries</b>	1190.8	1723.1	1871.4	1550.0	2003.5	1991.6	1322.8
<b>IMPORTS</b>	8282.9	9957.9	10975.9	11966.0	12842.3	14066.5	14353.3
<b>1. Socialist countries</b>	6532.6	7509.1	8477.4	9550.5	10254.4	10826.1	11071.7
of which:							
- CMEA-countries	6382.5	7362.1	8340.5	9386.1	10079.1	10622.8	10884.5
<b>2. Developed market economy countries</b>	1426.2	1988.3	1825.6	1667.6	1771.4	2142.0	2211.5
of which:							
- EEC-countries	974.8	1181.5	1130.0	1042.5	1089.1	1327.9	1400.5
<b>3. Developing countries</b>	324.1	460.5	672.9	747.9	816.5	1098.4	1070.1

**Source:** Foreign Trade of the People's Republic of Bulgaria, Statistical Data 1985, p. 34; 1987, p.34

Table 5. Exports and Imports of industrial goods of  
non-agricultural origin (at current prices)

(mln. leva)

	1980	1982	1983	1984	1985	1986	1987
<b>Exports</b>							
Industrial goods of non-agricultural origin	2783.3	7934.4	8713.5	9511.0	10591.4	10442.9	11101.1
<b>Imports</b>							
Industrial goods of non-agricultural origin	4540.6	9992.7	10843.5	11676.6	12605.6	13050.0	

Source: Foreign Trade of the People's Republic of Bulgaria, Statistical Data, 1985, p. 17 and p. 18; and 1987, p. 17 and p. 18; Statistical Guide, 1988, p. 164;

**Table 6. Exports and Imports of industrial goods of agricultural origin and of unprocessed agricultural products (at current prices)**

(mln. leva)

	1980	1982	1983	1984	1985	1986	1987
<b>Exports</b>							
1. Industrial goods of agricultural origin	2144.9	2513.1	2734.1	3138.4	2794.8	2642.0	2593.9
of which:							
Foodstuffs	976.7	1090.2	1122.4	1438.3	1062.5	903.2	899.1
2. Unprocessed agricultural products	360.6	432.5	369.9	337.9	353.2	265.6	279.2
<b>Imports</b>							
1. Industrial goods of agricultural origin	713.9	853.5	1011.8	1046.6	1109.5	1007.1	1084.5
of which:							
Foodstuffs	196.2	248.5	315.9	315.9	325.4	274.7	329.6
2. Unprocessed agricultural products	157.1	129.7	110.7	119.1	351.4	296.2	196.0

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**Source:** Foreign Trade of the People's Republic of Bulgaria, Statistical Data, 1985, p. 17 and p. 18; and 1987, p. 17 and p. 18; Central Statistical Office;

Table 7. Turnover, exports, imports by GATT contracting parties and non-GATT countries

YEAR	T U R N O V E R		E X P O R T S		I M P O R T S	
	GATT countries	non-GATT countries	GATT countries	non-GATT countries	GATT countries	non-GATT countries
1980	5736.1	11448.3	2994.6	5906.9	2741.5	5541.4
1981	6683.0	13135.2	3114.1	6746.2	3568.9	6339.0
1982	6752.8	15103.1	3111.7	7768.3	3638.1	7337.8
1983	7052.8	16730.7	3273.2	8544.3	3779.6	8186.4
1984	7621.6	18388.0	3631.0	9536.3	3990.6	8851.7
1985	8409.6	19396.3	3765.1	9974.3	4644.5	9422.0
1986	7962.4	19741.4	3323.9	10026.6	4638.5	9714.8
1987	8145.1	19722.1	3322.7	10479.3	4824.5	9242.8

Source: Central Statistical Office

Table 8. Share of GATT contracting parties and non-GATT countries in Bulgaria's turnover, exports, imports (percentages)

YEAR	T U R N O V E R = 100		E X P O R T S = 100		I M P O R T S = 100	
	GATT countries	non-GATT countries	GATT countries	non-GATT countries	GATT countries	non-GATT countries
1980	33.0	67.0	34.0	66.0	33.0	67.0
1981	34.0	66.0	32.0	68.0	36.0	64.0
1982	31.0	69.0	29.0	71.0	33.0	67.0
1983	30.0	70.0	28.0	72.0	32.0	68.0
1984	29.0	71.0	27.0	73.0	31.0	69.0
1985	30.0	70.0	27.0	73.0	33.0	67.0
1986	29.0	71.0	25.0	75.0	32.0	68.0
1987	29.2	70.8	24.1	75.9	34.3	65.7

Source: Central Statistical Office

Table 9. Structure of imports of GATT contracting parties  
and non-GATT countries by commodity groups

	1980	1982	1983	1984	1985	1986	1987
IMPORTS FROM G A T T CONTRACTING PARTIES	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Industrial machinery and equipment	37.1	43.1	42.6	38.9	38.8	45.8	44.8
Fuels, mineral raw materials and metals	22.5	18.8	17.1	19.3	18.6	15.0	15.7
Chemicals, fertilizers and rubber	11.9	10.5	10.6	12.3	9.8	9.1	9.7
Construction materials	1.5	1.6	2.2	1.9	2.5	2.3	2.2
Raw materials and products processed from them (foodstuffs excluded)	8.4	7.8	8.5	9.3	8.3	7.8	8.1
Live animals	0.0	0.1	0.1	0.1	0.1	0.1	0.0
Raw materials for food processing	8.5	7.2	7.7	7.7	12.0	9.6	8.2
Foodstuffs	3.0	2.2	2.7	1.9	1.8	1.7	1.9
Industrial consumer goods	6.5	7.9	8.0	8.0	6.7	7.2	8.0
Other items	0.6	0.8	0.5	0.6	1.4	1.4	1.4

(percentages)

