

Bulgaria: Selected Issues and Statistical Appendix

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BULGARIA

Selected Issues and Statistical Appendix

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Approved by the European I Department

March 12, 2001

This Selected Issues Paper provides background information to the staff report on the 2000 Article IV consultation discussions with Bulgaria (EBS/01/28). The paper includes two studies covering key policy issues. Chapter I reviews Bulgaria's growth experience, and discusses the prospects and policy requirements for rapid self-sustaining growth. Chapter II describes Bulgaria's trade liberalization so far, explains the benefits from further reform, and outlines a medium-term reform strategy. The paper also includes a statistical appendix providing comprehensive statistical information on the various sectors of the economy.

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I. BULGARIA'S GROWTH EXPERIENCE AND PROSPECTS¹

A. Introduction and Summary

1. **With macroeconomic stabilization having been achieved, robust growth is now Bulgaria's overriding economic objective.** As a result of the lack of sound economic policies until 1997, the country is lagging the advanced transition countries in the recovery from the transformational recession. Output is still around 30 percent below its pre-transition peak, and per capita income in purchasing power terms is only one fourth of that in current EU members. Bulgaria therefore still has a long way to go to fully realize the potential for productivity improvements from the move to an open and market-based economy, and to reach its goal of catching up with the EU countries.

2. **Bulgaria's growth performance in the last decades has been uneven.** The extensive growth model introduced under central planning more than 40 years ago was initially highly successful in achieving rapid growth. But the strategy based on industrialization and high investment had exhausted its growth potential by the early 1980s, and the authorities' inability to change course left Bulgaria with a highly distorted economy and a heavy external debt burden at the onset of the transition in 1990. The initial transformational recession was prolonged and deepened by the inability of successive governments to implement prudent macroeconomic policies and pursue structural reform, which culminated in the 1996–97 financial crisis and a second pronounced recession. The consistent implementation of sound economic policies since 1997 has, however, resulted in a turnaround. Notwithstanding unfavorable external developments, including the Kosovo crisis, GDP growth has been positive since 1998, and it accelerated to a robust 5 percent in 2000.

3. **Despite a remarkable turnaround since 1997, conditions for self-sustained growth appear not yet to be fully in place.** Aggregate demand growth in recent years has been driven mainly by the rebound from the 1996–97 crisis and external factors. A look at the supply side also suggests that the economy is still in a recovery phase, with the factors of production factors being far from fully utilized. Moreover, significant structural and institutional bottlenecks continue to curtail Bulgaria's growth potential. Enterprise access to bank financing is low and corporate governance remains weak. Foreign direct investment and exports are still concentrated in more traditional sectors, and the quality of the institutions and the business climate falls short of what is needed to support a dynamic private sector.

4. **Bulgaria's growth experience is not unique, and the policies that have proved successful in stimulating growth in the transition economies as a whole offer the best prospects for Bulgaria as well.** A panel data regression covering all the European transition countries shows that Bulgaria's growth experience during the first decade of transition has not been uncommon. As in the other transition countries, macroeconomic stabilization and

¹ Prepared by Mark De Broeck, Tarhan Feyzioğlu, and H el ene Poirson.

structural reform have been the two key requirements to overcome the transformational recession and embark on the path of robust growth. To promote growth in the future, Bulgaria and the other transition countries are well advised to maintain sound macroeconomic policies, liberalize trade further, and make additional progress in structural and institutional reform. A comparative analysis also helps to identify areas where Bulgaria needs to make an extra effort. These include enterprise reform, energy sector restructuring, and increasing the economy's export orientation.

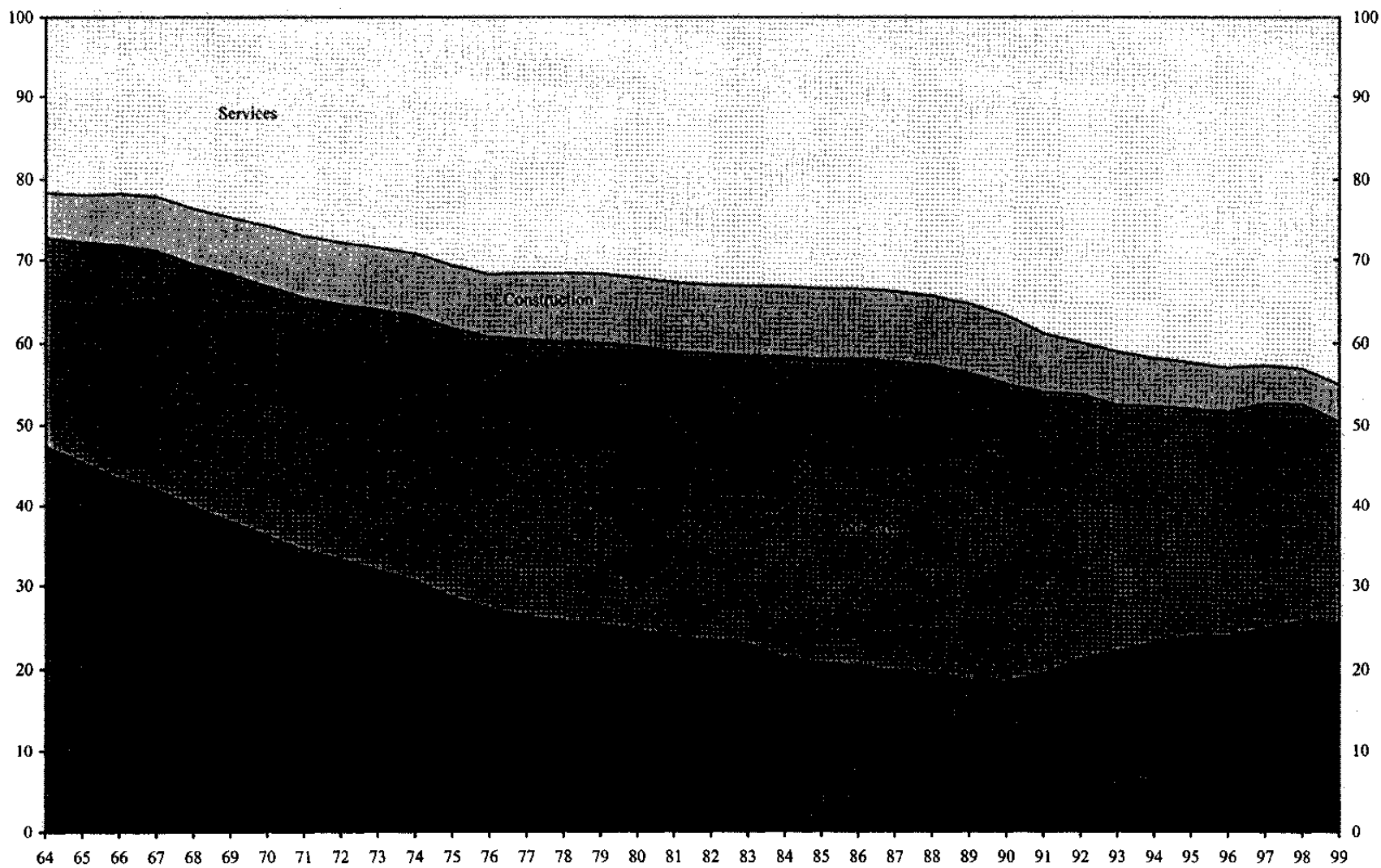
5. **Bulgaria can reach sustained growth of at least 5 percent per year, provided the proper macroeconomic and reform policies are in place and investment and effective labor input are raised.** This study applies results from growth regressions for a large sample of market economies and a growth accounting exercise to quantify the conditions under which Bulgaria can achieve annual growth rates of at least 5 percent. The investment rate needs to increase to 20 percent, the employment and participation rates need to be raised, and human capital formation stimulated. In addition, total factor productivity (TFP) growth rates of around 2 percent per annum will be required. To achieve such high TFP growth and investment, strong and sustained efforts in structural and institutional reform will be indispensable.

B. Bulgaria's Growth Experience So Far

6. The extensive growth model introduced under central planning in the 1950s resulted in rapid industrialization and initially high growth (Figures 1 and 2). Half a century ago, Bulgaria's economy was still primarily agricultural, with per capita income around one third of that in the current EU members. In the late 1950s, the planning authorities launched a massive transformation program based on large-scale investment and labor reallocation from agriculture to industry (Jackson, 1991). The share of agriculture in employment fell from over 55 percent in 1960 to less than 25 percent in 1980, while the gross fixed capital stock quadrupled in real terms during this period.² Within industry, the machinery branch was given priority, and its share in industrial employment rose from 17 percent in 1960 to 27 percent in 1980. This strategy of rapid industrialization was initially highly successful. Annual growth in the second half of the 1960s and the first half of the 1970s averaged

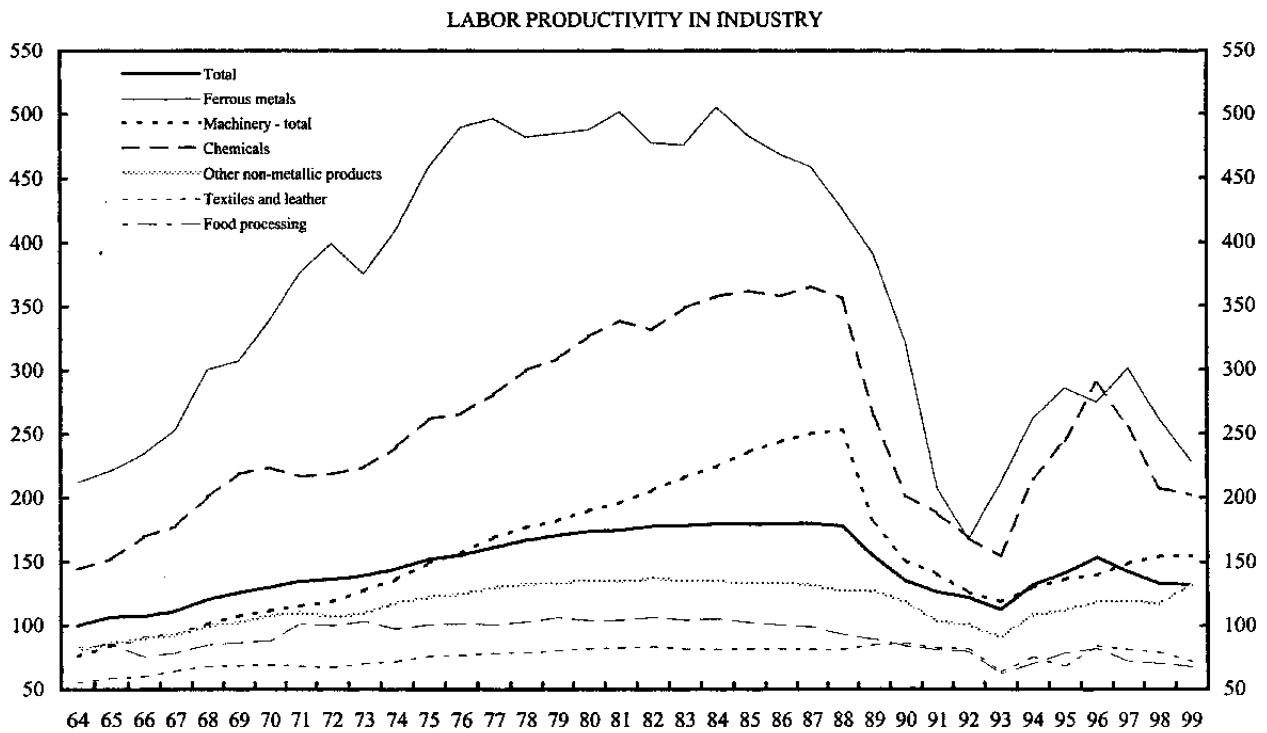
² Aggregate and sectoral capital stock data were published until the beginning of the 1990s. They were computed on a gross basis (the value of capital at the time it was put into operation, with no depreciation) and in nominal terms. Data in real terms can be computed using aggregate and sectoral implicit deflators. Employing the thus obtained series to derive TFP estimates gives results that are broadly similar to those based on labor productivity, but less robust. These TFP estimates are not reported in this study.

Figure 1. Bulgaria: Sectoral Employment Shares, 1964-99



Source: National Statistical Authorities, and IMF staff calculations.

Figure 2. Bulgaria: Labor Productivity, 1964-99
(Aggregate in 1964 = 100)



Source: National Statistical Authorities, and IMF staff calculations.

5 percent in the economy as a whole and over 7 percent in industry.³ With total employment growth averaging less than 1 percent annually, most of the aggregate growth was accounted for by labor productivity gains, around half of which stemming from sectoral reallocation of labor. Growth also benefited from increasing economic integration with the Soviet Union, which was willing to supply raw materials and energy at below-market prices and to absorb part of Bulgaria's industrial production. As a result of rapid growth during the initial industrialization phase, in 1975 Bulgaria had narrowed the income gap with the EU15 countries to around 50 percent (Maddison, 1995, and UNECE, 2000).

7. **The growth model based on industrialization and high investment had exhausted its potential by the early 1980s.**⁴ By the mid-1970s, the scope for shifting labor from agriculture to industry had narrowed substantially, and diminishing returns to capital accumulation had set in. Between 1975 and 1985, annual output growth fell to less than 1 percent on average, almost entirely on account of weak growth of labor productivity, while growth in industry slowed to an annual average of below 3 percent. During the final years under central planning, 1986 to 1989, no growth was recorded at either the aggregate or industry level, and labor productivity stagnated. In 1989, the last pre-reform year, per capita income in Bulgaria had fallen back to 40 percent of the EU15 average.

8. **Unable to change course when faced with increasing economic pressures in the 1980s, the authorities resorted to massive external borrowing.** Confronted with the challenge of generating growth through improvements in total factor productivity rather than from sectoral reallocation of labor combined with capital accumulation, the communist authorities considered various economic reform plans (Jackson, 1991). As these reform efforts failed, the distortions from the strategy to pursue rapid industrialization and integration with the Soviet economy widened. Unable to improve the quality of its manufacturing output and to compete in other markets, Bulgaria in the 1980s became increasingly dependent on exports to the Soviet Union, which at the same time was a source of cheap energy imports. While growth in output and labor productivity stagnated, the energy

³ The pre-transition official data on growth suffer from major shortcomings, and they have to be interpreted with great caution. The official data refer to growth in Net Material Product, a concept different from GDP. Moreover, these data overstate growth significantly, as they do not correct for hidden inflation. Hence, in this paper the alternative, lower, growth estimates prepared by the Research Project on National Income in East Central Europe (see Alton, 1985, and the references cited therein) are used. This alternative series is available from 1965. The Bulgarian statistical authorities have taken major steps to improve the quality of the growth statistics since the beginning of the transition. However, the replacement of the central planning accounting system by the System of National Accounts and the introduction of a new sectoral classification in 1996 have made the construction of consistent long-run series difficult.

⁴ As discussed in Brixiová and Bulíř (2000), a similar growth slowdown was observed in the other centrally planned economies that had adopted this growth model.

intensity of the economy continued to increase. Under pressure to meet rising consumer expectations, the central planners cut back investment spending by almost 10 percent in real terms in between 1980 and 1989, and they borrowed heavily in convertible currencies in the final years under central planning. Between 1985 and 1989, Bulgaria's gross external debt in convertible currencies tripled, to US\$9.2 billion.⁵

9. **The collapse of central planning in 1990 was associated with a sharp contraction in output, employment, and investment.**⁶ The move to a market economy, which began in 1990, was marked by a deep transformational recession. Real GDP fell by almost 30 percent in the first three years of the transition. The depth of the output fall varied substantially across sectors, and was most pronounced in industry and construction. Massive output declines with a similar sectoral pattern were also observed in the other transition countries. The decline in Bulgaria was, however, much more pronounced than that in the central European countries, as Bulgaria was more affected by the break-up of the CMEA (the origin and destination of most of its pre-transition trade) and by the price increases on energy imports from the former Soviet Union. Bulgaria also suffered from the conflict in the former Yugoslavia and loss of markets in Iraq and Libya. The transformational recession was accompanied by major contractions in employment and investment. During 1990–92, employment in the economy fell by about 25 percent and in industry by over 35 percent. In the same period, real investment at both the aggregate and the industry levels declined by more than one half. These contractions reduced the excess employment and redundant capacity inherited from central planning, cushioning the impact of the output decline on productivity.

10. **Stop-and-go macroeconomic policies in the early 1990s and a lack of progress in structural reform prolonged the transformational recession and further eroded Bulgaria's productive potential.** The inability of successive governments in the first half of the 1990s to implement sound macroeconomic policies and pursue ambitious structural reforms prevented the economy from achieving more than a shallow recovery (for an analysis of the policy failures in this period, see Mihov, 1999). Real GDP growth turned positive again in 1994–95, but the cumulative increase of 4 percent fell short of that in the central European countries, and allowed Bulgaria to regain only a small fraction of the previous output losses. Moreover, the weak macroeconomic policies and lack of structural reform resulted in a severe financial and foreign exchange crisis in 1996–97. This crisis caused another deep output decline, to the tune of 17 percent. As a result, Bulgaria lost further ground to the more advanced transition economies in central Europe (where, with the exception of the Czech Republic, the recovery had continued) and saw output fall to less than 65 percent of its level in 1989. The unfavorable economic environment in the early 1990s

⁵ This debt buildup may also have reflected other factors, including illicit transactions (Jackson, 1991).