**Table 9. Structure of imports of GATT contracting parties  
and non-GATT countries by commodity groups (contd.)**

	1980	1982	1983	1984	1985	1986	1987
<b>IMPORTS TO NON-G A T T COUNTRIES</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Industrial machinery and equipment	34.6	29.3	30.4	31.9	30.5	33.4	37.0
Fuels, mineral raw materials and metals	52.9	59.9	59.8	59.4	60.9	57.8	53.5
Chemicals, fertilizers and rubber	3.6	3.1	2.7	2.2	2.3	2.3	2.6
Construction materials	0.3	0.3	0.2	0.2	0.3	0.1	0.1
Raw materials and products processed from them (foodstuffs excluded)	3.8	3.0	3.2	3.0	2.9	2.8	3.0
Live animals	0.1	0.0	0.1	0.0	0.0	0.0	0.0
Raw materials for food processing	0.3	0.2	0.2	0.2	0.1	0.3	0.2
Foodstuffs	0.6	0.5	0.4	0.4	0.4	0.3	0.3
Industrial consumer goods	3.4	3.3	2.6	2.4	2.3	2.6	2.9
Other items	0.4	0.4	0.4	0.3	0.3	0.4	0.4

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Source: Central Statistical Office

Table 10. Share of GATT contracting parties and non-GATT countries  
in the structure of imports by commodity groups

	1980	1982	1983	1984	1985	1986	1987
	(percentages)						
Industrial machinery and equipment							
GATT contracting parties	35	42	39	36	39	40	39
Non-GATT countries	65	58	61	64	61	60	61
Fuels, mineral raw materials and metals							
GATT contracting parties	17	13	12	13	13	11	13
Non-GATT countries	83	87	88	87	87	89	87
Chemicals, fertilizers and rubber							
GATT contracting parties	62	63	65	72	68	65	66
Non-GATT countries	38	37	35	28	32	35	34
Construction materials							
GATT contracting parties	70	71	80	79	83	89	90
Non-GATT countries	30	29	20	21	17	11	10
Raw materials and products processed from them (foodstuffs excluded)							
GATT contracting parties	52	57	55	58	58	57	59
Non-GATT countries	48	43	45	42	42	43	41
Live animals							
GATT contracting parties	20	46	44	39	49	55	27
Non-GATT countries	80	54	56	61	51	45	43



Table 10. Share of GATT contracting parties and non-GATT countries in the structure of imports by commodity groups (contd.)

	1980	1982	1983	1984	1985	1986	1987
	(percentages)						
Raw materials for food processing							
GATT contracting parties	93	93	94	96	98	95	96
Non-GATT countries	7	7	6	4	2	5	4
Foodstuffs							
GATT contracting parties	72	70	75	68	71	70	75
Non-GATT countries	28	30	25	32	29	30	25
Industrial consumer goods							
GATT contracting parties	49	54	59	60	59	57	59
Non-GATT countries	51	46	41	40	41	43	41
Other items							
GATT contracting parties	44	51	38	44	72	65	68
Non-GATT countries	56	49	62	56	28	35	32

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Source: Central Statistical Office

Table 11. Structure of exports of GATT contracting parties  
and non-GATT countries by commodity groups

	1980	1982	1983	1984	1985	1986	1987
EXPORTS FROM G A T T CONTRACTING PARTIES	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Industrial machinery and equipment	25.0	27.3	29.0	28.8	32.6	38.9	41.3
Fuels, mineral raw materials and metals	40.1	37.3	36.2	33.1	30.5	24.8	21.0
Chemicals, fertilizers and rubber	6.6	7.5	7.6	9.9	8.7	6.3	6.7
Construction materials	2.3	1.8	1.8	1.6	1.7	2.1	2.3
Raw materials and products processed from them (foodstuffs excluded)	2.4	2.3	2.9	3.9	3.8	3.8	4.5
Live animals	0.2	0.0	0.1	0.0	0.0	0.0	0.0
Raw materials for food processing	4.5	3.7	2.9	3.8	5.3	3.3	3.5
Foodstuffs	10.7	10.0	8.9	8.8	7.9	9.2	9.6
Industrial consumer goods	7.8	9.3	9.5	9.5	8.9	10.4	10.6
Other items	0.4	0.8	1.1	0.6	0.6	1.2	0.5

(percentages)

Table 11. Structure of exports of GATT contracting parties  
and non-GATT countries by commodity groups (contd.)

	1980	1982	1983	1984	1985	1986	1987
EXPORTS TO NON-G A T T COUNTRIES	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Industrial machinery and equipment	54.0	54.7	55.9	55.1	61.2	64.1	66.7
Fuels, mineral raw materials and metals	2.5	2.8	1.8	2.1	2.3	2.5	2.7
Chemicals, fertilizers and rubber	2.9	3.0	2.9	2.4	2.2	2.3	1.9
Construction materials	2.0	1.8	1.9	2.1	1.9	2.0	1.7
Raw materials and products processed from them (foodstuffs excluded)	1.2	0.9	1.0	0.8	0.6	0.6	0.6
Live animals	0.0	0.0	0.1	0.1	0.2	0.0	0.0
Raw materials for food processing	5.1	5.2	4.2	2.9	2.4	2.2	2.2
Foodstuffs	21.5	19.5	19.3	20.8	16.1	14.5	12.9
Industrial consumer goods	9.3	9.5	10.1	10.4	10.0	10.9	10.6
Other items	1.5	2.6	2.8	3.3	3.1	0.9	0.7

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Source: Central Statistical Office

Table 12. Share of GATT contracting parties and non-GATT countries  
in the structure of exports by commodity groups

	1980	1982	1983	1984	1985	1986	1987
	(percentages)						
Industrial machinery and equipment							
GATT contracting parties	20	17	17	17	17	17	16
Non-GATT countries	80	83	83	83	83	83	84
Fuels, mineral raw materials and metals							
GATT contracting parties	89	84	88	86	83	77	71
Non-GATT countries	11	16	12	14	17	23	29
Chemicals, fertilizers and rubber							
GATT contracting parties	54	51	49	61	60	47	53
Non-GATT countries	46	49	51	39	40	53	47
Construction materials							
GATT contracting parties	37	30	26	22	25	25	29
Non-GATT countries	63	70	74	78	75	75	71
Raw materials and products processed from them (foodstuffs excluded)							
GATT contracting parties	49	50	52	65	71	69	71
Non-GATT countries	51	50	48	35	29	31	29

Table 12. Share of GATT contracting parties and non-GATT countries  
in the structure of exports by commodity groups (contd.)