⁶ Data on aggregate and sectoral growth, as well as on employment and investment, for 1991–2000 can be found in the Statistical Appendix tables.

and the 1996–97 crisis also had a negative impact on the factors of production, and eroded productivity further. Between 1992 and 1997, total employment declined by 4 percent, while employment in industry dropped by almost 18 percent. In this period, agriculture absorbed part of the labor made redundant in industry, and agricultural employment rose both in absolute numbers and as a share of total employment, reversing a decades-long trend and negatively affecting productivity in the economy as a whole. Investment in real terms fell by over 40 percent in the economy as a whole and by more than 60 percent in industry. As a ratio to GDP, fixed capital formation bottomed out at less than 12 percent in 1997.

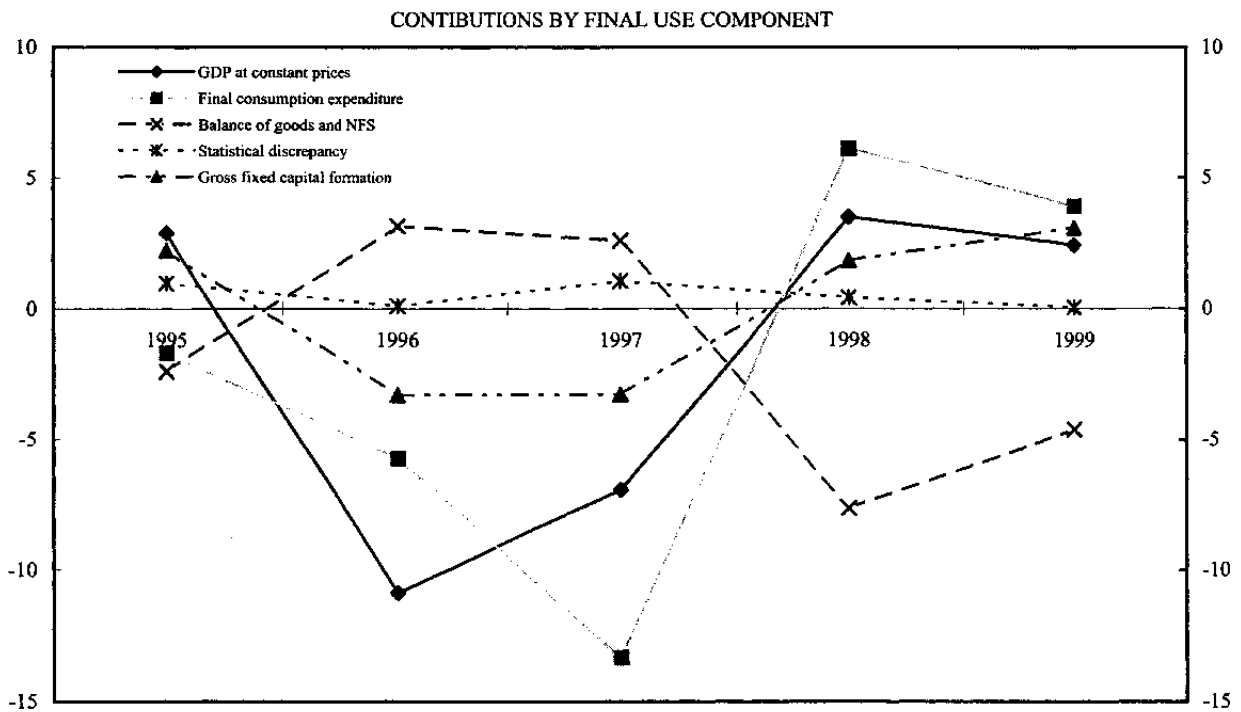
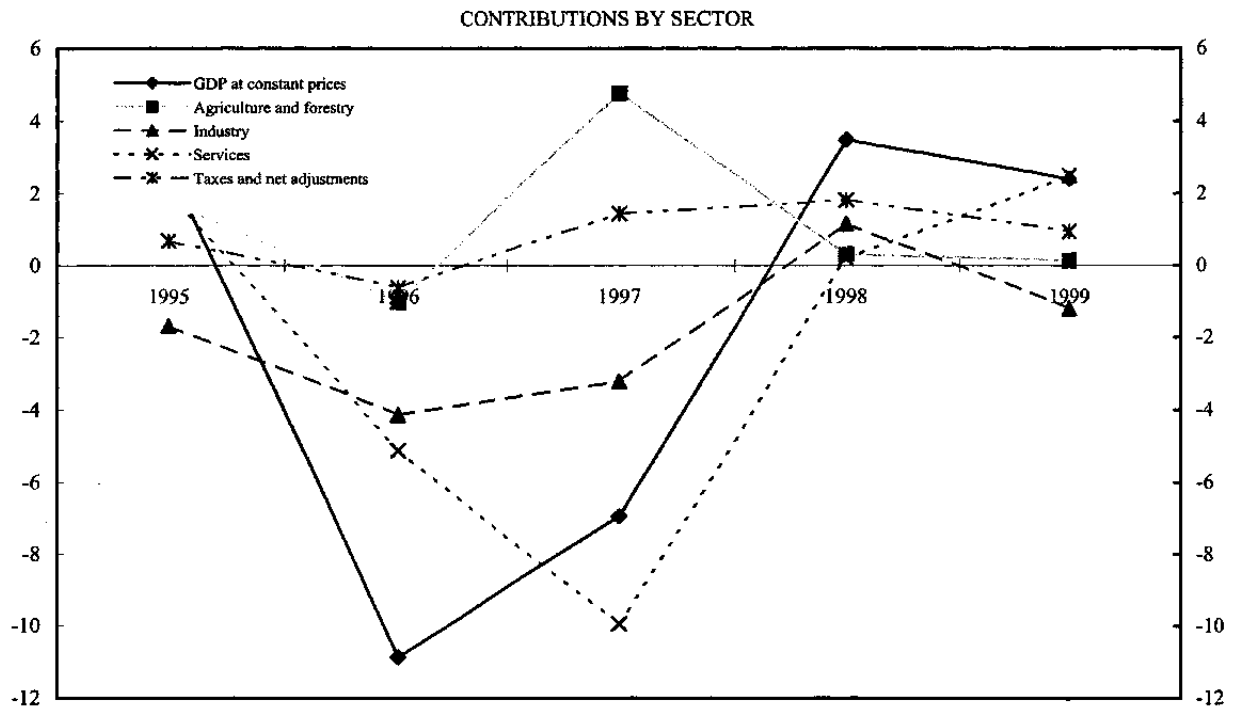
11. **The stabilization and structural adjustment policies implemented by the government since 1997 have brought about a renewed recovery (Figure 3).** The new government that came into power in 1997 adopted sound macroeconomic policies centered on a currency board arrangement and initiated an ambitious structural reform program. These policies were instrumental in the resumption of positive growth in 1998. Real GDP increased by 11 percent in the three years through 2000, despite unfavorable external developments, including the global financial crises and a war in neighboring Kosovo. Growth became broad based as the sharp differences in sectoral growth rates that had marked the 1996–97 crisis gave way to a more even sectoral growth pattern. On the input side, the reallocation of labor from industry back to agriculture came to a halt, and fixed capital formation began to pick up again. Reflecting a volume increase of more than 80 percent since 1997, gross fixed investment rose to above 16 percent of GDP in 2000.

12. **The broad pattern of changes in the factors of production and productivity indicate that the reallocation and restructuring process in Bulgaria is far from complete (Figures 4 and 5).** The period of intensified structural reform since 1997 has been too short to enable Bulgaria to regain the ground lost during the initial transition years in reallocating resources and restructuring.⁷ Bulgaria has made significant progress in reallocating labor and investment to the services sector, which was underrepresented under central planning. The sector's share in total employment rose from around 35 percent in 1989 to around 45 percent in 1999. But the absorption capacity in the services sector was too limited to cope with the large employment reduction in industry and construction, which led to a flow of labor back to agriculture and a sharp increase in unemployment.⁸ Restructuring efforts within each of the major sectors have yet to result in substantial labor productivity gains. Bulgaria has in this regard lagged other EU accession countries that have managed to boost labor productivity significantly since the end of the transformational recession in 1993. The performance in industry and the services sector—where productivity developments in part reflect the

⁷ Blanchard (1997) defines the transition process as being shaped by two main mechanisms: *reallocation* of resources—capital and labor—to the production of goods for which market-based demand exists, and *restructuring* aimed at bringing about efficiency gains.

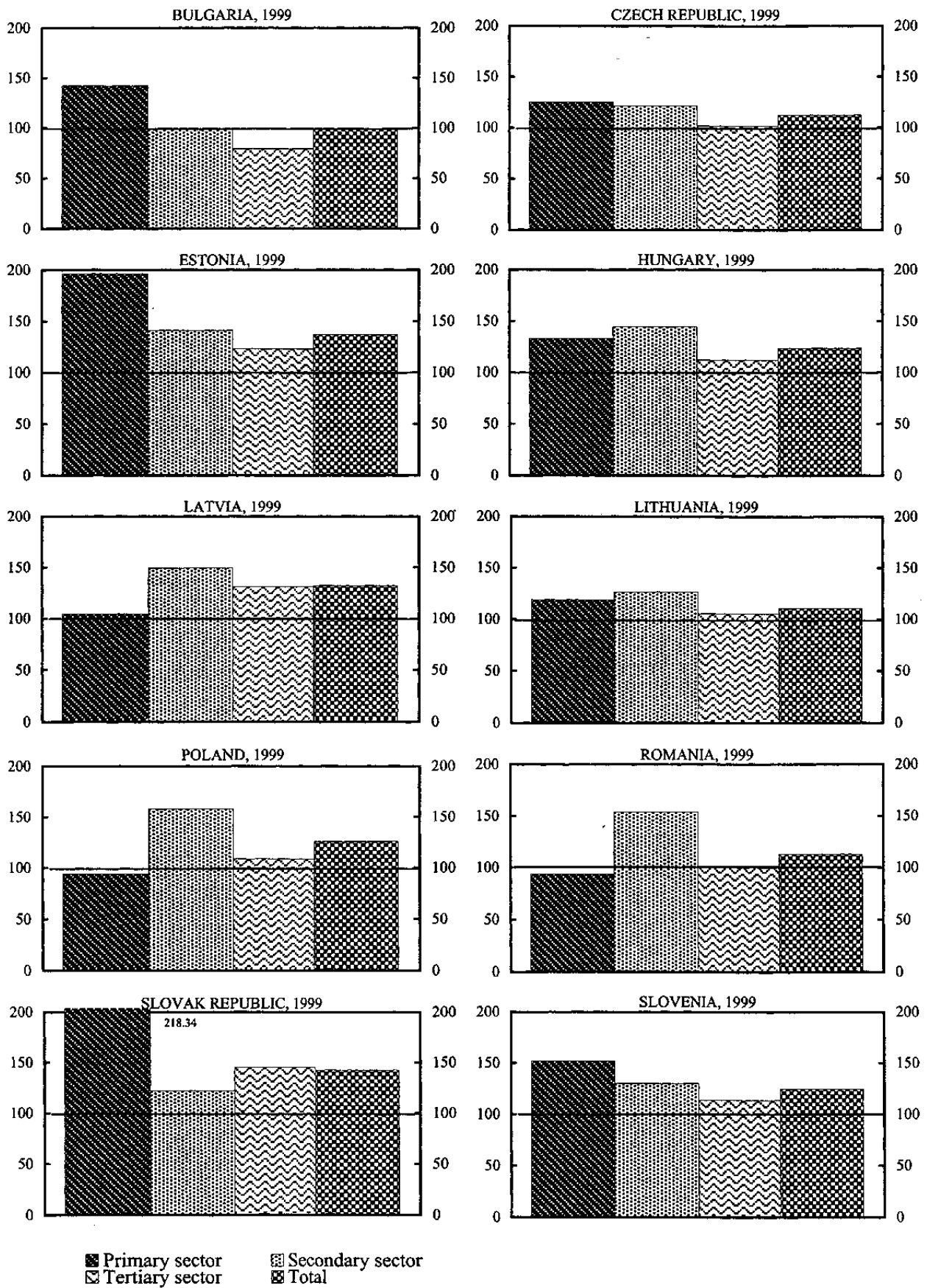
⁸ Part of the decline in total employment has also been absorbed by withdrawals from the labor force, as reflected in a decline in the participation rate by 15 percentage points in the first decade of transition.

Figure 3. Bulgaria: Contributions to Real Output Growth, 1995-99
(In percent)



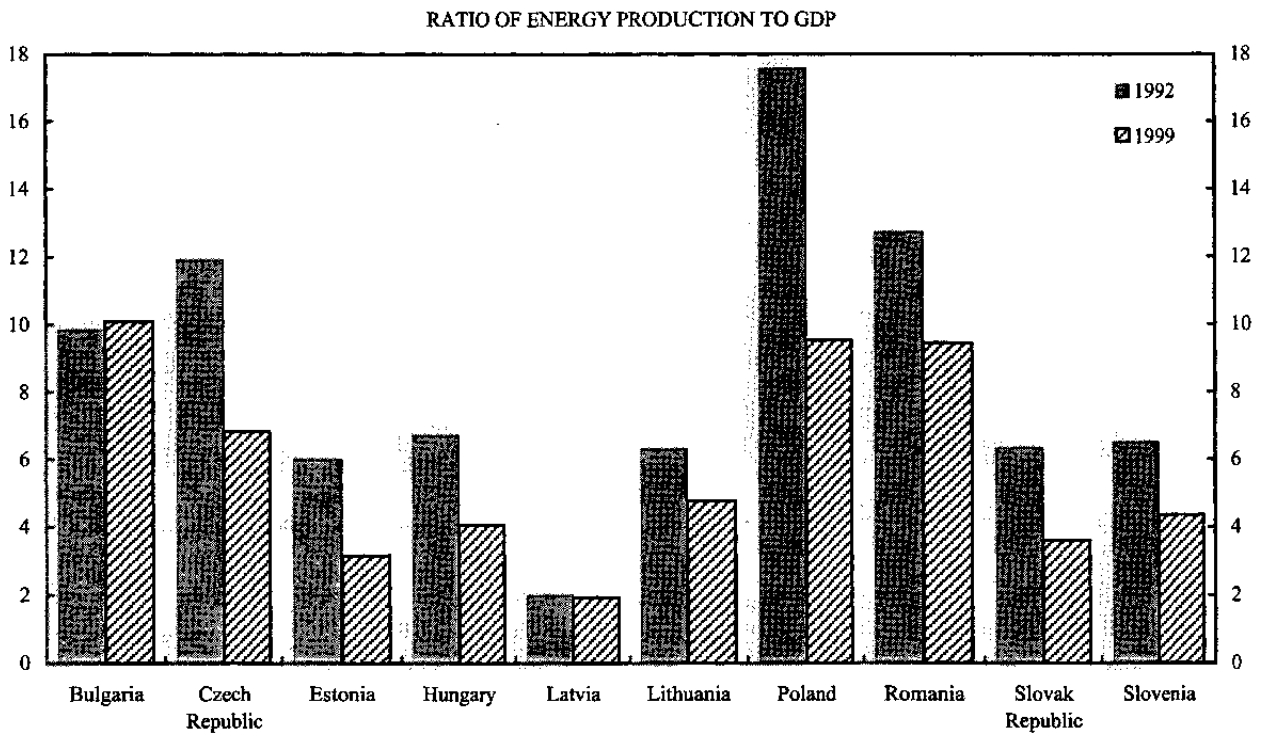
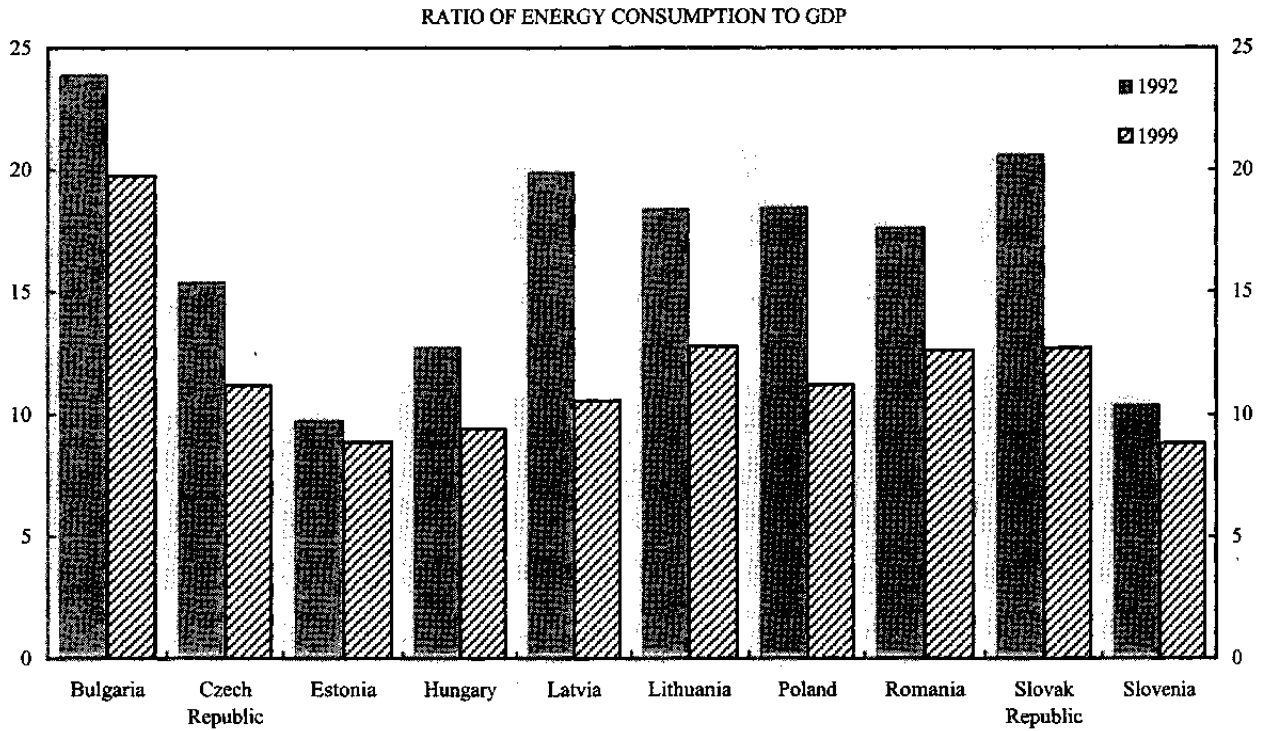
Source: OECD, NSI, and staff estimates.

Figure 4. Labor Productivity in Selected EU Accession Countries, 1993-99
(1993=100)



Source: National Statistical Authorities, and IMF staff calculations.

Figure 5. Energy Intensity in Selected EU Accession Countries, 1992 and 1999



Sources: U.S. Department of Energy, and IMF staff calculations.

collapse in financial activity in 1996–97—in particular fell short of that in other countries. The more limited progress in reducing energy intensity is further evidence that Bulgaria’s restructuring process is incomplete.

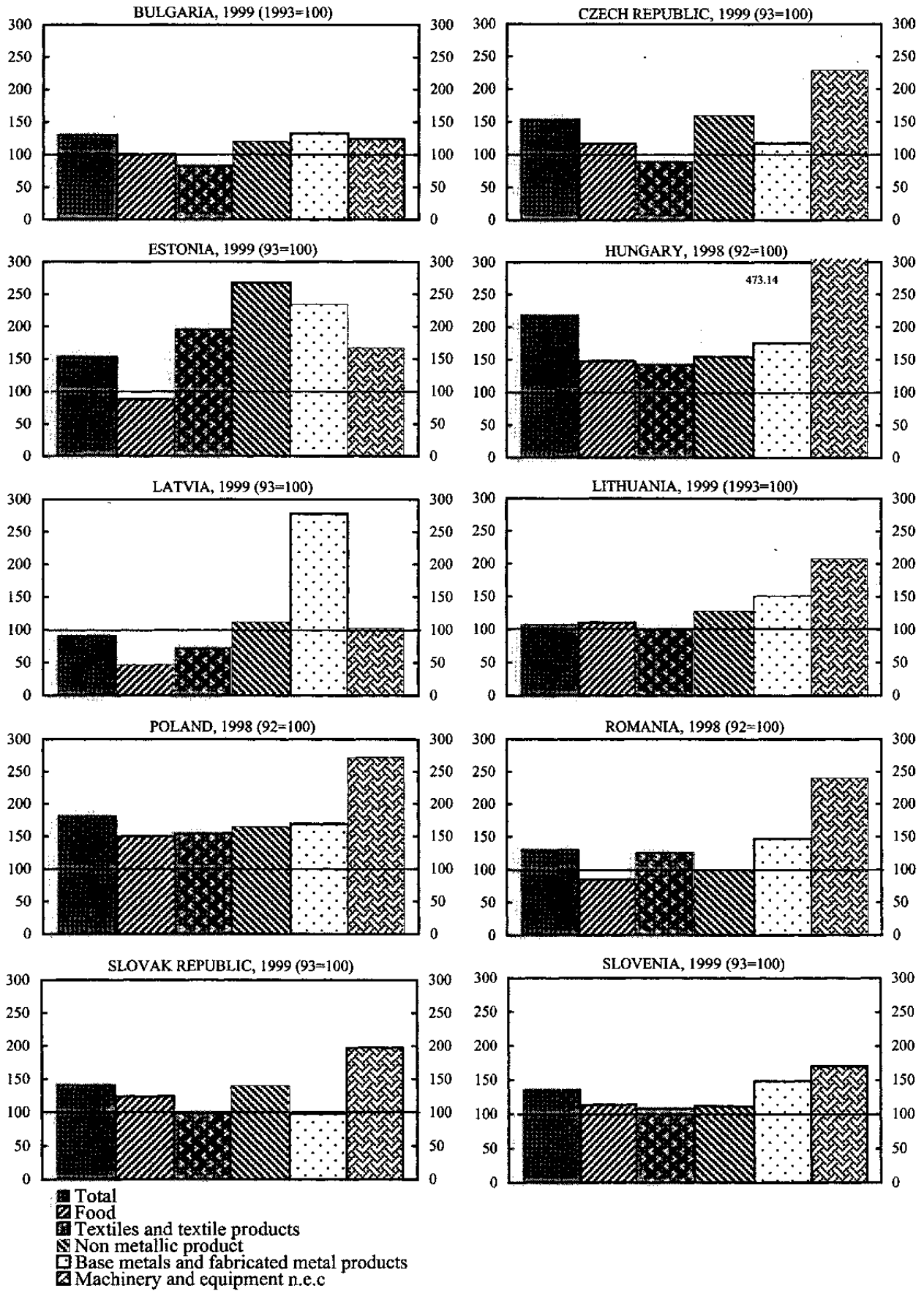
13. **The restructuring of manufacturing and reorientation of trade are also still at a relatively early stage (Figure 6).** Labor productivity developments in individual branches of manufacturing do not yet show major gains overall or pronounced differences across branches, suggesting that only limited active restructuring has taken place.⁹ Transition countries where restructuring in manufacturing is more advanced typically report sizable productivity improvements for the sector as a whole and a distinct uneven pattern, with the strongest improvements in the more technology-intensive machinery and equipment branches. Unlike Bulgaria, the central European transition countries are narrowing remaining structural differences in the composition of their manufacturing sector relative to current EU members (Landesmann, 2000). As a result of the only limited productivity gains in more technology-intensive branches, Bulgaria has been unable to diversify its export structure beyond labor-intensive products and energy- and resource-intensive commodities (Havlik, 2000). This lack of diversification has also negatively affected export performance overall. Following a rapid increase in the early 1990s in the wake of the removal of trade distortions from central planning, exports have failed to grow beyond the US\$5 billion level reached in 1995.

C. Are the Foundations for Sustained Growth Already in Place?

14. **Despite the remarkable turnaround since 1997, conditions for self-sustained growth appear not yet to be fully in place.** From the demand side, the growth pattern in recent years has reflected a rebound from the 1996–97 crisis and a response to external developments. Signs that the economy has entered a new phase marked by self-sustained growth in domestic demand are only beginning to emerge. Evidence from the supply side also suggests that the economy is still in a recovery phase, as there are no signs that the factors of production are being fully used. However, the supply side conditions for growth have improved as a result of the ambitious reform agenda implemented since 1997. Banking sector reform and a wave of privatizations have strengthened the incentives for restructuring. A significant increase in foreign direct investment (FDI) is helping to raise productivity in the economy. But significant structural and institutional bottlenecks remain. Enterprise access to outside financing is low, and corporate governance weak. Moreover, FDI continues to be concentrated in the traditional sectors, and the quality of the institutions and the business environment falls short of what is needed to support a dynamic private sector.

⁹ Active restructuring involves the upgrading of the composition and quality of products, the identification of new markets, and the implementation of new production processes, management techniques, and business strategies. In contrast, passive restructuring refers to the downsizing of production, employment, and capacity in response to the loss of traditional markets (EBRD, 1999).

Figure 6. Labor Productivity in Manufacturing in Selected EU Accession Countries, 1992-99



Source: National Statistical Authorities, and IMF staff calculations.

15. **Aggregate demand growth in recent years has been driven mainly by the rebound from the 1996–97 crisis and external factors.** Fixed capital formation began to pick up in 1995, suggesting an incipient recovery from the initial transformational recession. This recovery was interrupted by the 1996–97 crisis, which was associated with a sharp contraction in investment and a fall in consumption. Marking a rebound from the crisis, fixed investment and consumption growth turned positive again in 1998. More recently, movements in aggregate demand have mainly reflected external developments. The Kosovo crisis in early 1999 had a negative impact on net external demand, while strong growth in the main EU markets in 2000 provided a boost to exports that more than offset the impact of higher oil prices on imports. A robust increase in fixed capital formation in 2000 may, however, signal that domestic demand is about to take over as the main source of growth on the demand side.

16. **A look at the supply side also suggests that the economy has not yet advanced to the point where growth is taking on a more self-sustained character.** Recent growth still appears to reflect an ongoing recovery from the output contractions during 1990–97 rather than the beginning of a new phase of more self-sustained growth. With a cumulative decline in employment since 1989 that broadly tracked that in output, aggregate labor productivity in 2000 was not higher than at the onset of the transition, when labor hoarding was considered to be widespread. At 18 percent at end-2000, unemployment remains very high. Finally, while low investment rates during most of the 1990s have resulted in a reduction in the capital stock, this reduction for other than infrastructure assets appears not to have gone beyond eliminating excess capacity that had been rendered obsolete by the transition to a market economy. On these grounds, it would seem incorrect to conclude that production factors were near being fully used by 2000.

17. **The efforts to bring the banking system on a sound footing following the 1996–97 crisis have hardened budget constraints, but they have yet to result in a reorientation of banking sector activities toward private sector lending.**¹⁰ Until 1996, banks' willingness to lend at negative real interest rates and their tolerance of nonperforming loans led to major distortions in enterprise behavior and eroded the incentives for restructuring. The post-crisis banking sector reform has eliminated these problems: the share of standard loans in banking lending portfolios rose from below 50 percent at end-1996 to over 90 percent at end-2000. The shift toward prudence in lending activities has, however, left many firms—small and medium-size enterprises in particular—without access to external financing, and has kept spreads between lending and deposit rates at near 10 percent. A questionnaire administered to more than 200 Bulgarian SMEs revealed that a lack of credit and high lending rates were two of the top five operational constraints (Pissarides et al., 2000).¹¹ Only a third of the surveyed

¹⁰ This issue was covered in detail in Chapter III (“Why is Private Sector Credit So Low in Bulgaria?”) of last year’s Selected Issues Paper (SM/00/61, 3/20/00).

¹¹ The survey was administered in 1995. Its results are likely to remain largely valid, however, as bank credit to the private sector in real terms is still significantly below its 1995 level, while lending rates in real terms are higher.

firms reported having received a loan from a financial institution in the preceding three years. While operating under an external financing constraint, firms typically reinvested profits to expand production.

18. The substantial increase in the share of privately owned enterprises brought about by the renewed privatization efforts since 1997 is having a positive impact on firm performance. As a result of the strategy to accelerate privatization, Bulgaria has largely caught up in terms of private sector share in GDP with the other EU accession candidates, except the most advanced ones. The shift to private ownership is overall having a beneficial effect. In line with the findings for other transition countries (Djankov and Murrell, 2000), two recent studies using firm level panel data from a large sample of Bulgarian enterprises show that introducing private ownership improves productivity (Angelucci et al., 2000; and Dobrinsky et al., 2000). In particular, privatizing a fully state-owned enterprise to domestic private investors is found to raise total factor productivity by on average 29 percent. According to these studies, the efficiency enhancing effect from privatization holds at both the aggregate level and in most sectors.

19. The beneficial effects from privatization in Bulgaria fall short of their potential, however, as in some sectors the market environment is not fully competitive, and in a range of enterprises corporate governance is not exercised properly. Angelucci et al. show that in some sectors competitive pressure, as measured by product market concentration, has not yet reached the level needed to have private ownership induce better firm performance. Similarly, corporate governance remains generally weak, in particular in enterprises that have been privatized through the mass privatization program or management-employee buy-outs (MEBOs). Such enterprises comprise a significant part of Bulgaria's private sector, reflecting the nature of the country's privatization programs (Box 1). Recent survey data show that restructuring in enterprises privatized through MEBOs has lagged that in enterprises acquired by domestic and foreign strategic investors, and in some cases significant asset stripping has taken place. These survey data also show that nearly all the enterprises privatized through MEBOs have retained the same management team and that they rank behind domestic and foreign strategic investors in terms of average investment commitments. Governance problems have also arisen in enterprises privatized through the mass privatization program. The bulk of the vouchers issued during the first wave of the program have been collected by investment funds which have built up substantial shareholder positions in a range of enterprises. However, the control exercised by these investment funds is limited, which is reflected in the low valuation of their shares relative to the annual earnings of the underlying portfolio (Miller and Petranov, 2000). Investment funds and other external shareholders face considerable difficulties in removing inefficient managers. The market for managers is shallow and sectorally and regionally segmented. Moreover, incumbent managers often have the support from other stakeholders in the enterprise, including labor unions and local authorities.

20. Foreign direct investment in Bulgaria has increased considerably in recent years, providing a boost to productivity. As a result of macroeconomic stabilization and renewed privatization efforts, FDI inflows rose from little more than US\$100 million in 1996 to a record US\$1 billion in 2000, with privatization-related inflows accounting for almost

half of the total. The FDI stock exceeded US\$3 billion at end-2000, up from less than US\$500 million four years earlier. As in other transition countries, FDI acts as a channel for the transfer of technological and management know-how, and provides financing for investment in rehabilitation and new capacity. Studies using firm level data clearly show that Bulgarian firms with foreign participation are more efficient than those with only domestic—state or private—ownership (Angelucci et al., 2000; and Konings, 1999). Controlling for

Box 1. Issues in Mass and Large-Scale Privatization in Bulgaria

Mass privatization: Several variants of the mass privatization program (MPP) were debated through 1993, in response to the insufficient progress with cash privatization. In 1994, amendments to the Privatization Act were introduced to regulate the use of vouchers and provide for the creation of the Center for Mass Privatization (CMP), with the responsibility for carrying out the voucher privatization program. The MPP remained a long time under consideration, and was only launched in 1996. In its design, it was modeled on the Czech variant of voucher privatization, and was prepared with the help of Czech consultants. The Czech and the Bulgarian programs differed, however, in their scope.

Contrary to the experience in the Czech Republic, voucher privatization did not become the main privatization channel in Bulgaria. Registration of vouchers began on January 8, 1996. By June 9, when the registration finally ended, only about 3 million people, or about half of all those eligible, had collected their vouchers. To a large extent, this was due to the fact that Bulgaria's fiscal position was deteriorating continuously, and that the increasingly cash-strapped government was reluctant to forgo an excessive amount of potential revenue from privatization receipts. During the first wave of privatization (June 20, 1996 to February 21, 1997), vouchers amounting to 75 billion leva were issued. The bulk of them (81 percent) were invested in privatization funds, participating in central auctions organized to sell approximately a sixth of the long-term assets (LTA) of state enterprises. Privatization funds were eligible to buy up to a third of the shares in any given company, a strategic stake under Bulgarian corporate law. By end-1997, 14 percent of LTA had been transferred to the private sector through mass privatization.

The second wave of mass privatization was launched in early 1999, and is now well underway. More than one million Bulgarians have participated in it, and the CMP has organized 14 public tenders since the beginning of 1999. Some 12.5 million shares from 547 companies were put up for sale at these tenders, with an average of 54 percent bought. The government intends to use this second wave to sell a large number of SMEs and to dispose of residual shares owned by the state. It will also use it to launch private pension funds. Finally, this second wave could have a positive effect on the stock exchange. The impact on the pace of privatization is difficult to quantify, however, as there is no clearly defined list of assets available for mass privatization. Moreover, the take-up rate by eligible citizens is not known in advance, and vouchers are also issued in conjunction with land or commercial property restitution.

Large Enterprise Privatization: Large-scale privatization, carried out by the Privatization Agency (PA), has proceeded mainly through negotiation with potential buyers. The other methods stipulated in the Privatization Act (auctions and tenders, direct offer to MEBOs) were only marginally used. Privatization intermediaries were appointed to find buyers for about 13 percent of enterprises. However, the recent amendments to the Privatization Law led to a change in management of the PA. In December 2000, the new director announced that from then on other methods, including auctions and tenders, would be more widely used, in line with the new privatization strategy.

MEBOs and local investors were the main buyers, with only a relatively small share of large enterprises acquired by foreign strategic investors. Foreign investors however paid an average price more than three times higher than local investors and five times higher than MEBOs. In terms of privatization proceeds, foreign investor participation was thus much larger than implied by the small number of deals concluded.

Investment commitments and employment arrangements were incorporated in nearly 90 percent of PA deals, and obligations to pay off debt provisions in one third of the cases. Such noncash provisions in the privatization contracts allow the PA to monitor and intervene in post-privatization corporate management, up to five years following the execution of the deal. The PA can, for example, cancel a privatization contract with a buyer due to nonfulfillment of noncash provisions. These arrangements can potentially slow down the restructuring process, as many privatized companies seek to amend them in the post privatization period.

other factors, total factor productivity in a fully foreign-owned enterprise is found to be on average 45 percent higher than in state-owned domestic firms, and 12 percent higher than in private domestic firms.