	1980	1982	1983	1984	1985	1986	1987
	(percentages)						
Raw materials for food processing							
GATT contracting parties	31	22	22	34	46	33	33
Non-GATT countries	69	78	78	66	54	67	67
Foodstuffs							
GATT contracting parties	20	17	15	14	16	17	19
Non-GATT countries	80	83	85	86	84	83	81
Industrial consumer goods							
GATT contracting parties	30	28	26	26	25	24	24
Non-GATT countries	70	72	74	74	75	76	76

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Source: Central Statistical Office

Table 13: Exports by countries and territories (at current prices)

COUNTRIES AND TERRITORIES	1980		1982		1983		1984		1985		1986		1987	
	mln. leva	%	mln. leva	%	mln. leva	%	mln. leva	%	mln. leva	%	mln. leva	%	mln. leva	%
TOTAL EXPORTS	8901.5	100.0	10880.0	100.0	11817.5	100.0	12987.3	100.0	13739.4	100.0	13350.5	100.0	13802.0	100.0
of which:														
EUROPE														
Albania	11.2	0.1	19.1	0.1	17.3	0.1	13.1	0.1	12.6	0.1	18.6	0.1	13.2	0.1
Austria	81.7	0.9	46.9	0.4	38.6	0.3	54.2	0.4	49.9	0.4	29.3	0.2	30.7	0.2
Belgium	30.5	0.3	23.9	0.2	30.4	0.3	22.8	0.2	25.1	0.2	26.4	0.2	35.1	0.3
Czechoslovakia	274.5	3.1	413.0	3.7	470.6	4.0	525.9	4.1	626.5	4.6	609.8	4.6	673.4	4.9
Denmark	3.9	0.0	3.4	0.0	3.1	0.0	3.0	0.0	3.4	0.0	3.3	0.0	2.6	0.0
Finland	11.4	0.1	5.3	0.0	3.8	0.0	3.6	0.0	4.4	0.0	7.6	0.1	11.3	0.1
France	55.7	0.6	165.3	1.8	142.2	1.2	107.1	0.8	60.7	0.4	71.2	0.5	58.6	0.4
German Democratic Republic	486.7	5.5	582.4	6.5	645.6	5.5	676.7	5.2	700.8	5.1	742.0	5.4	756.9	5.5
Germany, Federal Republic of	226.9	2.5	197.5	1.8	197.5	1.7	226.2	1.7	198.8	1.4	145.2	1.1	159.7	1.2
Great Britain	127.1	1.4	104.4	0.9	108.4	0.9	202.2	1.6	228.4	1.7	74.0	0.6	75.9	0.6
Greece	338.9	3.8	217.1	2.0	216.1	1.8	130.1	1.0	202.1	1.5	127.9	1.0	140.3	1.0
Hungary	167.4	1.9	220.5	2.0	270.9	2.3	249.4	1.9	264.6	1.9	263.6	2.0	254.0	1.8
Italy	127.2	1.4	145.9	1.3	98.7	0.8	66.8	0.5	68.2	0.5	109.8	0.8	82.5	0.6
Netherlands	49.1	0.5	42.0	0.4	25.1	0.2	50.9	0.4	50.4	0.4	46.2	0.3	75.2	0.5
Norway	1.3	0.0	2.1	0.0	2.5	0.0	3.3	0.0	5.2	0.0	3.3	0.0	3.5	0.0
Poland	343.9	3.9	317.9	2.9	378.0	3.2	460.4	3.5	476.3	3.5	540.8	4.1	598.1	4.3
Portugal	1.2	0.0	1.1	0.0	0.2	0.0	1.0	0.0	1.8	0.0	1.6	0.0	1.5	0.0
Romania	196.5	2.2	220.3	2.0	255.1	2.1	243.5	1.8	292.7	2.1	318.4	2.4	287.5	2.1
Spain	19.0	0.2	19.9	0.2	33.3	0.3	17.3	0.1	34.4	0.3	48.0	0.4	50.3	0.4
Sweden	17.4	0.2	16.1	0.1	12.3	0.1	9.3	0.1	11.4	0.1	12.5	0.1	11.1	0.1
Switzerland	198.5	2.2	183.8	1.7	247.8	2.1	194.4	1.5	141.3	1.0	131.3	1.0	131.8	1.0
USSR	4444.8	50.0	5615.9	63.0	6618.5	56.0	7230.3	64.2	7775.8	56.6	8154.5	61.1	8437.3	61.1
West Berlin	2.4	0.0	2.7	0.0	2.1	0.0	2.1	0.0	2.2	0.0	3.7	0.0	3.3	0.0
Yugoslavia	145.7	1.6	125.4	1.2	83.5	0.7	108.8	0.8	118.1	0.9	113.2	0.8	91.5	0.7

Table 13: Exports by countries and territories (at current prices) - contd.