21. Despite the increased inflows in recent years, the level and composition of FDI in Bulgaria still falls short of what is needed to make FDI a main engine of growth. At less than US\$400 at end-2000, Bulgaria's FDI stock in per capita terms is still significantly below that of the other EU accession countries, with the exception of Romania. Compared with the more advanced transition countries in central Europe, the share of EU investors is smaller and that of investors from neighboring non-EU countries larger. These countries, however, tend to be less rich in mobile capital and experienced multinational enterprises (Hunya, 2000). Bulgaria also lags the more advanced transition countries in attracting knowledge- and capital-based FDI, and manufacturing FDI remains concentrated in resource- and labor-intensive branches. Finally, while foreign investors are increasingly launching greenfield projects, they have as yet shown little interest in taking over and restructuring inefficient privatized enterprises.

22. The quality of the institutions underpinning the market economy and the business climate continues to suffer from significant shortcomings. While the authorities have made major efforts to put in place a market-oriented legal and regulatory framework for conducting business, significant problems in implementing this framework remain. EU and World Bank reports continue to point out problems of administrative obstacles to doing business, and weak enforcement of laws and regulations. EBRD Transition Indicators and surveys among international investors and economic experts typically rank Bulgaria behind the other EU accession candidates—except Romania—in the overall quality of domestic institutions (for an overview, see Weder, 2000). The detailed 1999 Business Environment Performance Survey administered by the EBRD and the World Bank to local enterprises similarly revealed that more remains to be done in institutional reform in Bulgaria (Hellman and Schankerman, 2000). Bulgaria (and Romania) lagged the other EU candidate countries in such areas as government capture (private influence on the formation of laws and regulations), the frequency of bribing public officials to avoid taxes and regulations, and the efficiency of government services. Bulgaria (and Romania) also scored low in terms of the proper functioning of the legal system, the quality of the judiciary, and the security of contracts and property rights. Legal and regulatory implementation and enforcement problems are reflected in the significantly larger size of Bulgaria's shadow economy compared with more advanced EU accession candidates (Eliat and Zinnes, 2000). Institutional weaknesses hinder the development of a vibrant SME sector and, by negatively affecting country risk, form an obstacle to attracting a sustained high level of FDI in a diversified range of activities.

D. Is Bulgaria's Growth Experience Unique?

23. This section reports on a panel regression exercise to assess Bulgaria's growth experience relative to other transition economies. The regression results indicate that the same factors of recovery and growth that have been dominant in other transition economies have also been in play in Bulgaria. In particular, prudent fiscal policy, trade liberalization,

and enterprise restructuring are key to raising growth potential in Bulgaria, as well as in other transition countries. Orienting production toward exports and improving energy efficiency will also help to improve growth prospects.

24. **To capture the main determinants of growth in transition economies, a simple regression model is used.** The model is estimated using data from 1991–99 covering all transition countries in Europe and the former Soviet Union.¹² The dependent variable is output growth. Explanatory variables consist of macroeconomic and structural variables that are widely used in similar studies.¹³ The macroeconomic variables are the general government fiscal balance and inflation. The structural variables include EBRD indexes of foreign exchange and trade liberalization, price liberalization, small- and large-scale privatization, and enterprise reform. To capture product orientation, the ratio of export growth to GDP growth and private sector share in the economy are included. Given the importance of the energy sector in Bulgaria, a variable capturing the intensity of energy consumption to GDP is also included in the regressions. Lags up to 2 years and differenced variables are considered.

25. **Initial conditions are estimated, rather than specified by a set of variables.** In empirical studies that focus on growth in the first decade of transition, initial conditions have received substantial attention. Most of these studies have used several structural and macroeconomic variables to capture the initial conditions, with the view that these conditions have an impact on the size and length of the transformational recession and on the recovery patterns in later years. In this study, however, the initial conditions are estimated by panel data fixed effects coefficients. The reason for such estimation is twofold. First, this study focuses on the impact of reforms and other policies during transition on recovery and growth; capturing the forces underlying the initial output decline is secondary. This focus on the more recent growth experience is facilitated by the fact that more time series data relative to many of the earlier studies are available on each country. Second, this approach allows more flexibility in the model through the estimation of country-specific characteristics. However, the fixed effects should not be interpreted as initial conditions, because the estimated coefficients not only include the initial conditions, but also country specific differences in average growth not explained by the right-hand-side variables.

26. **The results are generally in line with the conclusions of other similar studies (Table 1).** The strongest result is that more trade and foreign exchange liberalization leads to

¹² The panel data set covers 26 transition countries (Albania, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Estonia, FYR Macedonia, Georgia, Hungary, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Moldova, Poland, Romania, Russia, Slovak Republic, Slovenia, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan) over 1991–1999. It consists of macroeconomic and structural variables drawn from EBRD (2000) and U.S. Department of Energy publications (International Energy Annual 1999).

¹³ For a comprehensive review, see Campos and Coricelli (2000).

higher growth. The coefficient of that variable is strongly positive, and explains more than 50 percent of the variation in the sample. Enterprise reform also has a significant positive impact on growth. Besides these structural variables, the positive and significant coefficient of the ratio of export growth to GDP growth implies that countries with a strong export orientation tend to grow rapidly. The regression also captures the negative correlation between the intensity of energy consumption and output growth. This suggests that countries which do not improve their energy efficiency tend to grow more slowly than those which do. Regarding macroeconomic variables, lower fiscal deficits are associated significantly and positively with higher growth. However, no significant impact of inflation on output growth was evident, contrary to results in several other studies in this area. Therefore, inflation was not included in the final model. The index of financial sector liberalization was also eliminated at the final estimation stage, because intermediate results captured a positive but weak link between such liberalization and output growth.¹⁴ Likewise, the share of private sector in output, price liberalization, and small enterprise privatization seemed to have a weak impact on growth. These results are likely to be attributable more to high multicollinearity between these variables and other structural variables than to lack of any link between such reforms and growth.

Table 1. Bulgaria: Growth Regression Results on Transition Countries, 1991–1999 1/

	Coefficient	t-statistic	Probability
General government balance (in percent of GDP)	0.38	3.72	0.00
Index of trade and foreign exchange liberalization	3.78	3.37	0.00
Index of enterprise reform	2.66	1.65	0.10
Intensity of energy consumption (in percent)	-1.40	-1.90	0.06
Ratio of export growth to GDP growth (lagged once, in percent)	0.05	3.92	0.00
R-squared: 0.59; Adjusted R-squared: 0.52			
F-statistic: 60.2; Prob(F-statistic): 0.0			

Source: Staff calculations.

1/ Dependent variable is GDP growth. These results are obtained using the standard panel data fixed effects method.

27. **The estimated model explains Bulgaria's recent output growth path fairly well (Table 2).** The residuals are mostly within the margin of error. The exceptions in 1996–97 are in line with expectations, as they reflect idiosyncratic events in Bulgaria, namely a severe

¹⁴ A strong link between GDP per capita and banking sector development was found in Jaffee and Levonian (2000).

banking and foreign exchange crisis. While there does not seem to be a general systematic bias in the residuals, growth in the earlier years is underpredicted. The model predicts output growth since the 1996–97 crisis well.

Table 2. Bulgaria: Fitted and Actual Growth Paths, 1992–1999
(In percent)

	1992	1993	1994	1995	1996	1997	1998	1999
Actual growth	-7.3	-1.5	1.8	2.1	-10.9	-6.9	3.5	2.4
Fitted growth	-10.3	-9.3	-1.0	-1.7	-2.6	1.5	3.2	3.4
Residual	3.0	7.8	2.8	3.8	-8.3	-8.4	0.3	-1.0

Source: EBRD Transition Reports, and staff calculations.

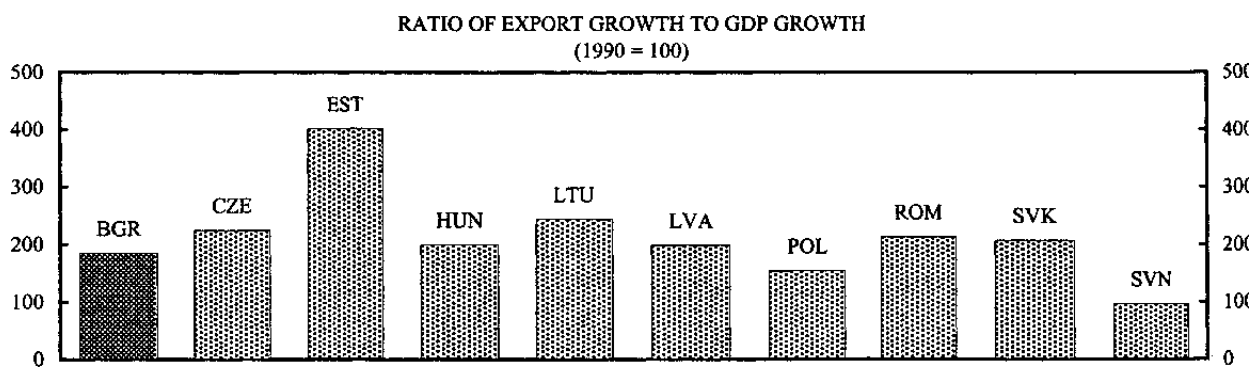
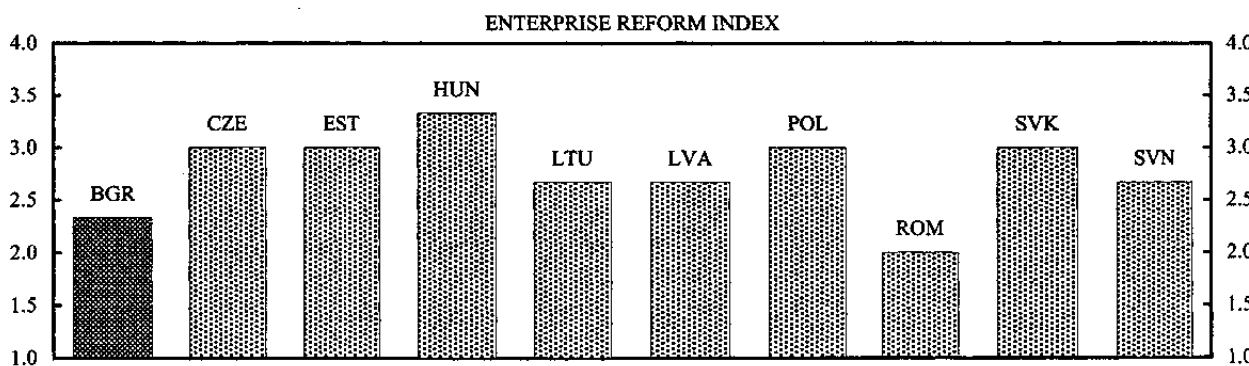
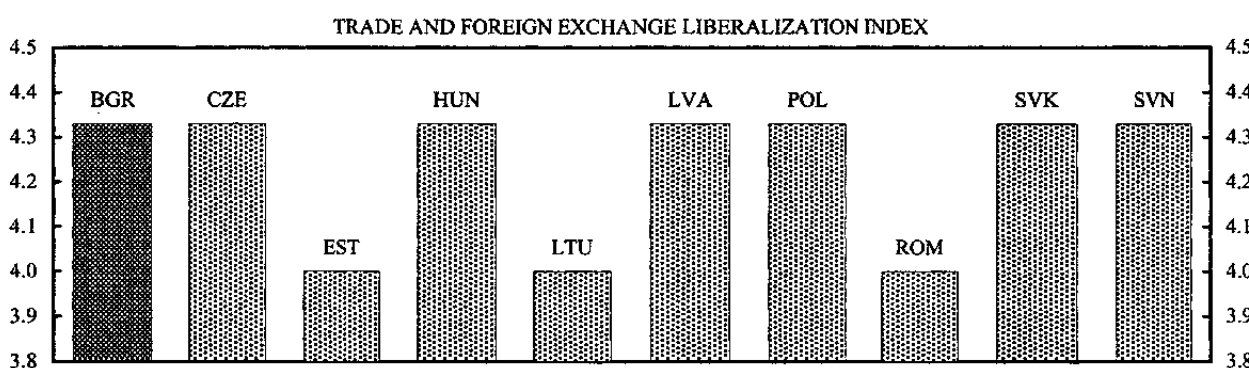
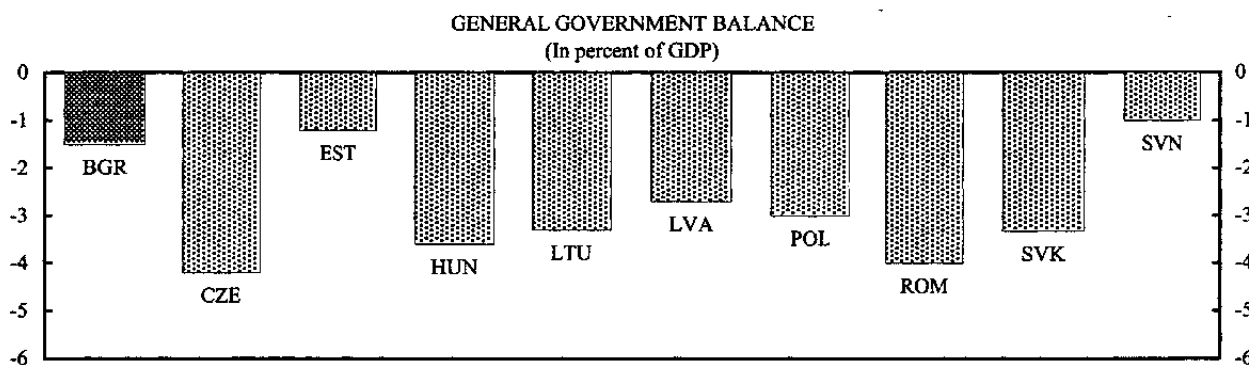
28. **The policy message from this analysis is clear.** Bulgaria is no special case: policies that have been beneficial for growth in other transition countries work in Bulgaria as well.¹⁵ Hence, part of the economic recovery since 1997 can be attributed to improved policies under the currency board arrangement. To promote rapid growth in future, the Bulgarian authorities would be well advised to continue with prudent fiscal policy, trade liberalization, and enterprise restructuring. Orienting production toward exports and improving energy efficiency will also help to improve Bulgaria's growth prospects. Figure 7 shows Bulgaria's relative position among the EU accession countries in these areas. While Bulgaria scores high in fiscal prudence and trade liberalization, it has some catching up to do in other areas.

E. Bulgaria's Long-Term Growth Potential

29. **This section estimates Bulgaria's long-term growth potential based on two approaches.** The results from both approaches suggest that the growth rates of 5–5½ percent targeted by the authorities are feasible, but require major efforts. The first approach uses growth regressions for a large sample of market economies. The analysis suggest that Bulgaria could sustain annual GDP growth at about 5 percent if it raises the investment rate

¹⁵ The policy lessons from the first decade of transition in these countries, as well as the policy agenda for the future, are discussed extensively in the October 2000 World Economic Outlook Report (International Monetary Fund, 2000).

Figure 7. Bulgaria: Factors of Growth in Selected Transition Economies, 1999-2000



Sources: EBRD, U.S. Department of Energy, and IMF staff calculations.

from the present 16 percent to about 20 percent and steadily improves its institutions to the standards reached by the most advanced transition countries. The second approach is based on growth accounting. It highlights three factors that are crucial for sustained GDP growth of 5 percent or more: (i) investment rates of 20 percent or more to achieve capital accumulation rates comparable to those of other accession countries, (ii) increases in the employment rate, the participation rate, and human capital to raise the effective labor input and offset the impact of negative demographics, and (iii) continued structural reforms to achieve annual growth in total factor productivity (TFP) of about 2 percent.

Growth regression approach

30. **Cross-country regressions based on the extended neoclassical growth model relate a country's medium-term per capita growth to its initial productivity level, investment rates in human and physical capital, and the population growth rate.** The model predicts that the higher the investment rates and the lower the population growth rate, the higher the steady-state per capita output and the projected growth rate will be, for a given initial per capita output (Barro, 1991; and Levine and Renelt—hereafter LR—1992). This approach is consistent with the conditional convergence hypothesis, according to which poorer countries catch up with richer ones, conditional on their investment rates in human and physical capital (Mankiw, Romer, and Weil, 1992). By contrast, once countries reach their steady states, output per worker is assumed to grow at the exogenous rate of technical progress.

31. **Applied to transition countries, this approach has a number of shortcomings, including measurement problems for human capital and the informal sector, and the omission of institutional quality.** The coefficients in the benchmark Barro (1991) and LR (1992) growth regressions were obtained using data for market economies. While these coefficients can in principle also be used to assess the longer-run growth prospects of transition economies, the results need to be interpreted carefully, for several reasons. First, school enrollment rates are quite high in these countries, but the skills acquired do not necessarily correspond to the needs of a market economy. Hence, using these rates as proxies for human capital investment, a standard practice in the growth regression literature, may result in an overestimation of the actual increase in the stock of human capital (Micklewright, 1999; EBRD, 2000; and Crafts and Kaiser— hereafter CK—2001). Second, the informal sector is usually quite large in transition countries. Ignoring this sector could lead to overstating the initial income gap, or the scope for catching up. Finally, the quality of institutions (as evidenced in property rights, governance, enforceability of contracts, etc.) is generally not up to market economy standards in countries which are still halfway through their reform agenda. Taking into account the negative effect of weak institutions on steady-state productivity would, as such, give lower growth projections.¹⁶ But including the quality

¹⁶ See EBRD (1997), based on an equation taken from Knack (1996). The effect of institutional quality, measured by the World Bank rule of law indicator, is significant and higher than that of secondary school enrollment, even when instrumenting institutional quality to account for a potential simultaneity bias (CK). See also Knack and Keefer (1995)

(continued)

of institutions in the growth equation also has indirect offsetting effects: it yields a higher coefficient for initial income (boosting the catch-up effect) and lowers the coefficients on investment and schooling (mitigating the effect of low investment rates). The net effect on growth projections may therefore be positive in some countries.

32. Given significant scope for catching up, annual GDP growth in Bulgaria could reach 5–5½ percent on a sustained basis, provided investment rates are raised to about 20 percent and the institutional quality gap with more advanced accession countries is closed. This conclusion is based on the application of the CK study to Bulgaria's case, and can be derived as follows:

- **The baseline calculations in the CK study suggest sustainable growth rates in the 3–4 percent range, assuming unchanged investment rates and institutional quality.** These calculations use data from 1998. At that time, Bulgaria's per capita GDP (PPP adjusted) was the lowest of all EU accession candidates, and only one fourth of the EU average. Bulgaria also had by far the lowest investment rate of all accession candidates (12 percent, or less than half of the average), it lagged behind other accession candidates in institutional quality, and its secondary school enrollment rate at 77 percent was below the average. Based on these data and the assumption of unchanged investment rates and institutional quality, Bulgaria's per capita growth is projected at 3.1–3.9 percent.¹⁷ The low estimate is based on an equation that adjusts for the informal sector but excludes institutional quality as an explanatory variable, while the high estimate is obtained by both adjusting for the informal sector and including institutional quality. If Bulgaria's population continues to decline at the recent trend rate of 0.6 percent per annum, the growth rate of GDP would be lower by that amount. However, this analysis is based on unchanged investment rates and institutional quality. In 1999–2000, the investment rate had already risen to 16 percent. Institutional quality has also likely increased since 1998, given accelerated institutional and structural reform in the run-up to EU accession. Both factors have a considerable impact on growth projections.

and Mauro (1995) for early cross-country empirical evidence of the effect of institutional quality and corruption on growth performance. These studies used expert ratings from country risk guides sold to foreign investors as measures of institutional quality, red tape, and corruption.

¹⁷ The per capita growth rates projected for Bulgaria are among the lowest that the CK study estimated for transition economies. The projected growth rate for Russia was comparable to that of Bulgaria, and only Albania and Georgia had lower rates.

- **A sustained increase in the investment rate to 20 percent raises the projected per capita growth rate to 4.7 percent.**¹⁸ Given the likely continued decline in population, this yields a projected annual GDP growth rate of 4–4½ percent.
- **Closing the institutional quality gap with advanced accession countries could raise GDP growth further to 5–5½ percent.** Based on the CK results, closing the institutional quality gap with Hungary and Slovenia would raise the projected growth rate by one percentage point. The projection would increase by 0.6 percentage points, if institutional quality was brought to the level of Poland, the Czech Republic, or Estonia in 1998.

Growth accounting approach

33. **Long-term growth projections can also be obtained from a growth accounting exercise, based on projected TFP and factor growth.** In this approach, a country's long-term growth reflects its rate of factor accumulation and productivity gains. If there are no externalities to investment, the contribution of factor accumulation can be computed assuming elasticities with respect to capital and labor equal to their income shares, with the residual ascribed to productivity gains. This is the approach followed in most of the literature, including Bosworth and Collins (1996) and CK. Alternatively, one could obtain estimates of these elasticities using a regression of output growth on capital accumulation and labor force growth (for example, Benhabib and Spiegel, 1994). This second approach generally yields higher capital coefficients, on the order of 0.5 to 0.6, supporting the hypothesis that investment has positive externalities. These results should, however, be interpreted with caution, as they likely reflect simultaneity problems that are difficult to correct given the lack of adequate instruments for capital accumulation. In view of these uncertainties, this study follows the conventional approach, using assumed factor shares as estimates of the elasticities.

34. **Based on growth accounting, potential growth in Bulgaria is in the range of 4 to 6 percent per year, depending on demographics, investment, and TFP growth assumptions (Table 3).** Achieving GDP growth of about 5 percent requires (i) an increase in the investment rate to about 20 percent, (ii) continued restructuring and supporting economic policies to foster TFP growth of 2 percent per year, and (iii) increases in the labor force participation rate and the employment rate to outweigh the impact of adverse demographics (declining working-age population). Scenarios with even higher growth can be constructed, but they require extremely high investment rates to sustain the higher capital-output ratios. Hence, a realistic growth projection would be around 5 percent per annum, similar to that of

¹⁸ The CK study considers the investment rate to be exogenous. However, as discussed in paragraph 36 below, higher investment rates are unlikely to materialize unless there is a further improvement in the quality of institutions.

other accession countries, with the greater scope for productivity gains in Bulgaria offsetting the effect of more negative demographics.¹⁹

Table 3. Growth Prospects for Bulgaria Based on Growth Accounting
(In percent)

DY/Y 1/	DK/K	DL/L	TFP	DK/K- DY/Y	Deprec.	K0/Y0 2/	GDI0 3/	K1/Y1 2/	GDI1 3/	GDI AV 3/
6.0	11.7	0.7	2.0	5.7	5	1.5	25	4.5	76	50
5.5	11.7	0.0	2.0	6.2	5	1.5	25	5.0	83	54
4.8	8.3	0.5	2.0	3.5	5	1.5	20	3.0	39	30
4.5	8.3	0.0	2.0	4.5	5	1.5	20	3.6	48	34
4.0	5.7	0.4	2.0	1.7	5	1.5	16	2.1	22	19

Source: Staff calculations.

1/ $DY/Y = 0.3 * DK/K + 0.7 * DL/L + TFP$, where Y: GDP growth, K: capital stock growth, L: labor input growth, TFP: TFP growth, and D: difference operator.

2/ $K1/Y1 = (K0/Y0) * [1 + (DK/K - DY/Y)/100]^{20}$, where K0: initial capital stock, and K1: capital stock 20 years from now.

3/ GDI0: initial investment rate; GDI1: investment rate 20 years from now; GDI AV: average of initial and final investment rates.

35. **The detailed assumptions underlying these projections are as follows:**

- **The negative impact of Bulgaria's demographics on the growth of labor input is more than offset by the impact of increases in human capital and the participation and employment rates.** The projected decline in working-age population of 0.7 percent lowers GDP growth by one half of a percentage point, assuming a labor share of 70 percent. However, this calculation is based on unchanged participation and employment rates. Both have experienced a steep decline in Bulgaria: the participation rate fell from 86 percent in 1990 to 71 percent in 1999, and the employment rate from 85 to 59 percent. If the participation and employment rates recovered moderately (a full recovery has typically not happened in other transition countries), labor input would be broadly unchanged despite the declining working-age population. Moreover, improvements in human capital can also be expected, through learning by doing and through experience from working in

¹⁹ In 1998, investment rates in other accession countries ranged from 20 percent in Latvia to more than 30 percent in the Czech Republic and the Slovak Republic, and their demographics were generally more favorable than Bulgaria's. However, there is less scope in these countries for productivity gains from restructuring of the economy, as they are more advanced in the transition process. Potential growth should consequently be in the same range as Bulgaria, based on a similar analysis, but assuming somewhat lower TFP growth (in the range of 1-1½ percent per year).

a more market-oriented economy. This would raise effective labor input growth by about one half of a percentage point (Fernandez and Mauro, 2000). All in all, a modest growth in effective labor input of at least some ½ percentage point can be expected in Bulgaria.

- **The contribution of capital accumulation to GDP growth is 1½–2½ percentage points annually, corresponding to investment rates of 16–20 percent.** In Bulgaria, as in other transition economies, even low investment-to-GDP ratios lead to relatively high capital accumulation, given the low initial level of the capital-output ratio. The capital-output ratio in 1989, the last pre-transition year, was 1.6. No precise estimates of the present capital-output ratio are available, but it is unlikely to be markedly lower than 1.6: although much of capital became obsolete at the onset of transition (as discussed in Borensztein and Montiel, 1991, and De Broeck and Koen, 2000) and the investment rate was low in the 1990s, output fell sharply during the first half of the decade and still remains some 30 percent below its 1989 level. For the purposes of this study, the present capital-output ratio in Bulgaria is assumed to be 1.5.²⁰ With the present investment rate of 16 percent, this would imply capital growth of 5.7 percent per annum, assuming a depreciation rate equal to 5 percent.²¹ Based on a capital share of 0.3, the contribution to growth is 1.5 percentage points annually. A higher investment rate of 20 percent would yield projected capital growth of over 8 percent, with a contribution of 2.5 percentage points to GDP growth. In both scenarios, capital grows faster than output, leading to an increase over time in the capital-output ratio that needs to be sustained by higher investment rates. In the two scenarios, investment rates would need to increase over a 20-year period to about 20 and 40 percent, respectively.
- **Annual TFP growth is on the order of 2 percent, reflecting not only technical progress but also productivity gains from restructuring.** For a large sample of developing countries during 1960–94, Bosworth and Collins (1996) find average TFP growth of about 2 percent per annum, provided appropriate policies and strong institutions are in place. The post-EU accession experiences of Greece and Ireland also suggest a potential for productivity gains of that order of magnitude (CK). In addition to FDI-related transfer of knowledge and innovations, productivity gains can result from the reallocation of capital and labor from low to high-productivity sectors—typically from agriculture to industry and services. This was the experience of more advanced transition countries. In Bulgaria, which is a late starter in transition, the scope for such productivity gains remains high. Agriculture still represented one

²⁰ This is consistent with available estimates of the Hungarian capital-output ratio at 1.72 (Darvas and Simon, 2000).

²¹ This relatively low depreciation rate is consistent with the assumption that an important part of the old capital stock was scrapped at the onset of transition. New investment is likely to depreciate at a relatively low rate.

fifth of GDP in 1999 and more than one-fourth of employment, while the share of services in both GDP and employment was less than 50 percent. There is also scope for substantial restructuring and efficiency gains at the firm level, as the high share of insider deals and weak corporate governance have slowed restructuring in newly privatized firms. Provided structural reforms continue apace, TFP growth can well be expected to reach 2 percent per year. However, it could be zero or even negative if institutional and economic reforms stall.

36. **The authorities' aspirations to join the EU should have a positive impact on TFP growth and private investment prospects, increasing the likelihood of high growth rates in the 5–5½ percent range.** The prospect of EU membership can be expected to have a strong positive effect on the pace of reform in accession countries (Berglof and Roland, 2000). So far, the analysis has assumed that the impact of institutional reform on growth works only through TFP growth. But the impact could be even higher if potential positive effects on private investment were also taken into account. Institutional improvements can lead to higher investment by establishing a rules-based environment and thus lowering uncertainty below the threshold necessary for businesses to invest. There is both theoretical and empirical support for this hypothesis (see Serven, 1997, for a useful survey, and Mauro, 1995, and Poirson, 1998, for empirical cross-country evidence). Accelerated institutional reform would in this view allow Bulgaria to achieve simultaneously the objectives of high investment and TFP growth, required for high potential growth rates to materialize.

37. **Bulgaria needs to sustain very high growth rates to achieve its goal of integration with Europe.** The targeted rates around 5 percent appear high as such, but do not result in rapid convergence. Even with per capita growth of 5.5 percent, Bulgaria would take almost 50 years to close the income gap with the EU, assuming that per capita income in the EU grows at 2 percent per year on average.

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II. TRADE LIBERALIZATION IN BULGARIA¹

A. Introduction

1. **After little reform in the early years of transition, Bulgaria started trade liberalization in earnest in 1997.** Despite some liberalization in the early 1990s, mainly on the tariff side, Bulgaria's trade policy remained characterized by a large degree of administrative discretion and restrictiveness until 1997. As the general policy direction changed with the new government that took office in the middle of that year, trade liberalization became a major pillar of the transition process, along with macroeconomic stabilization, price liberalization, enterprise privatization, and financial sector reform. The aim of the trade reform was to correct distortions in the trade and production patterns created by CMEA specialization, restore the incentives for economic activity, and integrate Bulgaria into the world economy. Like its neighbors, Bulgaria used all avenues to liberalize trade—multilateral agreements, regional initiatives, and unilateral steps—although the biggest progress seems to have been achieved unilaterally, under Fund-supported programs.

2. **Since 1997, Bulgaria has made major progress.** The outcome of this multi-pronged policy has been a complete elimination of quantitative restrictions and major rationalization of the tariff regime. Reforms under two Fund-supported programs (a stand-by arrangement signed in April 1997, and an extended arrangement signed in September 1998) improved Bulgaria's rating under the Fund's Trade Restrictiveness Index from 7 (a moderately restrictive regime) to 2 (liberal trade regime). While the pace of reform has been rapid, trade barriers have been dismantled step by step, and in conjunction with domestic reforms.

3. **Despite the good progress, regional integration requires further liberalization and simplification of the trade system.** At 12.4 percent, Bulgaria's simple average tariff rate remains nearly twice as high as that of the EU, and somewhat above the rates in the neighboring countries. In addition, the tariff regime remains complex and dispersed, with as many as 22 tariff bands. Important sectors of the Bulgarian economy, particularly agriculture and heavy industries, continue to benefit from higher-than-average levels of protection, retarding their adaptation to a very competitive European market. More can be done to achieve a simpler and more liberal tariff system that would be easier for the government to administer, better for economic efficiency, and more attractive to investors and traders.

4. **This paper takes stock of the strengths and weaknesses of Bulgaria's present trade regime, explains the benefits from further liberalization, and outlines a medium-term reform strategy.** The paper argues in particular that the level and dispersion of MFN tariffs should be reduced toward EU standards. This would place Bulgaria in a better competitive position to meet the challenges of regional integration and minimize the cost of adopting the EU Common External Tariff at the time of accession.

¹ Prepared by Marc Auboin.

B. Bulgaria's Trade Liberalization Process so Far

5. **Until the late 1990s, Bulgaria's trade regime was highly restrictive and distortionary.** A first round of tariff liberalization took place in the early 1990s, after the collapse of the CMEA, to prevent disruptions in the chain of industrial supplies. While the average industrial tariff rate was reduced to about 20 percent at that time, little additional progress was made for a number of years. The trade system continued to be geared at protecting unreformed sectors, such as agriculture and heavy industries, from international competition through a complex combination of tariffs, nontariff barriers, and export restrictions.
6. **The overall level of protection even increased in 1996-97, when the country experienced a banking and balance-of-payments crisis and near hyperinflation.** At that time, the authorities introduced a 5 percent import surcharge on about half of imports, raised maximum tariffs in agriculture (to 120 percent), and subjected imports and exports of "priority" goods to tight monitoring through a complex array of quantitative restrictions and licensing requirements. Temporary import quotas and import tariffs applied to hundreds of products, and were often subject to variation on a quarterly basis. The purpose of the restrictive measures was twofold: (i) to monitor and regulate the imports and exports of products, such as cereals and cooking oil, viewed as essential for domestic consumption; and (ii) to restrict exports of raw materials and inputs used by domestic producers in "priority" sectors. By the time a new government took office in 1997, the trade system had reached a level of administrative discretion and micro management that clearly discouraged trade and investment in the country.
7. **Since the crisis, Bulgaria has followed a multipronged strategy of trade liberalization.** This strategy has been implemented through multilateral agreements, regional initiatives, and unilateral steps.
8. **Accession to the WTO in December 1996 was a first step in the reform process.** While it brought limited improvements in access, it increased the stability and security of the trade regime. Bulgaria essentially bound existing access conditions, and agreed on a schedule of limited reductions in bound rates for industrial and agricultural products. The schedule envisaged a reduction in the unweighted average industrial tariff from 25 percent in 1998 to 24 percent in 2002. For agriculture, the envisaged reduction was from 59 to 46 percent during the same period. The binding of the tariffs was particularly welcome for traders as it marked a break from the earlier practice of finetuning tariffs. As part of the WTO accession, Bulgaria also committed itself to adhere to a large number of rules and regulations, many of which affected and continue to affect domestic policies by constraining the authorities in providing assistance to domestic firms. The rules cover a wide array of policy areas, including budget subsidies, tax and investment incentives, and export promotion.
9. **Under the Europe Agreement, Bulgaria has gradually liberalized trade with EU countries.** Like the agreements with neighboring countries, the Europe Agreement of 1993 with Bulgaria set a ten-year transition period to bring about reciprocal free trade with EU

countries for nearly all products. Upon the entry into force of the agreement, the EU abolished duties and quantitative restrictions for most of Bulgaria's industrial products. It also removed the duties on Bulgaria's textiles and clothing products from the beginning of 1997, and quantitative restrictions on these products a year later. For its part, Bulgaria has been phasing out tariffs on industrial imports more gradually, as provided by the agreement. However, as of January 1, 2001, most EU industrial exports entered Bulgaria duty free (the average rate for EU industrial goods is 1 percent). The Europe Agreement also provides for the gradual liberalization of bilateral trade in agricultural and processed agricultural products, albeit with much longer transition periods. Further concessions than those contained in the initial agreement were introduced by the EU in 1996, to compensate for the reduction of preference margins linked to Uruguay Round results, and the enlargement of the Union in 1995.² In addition, new concessions have been exchanged during negotiations concluded in mid-2000, allowing for two thirds of Bulgarian agricultural products to be exempt of duties in the EU. Bulgaria also offered concessions in agriculture to EU products, although the average tariff rate for EU agricultural imports remains around 21 percent in 2001.