COUNTRIES AND TERRITORIES	1980		1982		1983		1984		1985		1986		1987	
	mln. leva;	%	mln. leva;	%	mln. leva;	%	mln. leva;	%	mln. leva;	%	mln. leva;	%	mln. leva;	%
ASIA														
China	22.8		24.4		34.3		23.8		30.1		61.5		34.1	
India	36.7		118.4		14.7		108.6		55.4		38.1		18.1	
Iran	125.1		196.3		183.8		108.6		121.1		83.0		81.7	
Iraq	123.4		495.3		302.0		357.4		421.3		303.9		394.8	
Japan	21.1		13.4		35.4		40.6		32.9		19.6		27.9	
Jordan	24.6		28.1		18.7		20.5		18.5		18.3		15.4	
Korea, DPR	7.1		15.2		20.4		27.6		22.3		18.6		21.9	
Lebanon	44.5		44.6		25.1		53.6		56.5		35.2		79.3	
Mongolia	9.8		9.7		12.4		10.8		14.6		12.3		13.0	
Pakistan	20.5		37.1		26.5		29.0		93.9		42.7		47.8	
Saudi Arabia	15.5		11.3		15.4		13.9		10.0		3.7		4.6	
Syrian Arab Republic	55.5		35.8		23.3		84.3		120.1		106.4		82.0	
Viet Nam	37.2		12.2		9.1		15.0		11.6		11.8		14.5	
AFRICA														
Algeria	102.8		82.2		75.7		67.4		20.2		20.7		23.9	
Egypt	21.8		10.6		17.1		38.5		42.6		35.2		33.9	
Libya	318.5		515.7		473.7		601.6		594.8		376.3		469.1	
Morocco	20.3		8.1		6.7		6.3		5.8		6.0		3.8	
Nigeria	23.7		42.2		49.4		15.7		36.5		51.2		40.5	
Sudan	0.2		2.3		1.5		0.7		0.5		0.4		1.4	
Tunisia	7.1		11.0		15.3		4.8		7.0		4.7		7.9	

Table 13: Exports by countries and territories (at current prices) - contd.

COUNTRIES AND TERRITORIES	1980		1982		1983		1984		1985		1986		1987	
	mln. leva	%	mln. leva	%	mln. leva	%	mln. leva	%	mln. leva	%	mln. leva	%	mln. leva	%
<b>AMERICA</b>														
Argentina	5.2	2.2	4.4	6.3	12.4	0.1	2.4	0.0	0.1	2.7	0.0	0.0	2.7	0.0
Brazil	5.4	5.2	33.1	102.1	79.6	0.6	18.0	0.1	0.6	17.9	0.1	0.1	17.9	0.1
Canada	3.4	2.9	3.8	5.3	7.5	0.1	6.2	0.0	0.1	6.6	0.1	0.0	6.6	0.1
Cuba	155.4	195.7	217.2	218.2	232.0	1.7	235.2	1.8	1.7	199.1	1.4	1.8	199.1	1.4
USA	40.8	39.4	24.1	33.4	27.4	0.2	50.7	0.4	0.2	19.6	0.1	0.4	19.6	0.1
<b>AUSTRALIA AND OCEANIA</b>														
Australia	3.2	2.4	2.2	2.8	8.2	0.1	1.9	0.0	0.1	1.7	0.0	0.0	1.7	0.0

Source: Statistical Yearbook of the People's Republic of Bulgaria, 1987, p. 377; Central Statistical Office;



Table 14: Imports by countries and territories (at current prices)

COUNTRIES AND TERRITORIES	1980		1982		1983		1984		1985		1986		1987	
	mln. leva	%	mln. leva	%	mln. leva	%	mln. leva	%	mln. leva	%	mln. leva	%	mln. leva	%
TOTAL IMPORTS	8282.9	100.0	10975.9	100.0	11966.0	100.0	12842.3	100.0	14066.5	100.0	14353.3	100.0	14067.3	100.0
of which:														
EUROPE														
Albania	9.9	0.1	19.3	0.1	14.0	0.1	13.7	0.1	12.6	0.1	25.8	0.2	16.2	0.1
Austria	137.5	1.5	173.1	1.5	197.5	1.5	182.4	1.5	205.8	1.5	212.5	1.5	218.4	1.6
Belgium	79.6	0.5	68.7	0.5	65.1	0.5	66.2	0.5	65.5	0.5	52.6	0.4	105.3	0.8
Czechoslovakia	310.0	4.1	424.7	4.1	491.8	4.1	505.7	4.1	583.2	4.1	652.8	4.5	697.1	5.0
Finland	12.4	0.4	63.2	0.4	16.6	0.4	30.9	0.4	50.2	0.4	46.2	0.3	26.3	0.2
France	147.5	1.3	117.3	1.3	96.3	1.3	140.5	1.3	177.5	1.3	123.1	0.9	98.7	0.7
German Democratic Republic	547.7	5.1	633.7	5.1	680.9	5.1	713.5	5.1	712.0	5.1	746.2	5.2	804.2	5.7
Germany, Federal Republic of	396.7	3.9	489.8	3.9	464.2	3.9	472.2	3.9	547.5	3.9	699.3	4.9	694.9	4.9
Great Britain	99.5	1.3	128.4	1.3	105.6	1.3	106.9	1.3	179.0	1.3	174.9	1.2	161.6	1.2
Greece	43.8	0.4	66.3	0.4	37.7	0.4	45.9	0.4	61.6	0.4	48.7	0.3	44.5	0.3
Hungary	153.6	1.9	236.8	1.9	275.5	1.9	250.2	1.9	262.8	1.9	275.5	1.9	285.3	2.0
Italy	118.7	1.2	151.4	1.2	106.9	1.2	125.2	1.2	163.0	1.2	160.0	1.1	164.6	1.2
Netherlands	48.7	0.5	65.0	0.5	109.5	0.5	72.2	0.5	67.2	0.5	87.0	0.6	65.5	0.5
Norway	2.3	0.0	8.0	0.0	3.7	0.0	3.7	0.0	5.3	0.0	4.3	0.0	3.6	0.0
Poland	328.0	4.6	524.0	4.6	517.6	4.6	542.5	4.6	640.2	4.6	593.7	4.1	669.9	4.8
Portugal	4.6	0.1	9.0	0.1	3.2	0.1	5.7	0.1	7.7	0.1	6.8	0.0	7.9	0.1
Romania	160.3	1.9	183.4	1.9	245.0	1.9	223.6	1.9	261.2	1.9	273.5	1.9	306.5	2.2
Spain	22.8	0.3	24.1	0.3	36.6	0.3	37.9	0.3	40.5	0.3	25.9	0.2	28.1	0.2
Sweden	32.5	0.4	42.8	0.4	41.3	0.4	48.1	0.4	56.8	0.4	62.1	0.4	59.6	0.4
Switzerland	145.4	1.3	179.3	1.3	177.9	1.3	258.7	1.3	189.5	1.3	201.5	1.4	192.7	1.4
USSR	4743.2	56.1	6134.2	56.1	6951.0	56.1	7579.7	56.1	7898.1	56.1	8098.0	56.4	8056.1	57.3
West Berlin	0.0	0.0	1.2	0.0	1.4	0.0	0.2	0.4	0.4	0.3	0.3	0.0	0.5	0.0
Yugoslavia	95.1	1.2	90.5	1.2	122.5	1.2	136.8	1.2	165.6	1.2	127.0	0.9	105.0	0.8