10. **Bulgaria has also negotiated free-trade agreements with other countries.** Since the early 1990s, Bulgaria has had a free-trade agreement with EFTA. In 1999, Bulgaria became a member of CEFTA, and signed free-trade agreements with Turkey and FYR Macedonia. As under the free-trade agreements with the EU and EFTA, Bulgaria's commitments under the CEFTA involve the dismantling of tariff on industrial products by 2002, and the reduction of tariffs on industrial products to around 25 percent. Negotiations for a free-trade agreement with Lithuania were concluded in 2000, but signature is pending. Bulgaria is also negotiating with Latvia, Estonia, and Israel, and has initiated technical consultations with Croatia and Morocco. In terms of structure, contents, and timetable, the bilateral free-trade agreements are broadly modeled on the Europe Agreement. The objective is to create a network of free-trade agreements contributing to the formation of a wide, pan-European free market for goods and services. While the provisions of these agreements regarding agriculture and services differ, the liberalization schedules for industrial products are nearly identical. Bulgaria has also agreements with most non-WTO members to exchange MFN treatment.

11. **In addition to multilateral and regional commitments, Bulgaria has liberalized trade on a unilateral basis, under Fund-supported programs.** Reflecting uneven efforts to dismantle state monopolies, obstacles to exports, and the complex machinery of controls and restrictions affecting trade in general, Bulgaria's trade regime was still relatively restrictive at

² With regard to Uruguay Round results, the EU agreed to maintain preferential margins applied to EA products. Furthermore, all tariff quotas affecting EA products were increased by 25 percent in volume terms by 2000, with a duty preference of 80 percent. As for EU enlargement, the agreement ensured that the concessions granted under previous bilateral arrangements between the central and eastern European countries and acceding countries remain unchanged.

the onset of the 14-month stand-by arrangement (SBA) signed in April 1997. The rating of 7 on the Fund's 10-point index of aggregate trade restrictiveness reflected the combined use of high tariffs and nontariff barriers in sensitive areas.³ The SBA and the subsequent three-year extended arrangement signed in September 1998 therefore focused on the removal of nontariff barriers as well as export bans and taxes, the elimination (ahead of schedule) of the import surcharge, and the reduction of average tariffs. These reforms were designed to bring the Fund's rating down to 2 by 2001. The government's Fund-supported programs also addressed certain elements of the trade regime not incorporated in the Fund's index, such as tariff dispersion and tariff exemptions. Underlying the design of trade measures was the recognition by both the authorities and Fund staff that significant progress in trade liberalization was needed for the authorities to achieve the goals of their program, namely rapid sustained growth and a move toward a fully functioning market economy (Box 1).

12. While initial steps were made under the SBA, the bulk of the liberalization was achieved under the extended arrangement. The SBA essentially achieved a reduction of the 5 percent import surcharge, and a reduction—in the case of cereals, elimination—of export taxes. Limited progress was achieved on other fronts. Thus, the 1998 tariff schedule continued to reflect wide dispersion (64 bands), relatively high average tariffs (18 percent simple average rate, 15.3 percent for nonagricultural products, and 27.5 percent for agricultural products) and high maximum tariffs in agriculture. Under the extended arrangement, the authorities undertook a more complete and systematic elimination of all nontariff measures, affecting both exports and imports, and gradually reduced average tariffs. A detailed description of the trade policy measures under the extended arrangement is provided in Table 1, while Table 2 displays indicators of progress in trade liberalization under the two Fund-supported programs.

13. The Fund-supported trade reform program was implemented step by step, in line with the structural transformation of the economy. The dismantling of import substitution policies inherited from the socialist period was a delicate exercise, as complex forward and backward links had been created to ensure self-sufficiency in “strategic products” or perpetuate old CMEA specialization. Reforms therefore had to be implemented hand in hand with the deregulation of domestic prices and the privatization of state-owned enterprises. Reforms also needed to be prioritized. In this regard, the most distortionary trade barriers, such as the quantitative restrictions on exports and imports, were removed first. The measures and their phasing were specified in detail in the a structural policy matrix which was updated during program reviews. It is testimony to the authorities' strong commitment to trade reform that almost all trade policy measures agreed under the two Fund-supported programs were implemented fully and on schedule.

³ The index was developed in the International Monetary Fund (1997). While the index covers the most critical elements of trade restrictiveness, such as tariff levels and nontariff barriers, it does not incorporate other elements, such as tariff dispersion.

Box 1. The Role of Trade Liberalization in Bulgaria's Recent Fund-Supported Programs

The two recent programs had somewhat different objectives. The 1997–98 program supported under the SBA came at the heels of the 1996–97 foreign exchange and banking crisis, and was designed to achieve macroeconomic stabilization through a currency board arrangement, while initiating long-delayed structural reform to create a foundation for self-sustaining growth. The 1998–2001 program supported under the extended arrangement was aimed at creating high sustained growth and a competitive market economy.

Trade liberalization supported these objectives in several ways:

- **It helped to strengthen external viability by improving export competitiveness.** Trade reform reduces the anti-export-bias in domestic policies and promotes an open business environment that attracts foreign direct investment. The anti-export bias is reduced through the elimination of direct export controls (taxes and bans) and indirect impediments to competitiveness, such as high and distortionary import tariffs, or local-content requirements imposed on domestic producers. These controls and impediments raise production costs for exporters, or reduce their ability to obtain quality inputs at internationally competitive prices.
- **It fostered long-term economic growth by improving the efficiency of resource allocation.** Trade barriers tend to divert labor and capital from their most efficient use, by artificially increasing the rate of return on factors of production in protected sectors. This leads to a suboptimal mix of production, investment, and consumption, reducing the economy's growth potential. Trade reform improves the efficiency of resource allocation by removing distortions and creating the proper incentives for economic activity.
- **It contributed to Bulgaria's integration into the world economy.** Many countries that have engaged in deep trade reform in the past two decades have been able to sustain high rates of export growth over extended periods. Bulgaria's rapid export growth since mid-1999, following a period of decline associated with the 1996–97 crisis and external shocks (especially the war in neighboring Kosovo), can in part be attributed to trade liberalization, although the full effect of the reforms is likely yet to materialize.
- **Trade liberalization also helped to improve transparency and governance.** Complex, discretionary trade regimes are breeding grounds for rent-seeking activities and corruption. Liberalization and simplification of the trade regime can only serve to reduce these activities.

Table 1. Bulgaria: Trade Measures Under the Extended Arrangement, 1998–2001

Trade Measures	Type of Monitoring 1/	Target Date	Full Implementation?
Abolish remaining export taxes (sunflower seeds, woods, live animals, hides and skin, wool, scrap metals, copper products).	SB	10-98 and 01-99	Yes
Abolish export taxes on lumber.	SB	Jan-00	Yes
Abolish the prohibition on exports of unfermented tobacco.	M	Jan-99	Yes, with delay (see below)
Reduce the import surcharge to 2 percent.	M	Jul-98	Yes
Pass a Decree abolishing the surcharge with effect from January 1, 1999.	M	Aug-98	Yes
Abolish registration (automatic licensing) requirements for selected products.	SB	Jan-99	Yes
Abolish registration (automatic licensing) requirements for selected products.	SB	Jan-00	Yes
Abolish permit (non-automatic licensing) requirements for imports of natural gas and exports of live animals.	SB	Jan-99	Yes
Pass a Grain Act that replaces quality controls on cereals trade with voluntary quality standards.	SB	Dec-98	Yes
Refrain from introducing new temporary tariff exemptions and tariff quotas.	SB	Continuous	Yes
Reduce import tariffs for refined fuel oil.	M	Program Period	Yes
Issue a 1999 Trade Decree (to take effect on Jan 1) eliminating tariff quotas and tariff exemptions; lowering the MFN tariffs for non-agricultural goods to 14 percent (average) and 35 percent (maximum), and for agricultural goods to 26 percent (average) and 74 percent (maximum); reducing the number of tariff bands to 40-45; and reducing tariff dispersion.	SB	Dec-98	Yes
Issue a 2000 Trade Decree (to take effect on January 1) lowering the MFN tariff for non-agricultural goods to 11 percent (average) and for agricultural goods to 24 percent lowering the maximum tariff in industry to 30 percent and reducing the number of tariff bands to 25.	SB	Dec-99	Yes
Issue a 2001 Trade Decree (to take effect on January 1) lowering the MFN tariff for non-agricultural goods to 10 percent (average) and for agricultural goods to 22 percent (average).	SB	Dec-00	Yes
Execute tenders for the privatization of 12 state-trading companies with foreign trading operations by end-1998 and for the remaining 21 companies by end-1999.	SB	As specified	Yes
Amend the Tobacco Act to make removal of export prohibition on tobacco effective from July 1, 2000.	M	Jul-00	Yes
Reduce the number of tariff bands to 22.	M	Dec-00	Yes
Complete privatization/liquidation of state trading enterprises.	M	Dec-00	No, but good progress

Table 2. Bulgaria: Trade Regime, 1992-2001
(In percent, unless otherwise indicated)

	1992	1997	2000	2001
Tariffs				
All products				
Simple unweighted tariff average	18.0	16.8	13.8	12.4
Maximum tariff	55.0	120.0	74.0	74.0
Minimum tariff	5.0	0.0	0.0	0.0
Number of tariff bands	6	64	25	22
Number of tariff lines	5,863	9,374	10,539	10,499
Import surcharge 1/	15.0	4.0	Eliminated	None
Manufacturing				
Simple unweighted tariff average	16.7	15.5	11.0	10.0
Maximum tariff	40.0	40.0	30.0	30.0
Minimum tariff	5.0	5.0	0.0	0.0
Agriculture				
Simple unweighted tariff average	26.0	27.6	24.0	22.0
Maximum tariff	55.0	120.0	74.0	74.0
Minimum tariff	0	0	0	0
Quantitative restrictions on imports	Yes	Yes	Eliminated	None
Export bans	Yes	13 HS Chapters	Eliminated	None
Export taxes	Yes	Yes	Eliminated	None

Sources: Data provided by the Bulgarian authorities; and staff estimates.

1/ Introduced in 1991 and eliminated in 1992; a five percent surcharge was re-introduced in 1996, and dismantled in 1998.

C. Current Status of the Trade Regime

14. **Bulgaria has now achieved an open trade regime by international standards.** With a present rating under the Fund's Index of Trade Restrictiveness of 2 (liberal trade regime), Bulgaria is among the 20 percent most open members of the Fund. Bulgaria also compares relatively well regionally, slightly behind very open countries such as the Baltic countries and the Czech and Slovak Republics (rated 1 under the Fund's Index), but before the somewhat more restrictive regimes of Hungary (5), Slovenia (5), Romania (4) and Poland (3). Bulgaria has a better rating than the European Union (4), which maintains nontariff barriers.

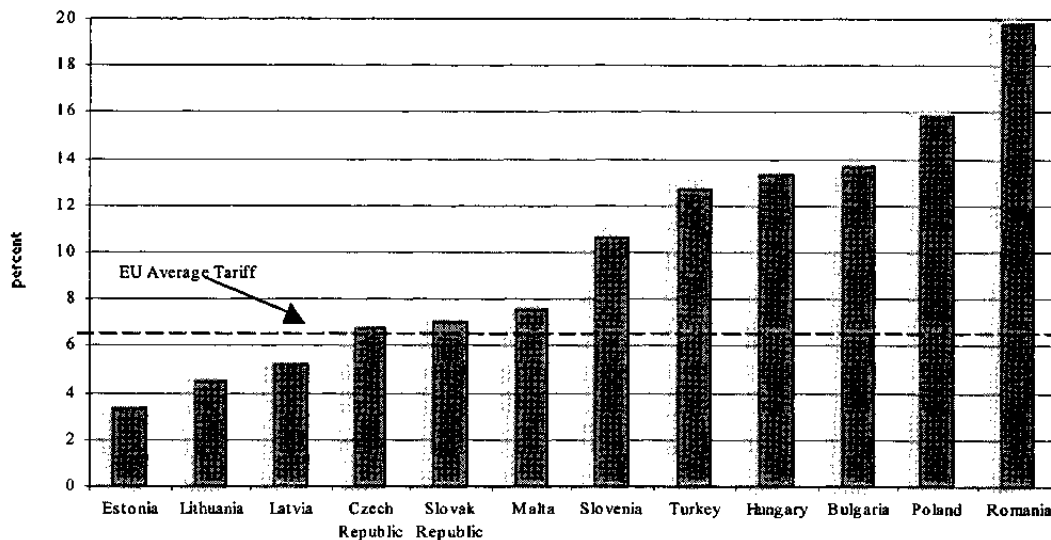
15. **Under the Fund's Index, Bulgaria is given particular credit for the elimination of nontariff barriers.** The Fund's Index provides a premium for the elimination of nontariff barriers, which are generally the most restrictive feature of trade regimes. As indicated above, the removal by Bulgaria's of the wide array of quantitative restrictions on imports and exports was the main success of its trade reform program: all nonautomatic import licensing requirements have now been dismantled; import commodity monitoring has been abandoned; and restrictions to exports have been phased out. While all state-trading companies have not yet been full privatized (tenders have been issued), few of them actually still operate.

16. **Bulgaria's average MFN tariff is around the world's average, but remains higher than its many of its neighbors and the EU.** The simple unweighted average MFN tariff stands at 12.4 percent in 2001, with applied tariffs ranging from 0 to 74 percent. The number of tariff bands was reduced to sharply under the extended arrangement, from 64 to 22, but remains high by international standards. Agricultural goods continue to benefit from higher protection than the rest of the economy, with an average MFN tariff of 22 percent. The average MFN tariff on industrial goods stands at 10 percent in 2001, with peaks of 30 percent for industries such as chemicals, wood products, paper, footwear, ceramics and glass, and trucks. Among EU candidate countries, only Romania and Poland have higher MFN tariff averages than Bulgaria (Figure 1).⁴ When taking into account the incidence of regional agreements, however, Bulgaria's tariff protection is globally lower, which is also the case for all its partners. In 1999 (the latest year for which comparable data are available), Bulgaria's average applied tariff stood at 9.4 percent, compared with an average MFN tariff of 15.2 percent.⁵

⁴ Since 2001 data were not available for all countries, the comparison applies to 2000.

⁵ European Commission (2000).

Figure 1. EU Candidates: Simple Average Import Tariffs, 2000



Source: Trade Policy Information Database (TPID).

D. Future Trade Reform

17. **The Bulgarian authorities have indicated their commitment to liberalize and simplify the trade regime further.** To this end, they are developing a multiyear schedule aimed at harmonizing Bulgaria's tariff policy with that of the EU, taking into account the implementation of WTO agreements.

18. **To help focus the authorities' efforts, this concluding section outlines the rationale for and desirable direction of future trade liberalization in Bulgaria.** As Bulgaria has already achieved a fairly liberal trade regime, the pace of future reforms does not need to be markedly faster than in the past four years. Nevertheless, Bulgaria would gain substantially from further trade liberalization: it would strengthen Bulgaria's competitive position in the region, reduce adjustment costs at the time of EU accession, maintain the momentum for reforms in the lagging sectors, minimize the potential for trade diversion, and consolidate macroeconomic stability. As for the direction of future reform, Bulgaria would be well advised to reduce its average MFN tariffs steadily to EU levels, cut the number of tariff bands further, and lower the still high maximum tariff rate. These points are elaborated below.

19. **Although Bulgaria's trade reforms are well advanced, several factors suggest the need for further liberalization:**

- **Bulgaria needs to keep up with regional competition.** Bulgaria's tariff protection remains above the average for the region. Also, once Hungary and Slovenia dismantle their remaining quotas (one or two in each case), their rating will fall to Bulgaria's level, leaving only Poland and Romania with more restrictive trade regimes. Given

that a liberal trade regime is an important element of competitiveness, and that Bulgaria has initiated reforms in this domain later than most of its competitors (thereby suffering from a possible “credibility gap”), Bulgaria would benefit substantially from reducing its protection at least toward the average of its best competitors, if not toward the level of its best competitor.

- **Further reforms would reduce the adjustment costs related to EU accession.** Bulgaria’s MFN rates are still substantially higher than EU tariffs, leaving a significant margin for further liberalization. In 2000, Bulgaria’s average MFN rate was still twice as high as that of the EU (13.7 percent against 6.9 percent).⁶ The average industrial tariff was nearly three times higher than the EU (11 percent against 4 percent), while the average for agricultural goods was 9 percentage points higher (24 percent against 15 percent). EU accession will therefore entail cuts in MFN rates for Bulgaria. Moreover, at the time of accession the EU’s MFN tariff regime will have been liberalized further as a result of Uruguay Round implementation,⁷ and, if a new round took off in the meantime, possible “early harvest” from this new round.⁸ The Bulgarian authorities should therefore take a dynamic view of accession, anticipating the level of EU protection at the time of accession and taking advantage of the transition period to gradually reduce MFN rates to the EU level, thereby minimizing the adjustment cost at the time of adoption of the Common European Tariff.
- **Continuing trade reform would reduce possible imbalances between EU and MFN trade.** While regional trade agreements have been instrumental in re-orienting Bulgaria’s trade flows toward the EU and neighboring countries, Bulgaria’s trade regime should not exaggerate incentives for trading with one particular region at the expense of others. The rapid phasing out of tariff schedules under the regional and bilateral agreements has certainly created a very favorable environment for the expansion of trade with Europe, with the EU alone accounting for 55 percent of

⁶ EU tariff averages are available from World Trade Organization (2000). 2001 data for the EU are not yet available. While in 2001 Bulgaria’s average MFN tariff rate was reduced to 12.4 percent, EU’s tariffs are also likely to have declined.