Table 14: Imports by countries and territories (at current prices) - contd.

COUNTRIES AND TERRITORIES	1980		1982		1983		1984		1985		1986		1987	
	mln.leva	%	mln.leva	%	mln.leva	%	mln.leva	%	mln.leva	%	mln.leva	%	mln.leva	%
<b>ASIA</b>														
China	35.1	23.9	23.2	18.7	10.9	0.1	35.4	0.2	58.8	0.4				
India	15.2	18.5	25.9	28.4	33.4	0.2	42.2	0.3	31.0	0.2				
Japan	41.2	95.0	106.8	74.2	86.6	0.6	104.7	0.7	145.1	1.0				
Korea, DPR	19.2	21.7	17.4	19.4	25.5	0.2	24.0	0.2	16.9	0.1				
Lebanon	1.6	3.1	2.5	0.1	0.0	0.0	0.2	0.0	0.2	0.0				
Mongolia	7.8	9.7	9.0	7.9	10.1	0.1	16.5	0.1	10.6	0.1				
Pakistan	5.6	13.8	34.0	26.1	71.1	0.5	37.3	0.3	31.3	0.2				
Syrian Arab Republic	6.5	5.0	8.4	9.1	23.9	0.2	11.7	0.1	1.4	0.0				
Viet Nam	8.5	11.1	12.4	11.2	7.7	0.1	8.4	0.1	6.3	0.1				
<b>AFRICA</b>														
Algeria	2.2	1.8	3.5	46.7	95.8	0.7	33.5	0.2	2.6	0.0				
Egypt	15.9	7.8	4.8	10.3	28.2	0.2	9.9	0.1	11.9	0.1				
Libya	83.3	138.2	252.4	306.6	400.9	2.9	509.1	3.5	135.7	1.0				
Morocco	12.1	13.5	8.4	4.7	7.6	0.1	2.1	0.0	2.7	0.0				
Nigeria	0.3	0.2	4.9	5.2	2.5	0.0	0.0	0.0	-	-				
Sudan	0.1	0.6	3.1	0.0	-	-	0.0	0.0	0.2	0.0				
Tunisia	5.5	10.0	6.7	3.3	3.0	0.0	3.1	0.0	7.8	0.1				

Table 14: Imports by countries and territories (at current prices) - contd.

COUNTRIES AND TERRITORIES	1980		1982		1983		1984		1985		1986		1987		
	min. leva	mln. leva	min. leva	mln. leva	min. leva	mln. leva	min. leva	mln. leva	%	mln. leva	%	mln. leva	%	mln. leva	%
<b>AMERICA</b>															
Argentina	6.2	6.9	36.1	23.1	67.7	0.5	55.9	0.4	41.5	0.3	0.4	41.5	0.3	0.3	0.9
Brazil	16.4	13.5	42.4	132.0	40.0	0.3	22.1	0.2	121.5	0.3	0.2	121.5	0.3	0.1	0.1
Canada	11.3	2.6	6.0	4.1	13.5	0.1	37.3	0.3	18.4	1.7	1.4	252.3	1.8	1.8	1.8
Cuba	113.4	163.6	188.9	231.0	234.7	1.1	130.9	0.9	91.8	1.1	0.9	91.8	0.7	0.7	0.7
USA	64.5	120.1	63.5	61.4	152.4	1.1	130.9	0.9	91.8	1.1	0.9	91.8	0.7	0.7	0.7
<b>AUSTRALIA AND OCEANIA</b>															
Australia	1.2	1.7	4.6	12.0	46.0	0.3	6.7	0.0	0.7	0.3	0.0	0.7	0.0	0.7	0.0

Source: Statistical Yearbook of the People's Republic of Bulgaria, 1987, p. 378; Central Statistical Office;

ANNEX IV

INTERNATIONAL INTERGOVERNMENTAL AND  
SPECIALIZED ORGANIZATIONS OF WHICH  
THE P. R. OF BULGARIA IS A MEMBER

1. United Nations Organizations
2. Specialized Organizations and Agencies in the UN system:
  - a) United Nations Industrial Development Organization
  - b) International Atomic Energy Agency
  - c) International Labour Organization
  - d) Food and Agriculture Organization of the United Nations
  - e) United Nations Educational, Scientific and Cultural Organization
  - f) World Health Organization
  - g) International Civil Aviation Organization
  - h) Universal Postal Union
  - j) World Meteorological Organization
  - k) International Maritime Organization
  - l) International Telecommunication Union
  - m) World Intellectual Property Organization
3. Customs Cooperation Council
4. World Tourism Organization
5. International Maritime Satellite Organization
6. International Bureau of Weights and Measures
7. International Organization of Legal Metrology

**ANNEX V**

**MAIN INTERNATIONAL TREATIES, CONVENTIONS  
AND AGREEMENTS RELATED TO TRADE AND ECONOMIC  
COOPERATION TO WHICH THE P. R. OF BULGARIA  
IS A SIGNATORY**

1. Convention regarding international exhibitions
2. Paris Convention for the protection of industrial property of March 20, 1883, as revised at Brussels on December 14, 1900, at Washington on June 2, 1911, at The Hague on November 6, 1925, at London on June 2, 1934, at Lisbon on October 31, 1958, and at Stockholm on July 14, 1967
3. Madrid Agreement for the repression of false or deceptive indications of source on goods of April 14, 1891, as revised at Washington on June 2, 1911, at The Hague on November 6, 1925, at London on June 2, 1934, at Lisbon on October 31, 1958. Additional Act of Stockholm on July 14, 1967
4. Madrid Agreement concerning the international registration of marks of April 14, 1891, as revised at Brussels on December 14, 1900, at Washington on June 2, 1911, at The Hague on November 6, 1925, at London on June 2, 1934, at Nice on June 15, 1957, and at Stockholm on July 14, 1967
5. Lisbon Agreement for the protection of appellations of origin and their international registrations
6. Patent Cooperation Treaty
7. Berne Convention for the Protection of Literary and Artistic Works of September 9, 1886, completed at Paris on May 4, 1896, revised at Berlin on November 13, 1908, completed at Berne on March 20, 1914, revised Rome on June 2, 1928, at Brussels on June 26, 1948, at Stockholm on July 14, 1967, and at Paris on July 24, 1971
8. Budapest Treaty on the international recognition of the deposit of microorganisms for the purposes of patent procedure
9. International Dairy Arrangement, 1979
10. Arrangement regarding Bovine Meat, 1979
11. International Cocoa Agreement, 1986
12. Agreement establishing the Common Fund for Commodities
13. Single Convention on Narcotic Drugs, 1961
14. Convention on Psychotropic Substances

15. Agreement for the Suppression of the Circulation of Obscene Publications

16. International Convention for the Suppression of the Circulation of and Traffic in Obscene Publications

17. Convention on the Contract for the International Carriage of Goods by Road

18. European Agreement on Road Markings

19. Convention on Road Traffic

20. Convention on Road Signs and Signals

21. Agreement on the International Carriage of Perishable Foodstuffs and on the Special Equipment to be used for such Carriage - ATP

22. European Agreement supplementing the Convention on Road Traffic opened for signature at Vienna on 8 November 1968

23. European Agreement supplementing the Convention on Road Signs and Signals opened for signature at Vienna on 8 November 1968

24. Protocol on Road Markings, additional to the European Agreement supplementing the Convention on Road Signs and Signals opened for signature at Vienna on 8 November 1968

25. European Agreement on Main International Traffic Arteries (AGR)

26. Convention on the Measurement of Inland Navigation Vessels

27. Convention on a Code of Conduct for Liner Conferences

28. International Convention for the Safety of Life at Sea, 1974; Protocol of 1978 relating to the International Convention for the Safety of Life at Sea, 1974

29. Protocol of 1978 relating to the International Convention for the Prevention of Pollution from Ships, 1973

30. International Convention on Load Lines, 1966

31. International Convention for Safe Containers, 1972

32. International Convention relating to Economic Statistics

33. Universal Copyright Convention as revised at Paris on 24 July 1971

34. Convention concerning the Exchange of Official Publications and Government Documents between States

35. Convention concerning the International Exchange of Publications

36. Convention on the Means of Prohibiting and Preventing the Illicit Import, Export and Transfer of Ownership of Cultural Property

37. Convention concerning the Protection of the World Cultural and Natural Heritage

38. Convention on the Territorial Sea and the Contiguous Zone

39. Convention on the High Seas

40. Convention on the Continental Shelf

41. Antarctic Treaty

42. Agreement for the establishment of a General Fisheries Council for the Mediterranean

43. Convention on the Conservation of the Living Resources of the Southeast Atlantic

44. Convention on Future Multilateral Cooperation in the Northwest Atlantic Fisheries

45. Convention on Future Multilateral Cooperation in North-East Atlantic Fisheries

46. Convention on the Recognition and Enforcement of Foreign Arbitral Awards

47. European Convention on International Commercial Arbitration

48. Convention on Long-Range Transboundary Air Pollution

49. Protocol to the 1979 Convention on Long-Range Transboundary Air Pollution on Long-Term Financing of the Co-Operative Programme for Monitoring and Evaluation of the Long-Range Transmission of Air Pollutants in Europe (EMEP)

50. Protocol to the 1979 Convention on Long-Range Transboundary Air Pollution on the Reduction of Sulphur Emissions or their Transboundary Fluxes by at least 30 per cent

51. Convention for the Unification of certain Rules regarding to International Carriage by Air

52. Convention on International Civil Aviation

53. International Air Services Transit Agreement

54. Conventions worked out in the framework of the International Labour Organizations (64 Conventions)

**ANNEX VI**

**CUSTOMS TREATMENT OF COUNTRIES UNDER  
THE BULGARIAN CUSTOMS TARIFF**

**A. Column I**

1. Afghanistan
2. Bangladesh
3. Benin
4. Bhutan
5. Botswana
6. Burkina Faso
7. Burundi
8. Cape Verde
9. Central African Republic
10. Chad
11. Comoros
12. Ethiopia
13. Guinea
14. Guinea-Bissau
15. Lao, People's Democratic Republic of
16. Lesotho
17. Malawi
18. Maldives
19. Mali
20. Nepal
21. Niger
22. Rwanda
23. Somalia
24. Sudan
25. Tanzania, United Republic of
26. Uganda
27. West Samoa
28. Yemen, Arab Republic of
29. Yemen, People's Democratic Republic of