⁷ At the time of the conclusion of the Uruguay Round, it was anticipated that EU’s average tariff at the end of the implementation period would be around 6 percent, with industrial tariff close to 4 percent. However, since then the EU has made additional commitments (such as the reduction of tariff on information technology products) which will bring the average industrial tariff below 3 percent by 2005.

⁸ The idea of “early harvest” (that is, “good will” liberalization undertaken by some key players of the world trading system at the onset of a new round) has recently been floated in the WTO.

Bulgaria's trade. At the same time, Bulgaria should not ignore opportunities provided by international markets to access high quality supplies at the lowest possible international prices. In 2001, Bulgaria's average tariff on EU industrial goods stands at 0.98 percent, against 10 percent for MFN partners. Other regional partners also benefit from significant preferences relative to MFN partners in trade of industrial products.⁹ The average rate for EFTA goods is 0.97 percent, for Turkey 0.96 percent, for most CEFTA countries 0.01 percent. In agriculture, the difference between the MFN rate (22 percent) and the EU rate (21 percent) is significantly lower, although EU products benefit from better access conditions than MFN products. Therefore, the potential for trade diversion would be reduced if Bulgaria lowered both regional and multilateral protection in parallel, and if possible, at the same pace. If the multilateral process does not allow for quick negotiated reduction in MFN protection, it would be in Bulgaria's interest to continue to liberalize its MFN tariff rates unilaterally.

- **Further trade liberalization would maintain the momentum for reform in the protected sectors.** Trade reform should remain a central element of the reform agenda because it has strong competitive and efficiency effects. Trade reform improves the efficiency in resource allocation, and creates the right incentives for economic activity. Despite progress achieved in the recent years, several important sectors of the economy continue to enjoy a fairly high level of tariff protection, including chemicals, unprocessed agricultural products, textiles, wood products, and paper and glass products. In the 2000 tariff schedule, about 10 percent of all tariff lines (some 967 lines) carried a duty of 20 percent or more, and 4 percent of tariff lines carried rates of 30 percent or more. Continued liberalization of these sectors and products would maintain the momentum for change, and reduce the incentive created by high effective protection to freeze scarce capital resources in these sectors.
- **A simpler and more liberal trade regime would promote foreign direct investment.** Beyond the current process of privatization, Bulgaria must be able to attract sustained flows of inward FDI for a number of years, to modernize its industry, improve competitiveness, and finance its balance of payments. In a competitive regional market for FDI, investors will be looking for the most favorable conditions

⁹ Bulgaria is not the only country experiencing a growing gap between MFN rates and bilateral rates. This has been the case for most countries in Central Europe. Kaminski (2000) reports that in the region the consequence of bilateral liberalization was an increase in "reverse discrimination", since liberalization under Europe Agreements and the CEFTA proceeded at a faster pace than MFN liberalization. He argues (on page 9) that "aligning MFN rates on industrial products with those of the EU would have been a logical step leveling off the playing field to MFN suppliers in respective markets. However, there has been no attempt among CEFTA countries to reduce differences in their MFN rates. Tariff policy towards MFN trading partners has been completely disjoined from bilateral regional liberalization".

for production and trade. The ability to obtain quality inputs at internationally competitive prices, and to trade as easily with the EU as with other regions of the world, will be an asset. This is particularly the case for export-oriented, locally-established foreign firms, as their competitiveness in export markets requires access to low-cost and efficient supplies.

- **Trade policy contributes to macro-economic stabilization.** In Bulgaria like in other transition economies, an open trade policy reduces the need for long-term subsidies, by creating pressures to restructure inefficient firms. It also improves external viability by removing the anti-export bias that is so often the characteristic of restrictive trade policies. It facilitates the fight against inflation by reducing the cost of imports, in particular the imports of commodities essential for the poor segments of the population.

20. **To bring maximum benefits, future tariff liberalization should proceed on several fronts:**

- **Average MFN tariffs should be reduced gradually to EU levels.** Considering the prospective future membership in the EU, the appropriate policy option is not to achieve completely free trade, but to harmonize MFN rates gradually with those of the EU, taking into account the implementation of Uruguay Round Agreements. By making full use of the accession period, Bulgaria should be able to smoothen the pace of reform. To help set expectations and provide signals to traders and investors, it would be helpful if Bulgaria announced as soon as feasible a fixed schedule of MFN tariffs reduction until 2006, the date at which the authorities target Bulgaria to join the EU.
- **The reduction of Bulgaria's average MFN tariffs should continue at least at the same pace as under the extended arrangement.** Tariff reform under the extended arrangement reduced the average MFN rate by some 1½ percent annually in the past three years. Similar reductions in the next several years would bring Bulgaria's average MFN tariff down to 6½ percent by 2005, to a level close to the EU's current average (6.9 percent), thereby allowing for a smooth transition to the Common External Tariff. However, as the EU continues to gradually liberalize its trade regime, Bulgarian authorities should anticipate that EU tariff will be lower than current level, even more so if a new round of multilateral negotiations was to start in the meantime.
- **Bulgaria could also reduce the number of tariff bands, and move closer to a uniform tariff structure.** Bulgaria still maintains a large number of tariff bands (22), resulting in significant differentiation among industries. Unifying tariffs across commodities would reduce distortions in the allocation of domestic resources, lessen administrative discretion inherent to the management of complex tariff band systems, and simplify the tariff system for traders, investors, and customs authorities. Bulgaria

would therefore benefit from moving toward a reduced number of tariff bands, with the higher bands eliminated first. The tariff structure planned for the time of accession would have to take into account the requirements of adopting the Common External Tariff.

- **The streamlining of Bulgaria's tariff structure should also involve a reduction of the maximum rate.** Bulgaria's maximum tariff rate of 74 percent, which applies to only a small number of agricultural products accounting for less of 1 percent of imports, is clearly distortionary, and needs to be reduced. Bulgaria could still concentrate sensitive agricultural and industrial products in the higher bands of no more than 30 to 40 percent, which would already afford a significant amount of protection.

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Table A1. Bulgaria: National Accounts, 1991-95
(Old classification) 1/

	1991 2/	1992 2/	1993 2/	1994	1995
(Gross value added at basic prices and GDP) (In current prices, in millions of leva)					
Agriculture and forestry	20.9	23.3	29.7	60.4	111.4
Industry	53.91	78.4	97.71	157.4	272.7
Manufacturing and mining	46.06	63	75.45	120.9	212.5
Construction	6.35	11.7	16.16	25.1	41.6
Other	1.5	3.7	6.1	11.4	18.7
Services	69.5	92	151.7	272.4	450.2
Trade	11.8	18	26.6	52.9	101.8
Transport	7.4	10.1	13.9	25.2	37.5
Communications	1.6	2.4	4.8	8.8	12.2
Other (non-material)	48.7	61.5	106.4	185.4	298.7
Taxes on products	11.4	16.6	27.1	26.9	24.5
Adjustments	-20	-9.5	-7.3	8.5	21.4
GDP at market prices	135.71	200.8	298.91	525.6	880.3
Household consumption	73.2	131.2	218.9	389.1	622.1
Government consumption	26.1	41.3	57.1	90.3	134.4
Gross fixed capital formation	24.6	32.6	38.7	72.3	134.3
Changes in inventories	6	7.4	7	-23.0	3.5
Net exports	5.8	-11.7	-22.8	-3.3	-14.0
Exports	59	94.6	114.2	236.8	393.2
Imports	53.2	7	137	240.1	407.2
Statistical discrepancy	...	...	...	...	...
(Growth rate in prices of previous year, in percent)					
GDP	-11.7	-7.3	-1.5	1.8	2.1
Agriculture and forestry	4.3	-14.8	-30.2	9.4	14.5
Industry	-21	-6.4	-6.2	5.9	-5.4
Services	-26.9	-20.7	0.6	-3.1	4
Household consumption	-15.7	1	-0.7	-2.6	-1.8
Government consumption	-10.3	-14.6	-12.6	-11.5	-7.4
Gross fixed capital formation	-19.9	-7.3	-17.5	1.1	8.8
(Percent change)					
Memorandum items:					
GDP implicit deflator	238.6	59.6	15.1	72.7	64.1
(In percent of GDP)					
Agriculture and forestry	15.4	11.6	9.9	11.5	12.7
Industry	39.7	39.0	32.7	29.9	31.0
Services	51.2	45.8	50.8	51.8	51.1
Taxes on products	8.4	8.3	9.1	5.1	2.8
Adjustment	-14.7	-4.7	-2.4	1.6	2.4
Household consumption	53.9	65.3	73.2	74.0	70.7
Government consumption	19.2	20.6	19.1	17.2	15.3
Gross fixed investment	18.1	16.2	12.9	13.8	15.3
Net exports	4.3	-5.8	-7.6	-0.6	-1.6
Exports	43.5	47.1	38.2	45.1	44.7
Imports	39.2	52.9	45.8	45.7	46.3

Sources: National Statistical Institute and staff calculations.

1/ In 1996, the classification of activities changed.

2/ Including holding gains.

Table A2. Bulgaria: National Accounts, 1996-2000
(NCEA, based on NACE, Rev.1)

	1996	1997	1998 1/	1999 1/	2000 1/ Q1-Q3
(Gross value added at basic prices and GDP) (In current prices, in millions of leva)					
Agriculture and forestry	253.7	4,062.7	4,045.4	3,440.0	2,397.0
Fishing	0.7	6.2	7.1	7.0	8.0
Industry	497.9	4,316.3	5,508.8	5,326.0	4,510.2
Mining and quarrying	29.2	344.7	294.0	336.0	269.8
Manufacturing	345.8	2,857.6	3,664.3	3,303.0	2,864.3
Electricity, gas and water supply	52.6	689.3	832.9	950.0	783.9
Construction	70.2	424.6	717.6	737.0	592.3
Services	898.9	6,915.5	9,649.1	11,125.0	8,876.7
Trade, repair of motor vehicles, personal and household appliances	179.6	1,304.9	1,470.3	1,486.0	1,336.4
Transport	92.6	814.4	1,025.7	959.0	913.3
Communications	30.6	340.6	551.6	778.0	778.8
Financial intermediation and insurance	143.9	398.2	407.2	585.0	520.9
Other services 2/	452.2	4,057.3	6,194.3	7,317.0	5,327.4
Total of economic activity groupings	1,650.4	15,294.5	19,203.2	19,891.0	15,783.9
Adjustments	98.3	1,760.7	2,373.8	2,885.0	2,153.2
GDP at market prices	1,748.7	17,055.2	21,577.0	22,776.0	17,937.1
Household consumption	1,340.2	11,981.7	15,733.7	17,037.0	13,104.2
Government consumption	207.5	2,188.1	3,255.3	3,612.0	2,994.3
Gross fixed capital formation	238.5	1,841.0	2,850.8	3,632.0	2,659.0
Changes in inventories	-91.6	100.8	785.6	707.0	-64.0
Net exports	54.1	943.6	-630.4	-1,765.0	-553.3
Exports of goods and services	1,100.0	10,555.9	10,360.9	10,054.0	10,894.9
Imports of goods and services	1,045.8	9,612.2	10,991.3	11,819.0	11,448.2
Statistical discrepancy	0.0	0.0	-418.1	-447.0	-230.1
(Growth rate in prices of previous year, in percent)					
GDP at market prices	-10.1	-7.0	3.5	2.4	5.3
Agriculture and forestry	-7.4	32.9	1.4	0.6	-15.5
Industry	-11.8	-11.3	4.3	-4.4	12.0
Services	-9.3	-19.3	0.5	5.8	10.3
Household consumption	-1.9	-17.2	8.2	5.2	2.8
Government consumption	-28.9	-1.4	4.0	2.0	7.9
Gross fixed capital formation	-21.2	-23.9	32.9	25.3	9.8
(Percent change)					
Memorandum items:					
GDP implicit deflator	122.9	949.1	22.2	3.1	4.7
(In percent of GDP)					
Agriculture and forestry	14.5	23.8	18.8	15.1	13.4
Industry	28.5	25.3	25.5	23.4	25.1
Services	51.4	40.5	44.7	48.8	49.5
Total of economic activity groupings	94.4	89.7	89.0	87.3	88.0
Adjustments	5.6	10.3	11.0	12.7	12.0
GDP at market prices	100.0	100.0	100.0	100.0	100.0
Final consumption	88.5	83.1	88.0	90.7	89.7
Individual consumption	82.8	76.9	79.8	82.3	80.1
Households expenditures	76.3	69.9	72.4	74.3	72.5
NPISHs expenditures	0.3	0.4	0.5	0.5	0.6
Government expenditures	6.2	6.6	6.9	7.5	7.1
Collective consumption	5.7	6.2	8.2	8.4	9.6
Gross fixed capital formation	13.6	10.8	13.2	15.9	14.8
Changes in inventories	-5.2	0.6	3.6	3.1	-0.3
Net exports	3.1	5.5	-2.9	-7.7	-3.1
Exports of goods and services	62.9	61.9	48.0	44.1	60.7
Imports of goods and services	59.8	56.4	50.9	51.9	63.8
Statistical discrepancy	0.0	0.0	-1.9	-2.0	-1.1

Sources: National Statistical Institute and staff calculations.

1/ Preliminary data.

2/ Includes: hotels and restaurants; real estate, renting and business activities, health and education; public administration and defense.

Table A3: Bulgaria: Selected Transition Economies: Cumulative Change in GDP, 1989-2000

	1989-2000	Peak Decline Since 1989 1/
Albania	-1	-40
Bulgaria	-30	-37
Czech Republic	-5	-15
Hungary	5	-18
Poland	34	-14
Romania	-23	-25
Average (unweighted)	-3	-25

Source: WEO.

1/ Compares the GDP in the year of its lowest level since the beginning of the transition with the level of 1989.

Table A4. Bulgaria: Industrial Sector, 1991-95 1/

(Old classification) 2/

	1991 3/	1992 3/	1993 3/	1994 3/	1994	1995
(In current prices, in millions of leva)						
Industry value added						
Total	53.9	78.4	97.7	182.3	157.4	272.7
Manufacturing and mining	46.1	63.0	75.5	145.5	120.9	212.5
Construction	6.4	11.7	16.1	25.4	25.1	41.6
Unincorporated activities 4/	1.4	3.7	6.1	11.4	11.4	18.7
State	50.4	70.0	79.8	47.8	122.9	197.1
Manufacturing and mining	45.0	61.2	70.3	135.5	110.9	181.9
Construction	5.4	8.8	9.5	12.3	12.0	15.3
Private	3.5	8.4	17.9	34.5	34.5	75.6
Manufacturing and mining	1.1	1.8	5.2	10.0	10.0	30.6
Construction	1.0	2.9	6.6	13.1	13.1	26.3
Unincorporated activities 4/	1.4	3.7	6.1	11.4	11.4	18.7
(Growth rate in prices of previous year, in percent)						
Total	...	6.4	-6.2	6.0	...	-5.4
Manufacturing and mining	...	10.1	-6.6	6.9	...	-8.0
Construction	...	12.5	-7.3	-0.3	...	2.2
Unincorporated activities 4/	...	27.9	3.5	10.8	...	6.5
State	...	-9.2	-12.7	3.7	...	-16.2
Manufacturing and mining	...	-10.4	-10.6	6.7	...	-15.6
Construction	...	0.7	-27.1	-18.5	...	-21.1
Private	...	33.6	47.7	16.2	...	33.1
Manufacturing and mining	...	0.8	133.5	10.1	...	76.3
Construction	...	79.7	52.5	26.1	...	23.3
Unincorporated activities 4/	...	27.9	3.5	10.8	...	6.5
(Percentage)						
Share of economy (gross value added)						
Total industry	37.4	40.5	35.0	35.4	32.1	32.7
Of which:						
Manufacturing and mining	31.9	32.6	27.0	28.3	24.7	25.5
Construction	45.0	6.0	5.8	4.9	5.1	5.0
Unincorporated activities 4/	1.0	1.9	2.2	2.2	2.3	2.2
Share of state sector						
in total industry	93.5	89.3	81.7	81.1	78.1	72.3
Manufacturing and mining	97.6	97.1	93.1	93.1	91.7	85.6
Construction	84.4	75.2	59.0	48.4	47.8	36.7
Share of private sector						
in total industry	6.5	10.7	18.3	18.9	21.9	27.7
Manufacturing and mining	2.4	2.9	6.9	6.9	8.3	14.4
Construction	15.6	24.8	41.0	51.6	52.2	63.3
Unincorporated activities 4/	100.0	100.0	100.0	100.0	100.0	100.0

Sources: National Statistical Institute and staff calculations.

1/ Includes state and private sectors, using the SNA methodology.

2/ The classification changed in 1996.

3/ Including holding gains/losses.

4/ Self-employed and other small private unincorporated firms engaged in market production; included in other headings from 1997.