**B. Column II**

1. Algeria
2. Angola
3. Argentina
4. Bahamas
5. Bahrain
6. Barbados
7. Bolivia
8. Brazil



9. Burma
10. Cameroon, United Republic of
11. Colombia
12. Congo, People's Republic of
13. Costa Rica
14. Cote d'Ivoir
15. Sri Lanka
16. Djibouti
17. Dominican Republic
18. Ecuador
19. Egypt
20. El Salvador
21. Equatorial Guinea
22. Fidgi
23. Gabon
24. Ghana
25. Grenada
26. Guatemala
27. Guyana
28. Honduras
29. India
30. Indonesia
31. Iran
32. Iraq
33. Jamaica
34. Jordan
35. Kampuchea, People's Republic of
36. Kathar
37. Kenya
38. Kuwait
39. Lebanon
40. Liberia
41. Libya
42. Madagascar
43. Malaysia
44. Malta
45. Mauritania
46. Mauritius
47. Mexico
48. Morocco
49. Mozambique
50. Nicaragua
51. Nigeria
52. Oman
53. Pakistan
54. Panama
55. Papua-New Guinea
56. Peru
57. Philippines
58. Saint Lucia
59. Sao Tome and Principe
60. Saudi Arabia
61. Senegambia
62. Seychelles
63. Sierra Leone
64. Singapore

- 65.Solomon Islands
- 66.Suriname
- 67.Syrian Arab Republic
- 68.Swaziland
- 69.Thailand
- 70.Togo
- 71.Trinidad and Tobago
- 72.Tunisia
- 73.United Arab Emirates
- 74.Uruguay
- 75.Venezuela
- 76.Zaire
- 77.Zambia
- 78.Zimbabwe

C. Column III

1. Albania
2. Australia
3. Austria
4. Belgium
5. Canada
6. China
7. Cuba
8. Cyprus
9. Czechoslovakia
- 10.Denmark
- 11.Finland
- 12.France
- 13.German Democratic Republic
- 14.Germany, Federal Republic of
- 15.Great Britain
- 16.Greece
- 17.Hungary
- 18.Iceland
- 19.Ireland
- 20.Italy
- 21.Japan
- 22.Korea, Democratic People's Republic of
- 23.Luxembourg
- 24.Mongolia
- 25.Netherlands
- 26.New Zealand
- 27.Norway
- 28.Poland
- 29.Portugal
- 30.Romania
- 31.Spain
- 32.Sweden
- 33.Switzerland
- 34.Turkey
- 35.USSR
- 36.Viet Nam

37. West Berlin  
38. Yugoslavia

D. Column IV

1. USA

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\* \*

The above-mentioned lists of countries and territories are published as Annexes to Rules No. 3 on the approbation of the Customs Tariff Applicable to Goods Imported by Juridical Persons (*State Gazette*, No. 16 of 1982).

**ANNEX VII**

**INTERNATIONAL CUSTOMS CONVENTIONS TO WHICH  
THE P. R. OF BULGARIA IS A SIGNATORY**

1. Convention establishing the Customs Cooperation Council
2. Customs Convention on the Temporary Importation of Packings
3. Customs Convention concerning Facilities for the Importation of Goods for Display or Use at Exhibitions, Fairs, Meetings or Similar Events
4. Customs Convention on the Temporary Importation of Professional Equipment
5. Customs Convention on the A. T. A. Carnet for the Temporary Admission of Goods (A. T. A. Convention)
6. International Convention on the Simplification and Harmonization of Customs Procedures
7. Convention concerning the creation of an International Union for the publication of Customs tariffs
8. Convention concerning Customs Facilities for the Touring and Additional Protocol to the Convention concerning Customs Facilities for the Touring relating to the Importation Tourist Publicity Documents and Materials
9. Customs Convention on the Temporary Importation of Private Road Vehicles
10. Customs Convention on the Temporary Importation of Commercial Road Vehicles
11. Customs Convention on Containers, 1972
12. Customs Convention on the International Transport of Goods under Cover of TIR Carnet (TIR Convention 1975)
13. European Convention on Customs Treatment of Pallets used in International Transport

**ANNEX VIII**

**IMPORT DUTIES COLLECTED  
IN THE COURSE OF 1981-1987**

Year	Thousand leva
1981	124083
1982	126202
1983	139637
1984	141686
1985	142033
1986	152098
1987	161724

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**Source:** Data provided by the Bulgarian customs authorities

**ANNEX IX**

**EXCHANGE RATES BETWEEN THE US DOLLAR,  
DEUTSCHE MARK AND SWISS FRANC AND THE  
BULGARIAN LEV**

**Table 1: Exchange rates between the US dollar, deutsche mark and swiss franc and the bulgarian lev for the period 1962-1987 (at the end of the year)**

(leva per 100)

YEARS	US DOLLAR		DEUTSCHE MARK		SWISS FRANC	
	Official rate	Rate with trade multiplier	Official rate	Rate with trade multiplier	Official rate	Rate with trade multiplier
1962	117.00	-	29.22	-	27.11	-
1963	117.00	-	29.45	-	27.12	-
1964	117.00	-	29.25	-	26.76	-
1965	117.00	-	29.25	-	26.90	-
1966	117.00	-	29.25	-	26.90	-
1967	117.00	-	29.25	-	26.90	-
1968	117.00	-	29.25	-	26.90	-
1969	117.00	-	31.97	-	26.90	-
1970	117.00	-	31.97	-	26.90	-
1971*	108.00	185.00	34.44	58.99	28.65	49.08
1972	108.00	185.00	33.44	57.28	28.06	48.07
1973	97.00	165.00	37.74	64.20	30.60	52.05
1974	97.00	165.00	38.80	66.00	34.77	59.14
1975	96.35	163.89	37.34	63.52	36.36	61.85
1976	95.85	163.04	39.28	66.82	38.96	66.27
1977	93.10	158.37	41.75	71.02	42.90	62.97
1978	87.50	148.84	44.64	75.93	49.44	84.10
1979	85.20	144.93	47.60	80.97	51.33	87.31
1980	87.80	100.97	45.70	52.56	50.76	58.37
1981	92.80	106.72	41.65	47.90	51.80	59.57
1982	96.50	110.98	39.85	45.83	46.05	53.48
1983	99.80	114.77	37.10	42.67	46.30	53.25
1984	103.20	118.68	35.10	40.37	42.35	48.70
1985	100.00	115.00	37.45	43.07	45.56	52.39
1986	90.18	135.27	44.50	66.75	53.80	80.70
1987	82.45	123.68	50.90	76.35	62.51	93.77

\* The exchange rate with trade multiplier was introduced on 25 February 1971.

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Source: Data provided by the Bulgarian National Bank

**Table 2: Exchange rates between the US dollar, deutsche mark and swiss franc and the bulgarian lev by months for the period 1986-1988 (on the 1st day of the month)**

(leva per 100)

YEARS	US DOLLAR		DEUTSCHE MARK		SWISS FRANC	
	Official rate	Rate with trade multiplier	Official rate	Rate with trade multiplier	Official rate	Rate with trade multiplier
<b>1986</b>						
JAN	100.00	130.00	38.16	49.61	45.87	59.63
FEB	98.20	127.66	38.66	50.26	46.21	60.07
MAR	96.40	125.32	39.60	51.43	46.90	60.97
APR	95.10	142.65	41.26	61.89	48.60	72.90
MAY	94.10	141.15	42.25	63.38	50.45	75.68
JUN	94.60	141.90	41.40	62.10	49.92	74.88
JUL	95.00	142.50	41.35	62.03	49.90	74.85
AUG	93.13	139.70	42.38	63.57	51.00	76.50
SEP	92.60	138.90	42.80	64.20	52.20	78.30
OCT	92.03	138.05	43.15	64.73	53.10	79.65
NOV	91.45	137.18	44.00	66.00	53.80	80.70
DEC	90.18	135.27	44.50	66.75	53.80	80.70
<b>1987</b>						
JAN	90.05	135.08	45.02	67.53	54.05	81.08
FEB	87.00	130.50	47.62	71.43	56.79	85.19
MAR	87.06	130.59	47.69	71.54	56.42	84.63
APR	87.15	130.73	47.36	71.04	56.58	84.87
MAY	86.87	130.31	47.40	71.10	56.86	85.29
JUN	86.34	129.51	48.38	72.57	58.44	87.66
JUL	86.80	130.20	47.69	71.54	57.48	86.22
AUG	87.30	130.95	47.32	70.98	57.06	85.59
SEP	87.15	130.73	47.54	71.32	57.90	86.85
OCT	87.03	130.55	47.82	71.73	57.80	86.70
NOV	86.45	129.68	48.56	72.84	58.41	87.62
DEC	83.82	125.73	50.19	75.29	61.16	91.74
<b>1988</b>						
JAN	81.79	163.58	51.28	102.56	63.02	126.04
FEB	82.76	165.52	49.60	99.20	61.10	122.20
MAR	82.90	165.80	49.20	98.40	60.23	120.46
APR	82.20	164.40	49.51	99.02	60.00	120.00
MAY	82.30	164.60	49.28	98.56	59.50	119.00
JUN	82.85	165.70	48.51	97.02	58.16	116.32

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**Source:** Data provided by the Bulgarian National Bank

**ANNEX X**

**COUNTRIES WITH WHICH BULGARIA HAS  
BILATERAL TRADE AGREEMENTS**

1. Afghanistan
2. Albania
3. Algeria
4. Angola
5. Argentina
6. Australia
7. Austria
8. Bangladesh
9. Benin
10. Bolivia
11. Brazil
12. Burkina Faso
13. Burma
14. Canada
15. Cape Verde
16. Chad
17. China
18. Congo, People's Republic of
19. Costa Rica
20. Cote d'Ivoire
21. Cyprus
22. Czechoslovakia
23. Ecuador
24. Egypt
25. El Salvador
26. Ethiopia
27. Finland
28. Gabon
29. German Democratic Republic
30. Ghana
31. Guinea
32. Guyana
33. Hungary
34. India
35. Indonesia
36. Iran
37. Iraq
38. Japan
39. Jordan
40. Kampuchea, People's Republic of
41. Kenya
42. Korea, Democratic People's Republic of
43. Kuwait
44. Lao, People's Democratic Republic of
45. Lebanon



- 46.Libya
- 47.Madagascar
- 48.Malaysia
- 49.Mali
- 50.Malta
- 51.Mexico
- 52.Mongolia
- 53.Morocco
- 54.Mozambique
- 55.Nepal
- 56.New Zealand
- 57.Nicaragua
- 58.Nigeria
- 59.Norway
- 60.Pakistan
- 61.Panama
- 62.Peru
- 63.Philippines
- 64.Poland
- 65.Romania
- 66.Senegal
- 67.Singapore
- 68.Somalia
- 69.Sri Lanka
- 70.Sudan
- 71.Sweden
- 72.Switzerland
- 73.Syrian Arab Republic
- 74.Tanzania
- 75.Thailand
- 76.Togo
- 77.Tunisia
- 78.Turkey
- 79.Uganda
- 80.Uruguay
- 81.USSR
- 82.Viet Nam
- 83.Yemen, People's Democratic Republic of
- 84.Yugoslavia
- 85.Zaire
- 86.Zambia
- 87.Zimbabwe

***ANNEX XI***

**COUNTRIES WITH WHICH BULGARIA HAS CONCLUDED  
AGREEMENTS ON AVOIDANCE OF DOUBLE TAXATION  
AND ON MUTUAL PROMOTION AND PROTECTION OF  
INVESTMENTS**

**I. AGREEMENTS ON AVOIDANCE OF DOUBLE TAXATION:**

1. Austria
2. Cyprus
3. Denmark
4. Germany, Federal Republic of
5. Great Britain
6. Finland
7. France
8. Malta
9. Norway

**II. AGREEMENTS ON MUTUAL PROMOTION AND PROTECTION OF  
INVESTMENTS:**

1. Cyprus
2. Germany, Federal Republic of
3. Finland
4. Malta
5. Netherlands