Table A5. Bulgaria: Industrial Sector, 1996-2000

(NCEA, based on NACE, Rev.1)

	1996	1997	1998 1/	1999 1/	2000 1/ Q1-Q3
(In current prices, in millions of leva)					
Industry value added					
Total	497.9	4,316.3	5,508.8	5,326.0	4,510.2
Mining and quarrying	29.2	344.7	294.0	336.0	269.8
Manufacturing	345.8	2,857.6	3,664.3	3,303.0	2,864.3
Electricity, gas and water supply	52.6	689.3	832.9	950.0	783.9
Construction	70.2	424.6	717.6	737.0	592.3
Public	374.0	2,832.7	3,075.9	2,487.0	1,441.2
Mining and quarrying	28.2	330.3	274.2	304.0	175.6
Manufacturing	270.7	1,688.4	1,773.5	1,031.0	384.8
Electricity, gas and water supply	52.6	688.2	831.6	949.0	779.9
Construction	22.6	125.8	196.7	203.0	100.9
Private	123.8	1,483.6	2,432.8	2,839.0	3,069.0
Mining and quarrying	1.0	14.4	19.8	32.0	94.2
Manufacturing	75.1	1,169.2	1,890.7	2,272.0	2,479.5
Electricity, gas and water supply	0.0	1.1	1.3	1.0	3.9
Construction	47.7	298.9	520.9	534.0	491.4
(Growth rate in prices of previous year, in percent) 2/					
Total	-12.9	-11.3	4.3	-4.4	12.0
Mining and quarrying	...	-7.3	3.0	-1.3	-0.5
Manufacturing	...	-14.9	6.5	-5.9	14.0
Electricity, gas and water supply	...	23.7	-5.2	0.5	14.6
Construction	-20.8	-21.4	5.8	-3.6	7.1
Public	-15.9	-24.8	-5.9	-20.2	-26.1
Mining and quarrying	...	-7.9	0.1	-4.0	-31.8
Manufacturing	...	-35.9	-8.0	-34.3	-52.6
Electricity, gas and water supply	...	23.6	-5.2	0.5	14.0
Construction	-30.7	-24.6	2.5	-2.6	-38.7
Private	4.8	29.4	23.8	15.6	47.1
Mining and quarrying	...	10.9	70.4	35.3	236.9
Manufacturing	...	60.9	27.6	20.8	49.0
Electricity, gas and water supply	...	197.3	-15.1	-10.7	433.6
Construction	-15.1	-19.9	7.2	-3.9	26.2
(Percentage)					
Share of economy (gross value added)					
Total industry	30.2	28.2	28.7	26.8	28.6
Of which:					
Mining and quarrying	1.8	2.2	1.5	1.7	1.7
Manufacturing	20.9	18.7	19.1	16.6	18.1
Electricity, gas and water supply	3.2	4.5	4.4	4.8	5
Construction	4.3	2.8	3.7	3.7	3.8
Share of public sector					
in total industry	75.1	65.6	55.8	46.7	32.0
Mining and quarrying	96.7	95.8	93.3	90.5	65.1
Manufacturing	78.3	59.1	48.4	31.2	13.4
Electricity, gas and water supply	99.9	99.8	99.8	99.9	99.5
Construction	32.1	29.6	27.4	27.5	17.0
Share of private sector					
in total industry	24.9	34.4	44.2	53.3	68.0
Mining and quarrying	3.3	4.2	6.7	9.5	34.9
Manufacturing	21.7	40.9	51.6	68.8	86.6
Electricity, gas and water supply	0.1	0.2	0.2	0.1	0.5
Construction	67.9	70.4	72.6	72.5	83.0

Sources: National Statistical Institute and staff estimates.

1/ Preliminary data.

2/ For 1996, according to the former classification in use - CBNE '86.

Table A6. Bulgaria: Services Sector: Total, State, and Private, 1991-2000

	1991 1/	1992 1/	1993 1/	1994	1995	1996	1997	1998 2/	1999 2/	2000 2/ Q1-Q3
(In current prices, in millions of levs)										
Value added in services										
Total	70	92	152	272	450	899	6,915	9,649	11125.0	8876.7
Trade 3/	12	18	27	53	102	180	1,305	1,470	1486.0	1336.4
Transport	7	10	14	25	38	93	814	1,026	959.0	913.3
Communications	2	2	5	9	12	31	341	552	778.0	778.8
Other 4/	49	62	106	185	299	596	4,456	6,602	7902.0	5848.3
State	55	62	85	150	193	347	2,723	3,814	4327.0	3422.9
Trade 3/	10	11	12	20	26	37	286	316	193.0	133.9
Transport	7	9	11	19	23	56	481	533	428.0	331.2
Communications	2	2	5	9	12	28	310	431	567.0	472.0
Other 4/	37	41	58	102	132	225	1,646	2,534	3139.0	2485.7
Private	14	30	66	123	257	552	4,192	5,836	6798.0	5453.9
Trade 3/	2	8	14	33	76	142	1,019	1,154	1293.0	1202.5
Transport	0	2	3	7	15	37	333	493	531.0	582.1
Communications	0	0	0	0	0	2	30	121	211.0	306.8
Other 4/	12	21	49	83	166	371	2,810	4,068	4763.0	3362.6
(Growth rate in prices of previous year, in percent)										
Total	...	-26.9	0.6	-3.1	4.0	-9.3	-19.3	0.5	5.8	10.3
Trade 3/	...	-19.2	0.4	7.6	2.1	-21.5	-33.4	6.9	1.9	18.5
Transport	...	3.9	8.5	3.1	39.8	0.0	0.5	-9.8	-3.2	12.3
Communications	...	2.9	8.0	0.9	32.5	8.1	5.5	12.6	20.7	41.2
Other 4/	...	-34.4	-0.9	-6.7	-1.7	-7.0	-19.5	0.4	6.8	3.3
State	...	-37.9	-9.8	-8.3	-10.5	-3.3	-20.7	-4.9	4.8	5.6
Trade 3/	...	-44.3	-22.0	-9.6	-25.5	-21.7	-30.1	-0.4	-38.4	-7.6
Transport	...	-2.8	-2.2	-2.3	21.6	9.4	2.4	-21.9	-17.7	-0.8
Communications	...	2.9	7.2	0.7	29.3	3.5	2.4	-8.0	12.2	11.6
Other 4/	...	-44.7	-9.2	-9.8	-16.7	-1.2	-27.7	-0.2	13.6	8.5
Private	...	15.4	22.4	3.7	24.3	-5.9	-18.5	4.0	6.5	13.4
Trade 3/	...	87.0	32.0	22.1	19.2	-21.4	-34.2	8.9	12.9	22.6
Transport	...	139.8	69.7	19.3	91.6	-14.1	-2.4	7.8	12.5	24.8
Communications	...	...	1,700.0	13.6	357.6	149.9	44.5	222.6	50.8	134.9
Other 4/	...	-1.0	15.4	-3.0	20.6	-21.4	-14.5	-0.6	2.6	0.2
Gross value added	...	-17.5	-5.9	1.4	2.3	-9.8	-8.9	1.8	1.8	6.0
(Percentage)										
Share of economy (gross value added)										
Total services	48.2	47.5	54.4	55.6	53.9	54.5	45.2	50.2	55.9	56.2
Trade 3/	8.2	9.3	9.6	10.8	12.2	10.9	8.6	7.7	7.5	8.5
Transport	5.1	5.2	5.0	5.2	4.5	5.6	5.3	5.3	4.8	5.8
Communications	1.0	1.2	1.7	1.8	1.5	1.9	2.2	2.9	3.9	4.9
Other 4/	33.9	31.8	38.1	37.8	35.7	36.1	29.1	34.3	39.7	37.1
Share of state service in total se:										
Trade 3/	79.3	67.8	56.3	55.0	42.9	38.6	39.4	39.5	38.9	38.6
Transport	81.4	58.3	45.9	38.4	25.8	20.8	21.9	21.5	13.0	10.0
Communications	94.6	85.1	75.5	73.9	60.0	60.5	59.1	51.9	44.6	36.3
Other 4/	100.0	100.0	100.0	98.9	97.0	92.7	91.1	78.2	72.9	60.6
Other 4/	75.8	66.5	54.4	55.1	44.3	37.8	36.9	38.4	39.7	42.5
Share of private service in total										
Trade 3/	20.7	32.2	43.7	45.0	57.1	61.4	60.6	60.5	61.1	61.4
Transport	18.6	41.7	54.1	61.6	74.2	79.2	78.1	78.5	87.0	90.0
Communications	5.4	14.9	24.5	26.1	40.0	39.5	40.9	48.1	55.4	63.7
Other 4/	...	...	...	1.1	3.1	7.3	8.9	21.8	27.1	39.4
Other 4/	24.2	33.5	45.6	44.9	55.7	62.2	63.1	61.6	60.3	57.5

Sources: National Statistical Institute; and staff calculations.

1/ Including holding gains/losses.

2/ Preliminary data.

3/ From 1996 on, including repairs of motor vehicles and personal and household appliances

4/ Includes: housing and municipal services; business services; science; education, culture and art; health and social security, sports recreation and tourism; finance, credit and insurance; government; and NPISNs.

Table A7. Bulgaria: Services by Branches, 1992-2000
(CBNE '86) 1/

	1992	1993	1994	1995	1996	1992	1993	1994	1995	1996
	(Growth rate in prices of previous year, in percent)					(In current prices, in billions of leva)				
Gross value added - Total services	-26.9	0.6	-3.1	4.0	-9.3	92.0	151.7	272.3	450.2	900.1
Transport	3.9	8.5	3.1	39.8	0.0	10.1	13.9	25.2	37.5	83.5
Communications	2.9	8.0	0.9	32.5	8.1	2.4	4.8	8.8	12.2	30.4
Trade	-19.2	0.4	7.6	2.1	-21.5	18.0	26.6	52.9	101.8	178.5
Business services	-51.7	176.6	0.0	-0.5	-19.6	1.3	5.9	11.0	18.1	31.3
Housing, public utilities, and amenities	-5.0	2.1	-4.3	0.7	0.7	19.9	42.6	72.6	121.5	281.2
Sciences	-34.4	-22.8	-26.7	-22.8	-26.3	1.7	2.1	2.9	3.5	5.7
Education	6.4	-2.1	-23.1	-10.8	-25.6	7.8	12.1	17.2	25.0	39.2
Culture and arts	-13.2	5.6	-12.0	-4.5	-36.4	1.1	1.9	3.2	5.0	7.6
Health, social welfare, sports, and tourism	0.1	2.2	-22.8	-11.0	-5.7	6.7	10.7	15.6	22.6	37.1
Finance, credit, and insurance	-71.6	-22.7	20.6	-0.7	8.3	14.0	16.9	40.1	64.4	148.3
General government	6.8	2.5	-19.7	4.1	-33.7	8.6	13.8	22.2	37.5	56.1
Other branches of non-material sphere	-27.4	-15.9	-10.1	19.3	-27.6	0.3	0.3	0.6	1.1	1.2
Intermediate consumption	6.1	-5.3	11.9	13.8	-11.3	62.0	86.3	172.8	291.6	593.0
Gross output	-16.2	-1.8	2.4	7.8	-9.7	154.0	238.0	445.2	741.8	1,493.1
Memorandum items:										
Gross value added per employee (thousand leva)	-22.5	-0.4	-4.3	0.2	13.2	70	115	203	324	808
Gross output per employee (thousand leva)	-11.2	-2.7	1.0	3.8	12.7	118	180	332	534	1,340
Employment in services (1,000)	-5.6	1.0	1.4	3.8	-19.8	1,308	1,321	1,339	1,390	1,114.1

(NCEA, based on NACE, Rev.1) 1/

	1996	1997	1998	1999	2000	1996	1997	1998 2/	1999 2/	2000 2/
	(Growth rate in prices of previous year, in percent)					(In current prices, in millions of leva)				
					Q1-Q3					Q1-Q3
Gross value added - Total services	-9.3	-19.3	0.5	5.8	10.3	898.9	6,915.5	9,649.1	11125	8,876.7
Trade, repair of motor vehicles, personal and household appliances	...	-33.4	6.9	1.9	18.5	179.6	1,304.9	1,470.3	1486	1,336.4
Hotels and restaurants	...	21.3	16.4	-1.1	...	19.7	222.7	396.5	442	...
Transport and communications	...	1.7	-3.2	5.2	25.5	123.1	1,155.0	1,577.3	1737	1,692.1
Transport	...	0.5	-9.8	-3.2	12.3	92.6	814.4	1,025.7	959	913.3
Communications	...	5.5	12.6	20.7	41.2	30.6	340.6	551.6	778	778.8
Financial intermediation and insurance	...	-74.6	-13.4	44.6	16.8	143.9	398.2	407.2	585	520.9
Real estate, renting and business activities - imputed rent of owner occupied dwellings	...	-0.6	-2.6	-0.5	...	290.1	2,525.9	3,495.3	4007	...
Public administration and defence, compulsory social security	...	0.7	-3.6	-10.0	...	234.6	2,056.6	2,845.2	2894	...
Education	...	-18.2	6.4	30.4	...	56.6	484.1	866.1	1,211.0	...
Health, social work and veterinary activities	...	-1.0	0.5	-0.1	...	39.1	391.2	669.2	765.0	...
Other community, social and personal service activities of NGO	...	2.1	-1.6	-2.9	...	29.2	293.9	446.9	471.0	...
Intermediate consumption	...	-6.7	25.2	12.7	4.3	17.6	139.6	320.2	421	5327.4
Gross output	...	-7.6	-4.5	4.5	26.4	578.7	5,466.4	6,755.9	7579	7,391.0
Memorandum items:										
Gross value added per employee (thousand leva)	...	-14.7	-1.7	5.3	16.9	806.8	6,435.4	9,133.3	10,452.9	9,155.1
Gross output per employee (thousand leva)	...	-11.6	0.0	4.5	28.3	1,326.2	11,522.4	15,528.1	17,574.0	16,777.8
Employment in services (1,000)	...	-3.5	-1.7	-0.7	-8.9	1,114.1	1,074.6	1,056.5	1,064.3	969.6

Sources: National Statistical Institute.

1/ Classification system changed in 1996.

2/ Preliminary data.

Table A8. Bulgaria: Total and Private Agricultural Production, 1991-2000

	1991	1992	1993	1994	1995	1996	1997	1998 1/	1999 1/	2000 1/ Q1-Q3
(In current prices, in millions of leva)										
Total agriculture										
Gross output	37.2	51.1	69.8	132.8	236.3	561.7	8,316.8	8,258.3	7,358.9	5,127.2
Crops	17.6	24.2	31.3	60.9	108.2	231.8	3,602.6	2,908.6	2,859.0	...
Livestock	14.9	22.1	33.7	62.9	113.0	196.0	2,858.2	3,307.9	2,634.7	...
Services and other	4.7	4.8	4.8	9.0	15.1	48.1	623.7	525.2	537.6	...
Secondary activities of household	...	...	...	...	...	85.8	1,232.3	1,516.5	1,327.6	...
Intermediate consumption	16.6	28.4	41.2	73.8	127.4	321.0	4,308.5	4,277.9	3,995.3	2,780.7
Gross value added	20.6	22.7	28.7	59.0	108.9	240.7	4,008.3	3,980.4	3,363.6	2,346.5
Private agriculture										
Gross output	10.3	25.6	44.5	101.1	178.1	534.6	8,111.5	8,121.2	7,250.8	5,065.8
Intermediate consumption	3.0	12.2	23.1	51.1	89.0	299.6	4,161.1	4,163.9	3,910.9	2,729.2
Gross value added	7.3	13.4	21.4	49.9	89.1	235.0	3,950.3	3,957.3	3,339.9	2,336.5
(Growth rate in prices of previous year, in percent)										
Total agriculture										
Gross output	...	-6.3	-19.4	7.1	16.0	-11.5	14.2	0.0	-0.6	-15.1
Crops	...	0.2	-26.3	21.7	21.9	-22.6	35.7	-2.2	-2.9	...
Livestock	...	-2.7	8.0	-6.5	10.7	-3.0	0.3	4.9	0.6	...
Services and other	...	-41.5	-37.2	7.9	13.3	4.4	2.9	-15.7	1.7	...
Secondary activities of household	...	...	...	...	...	...	-6.4	3.2	0.2	...
Intermediate consumption	...	5.4	-9.9	5.2	17.3	-14.8	-2.9	-1.1	-1.9	-14.7
Gross value added	...	-15.7	-31.3	10.0	14.4	-7.7	37.1	1.2	0.7	-15.6
Private agriculture										
Gross output	...	55.2	-5.7	22.5	11.8	-9.8	16.3	0.7	-0.4	-14.9
Intermediate consumption	...	251.8	13.5	28.7	16.4	-13.2	-0.5	-0.6	-1.2	-14.4
Gross value added	...	15.0	-23.2	15.8	7.0	-6.4	37.7	2.1	0.6	-15.4

Sources: National Statistical Institute; and staff calculations.

1/ Preliminary data.

Table A9. Bulgaria: Production and Average Yields of Selected Agricultural Crops, 1988-99

	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
(Production in thousands of tons)												
Wheat	4,743	5,425	5,292	4,497	3,443	3,618	3,754	3,435	1,802	3,575	3,203	2,643
Maize	1,557	2,265	1,221	2,775	1,742	983	1,384	1,817	1,042	1,659	1,303	1,740
Barley	1,313	1,572	1,387	1,502	1,195	933	1,143	1,173	457	810	717	654
Sunflower seeds	374	458	389	434	595	432	602	767	526	438	524	606
Sugar beets	626	966	584	856	304	95	112	157	87	79	62	53
Tobacco	90	65	57	57	53	36	26	12	31	49	39	34
Tomatoes	775	837	813	610	413	325	461	515	306	227	469	427
Green peppers	226	175	197	206	199	153	218	252	206	174	233	196
Potatoes	358	554	433	498	566	357	497	649	319	463	478	566
Apples	335	458	411	145	221	110	76	149	204	161	129	92
Peaches	63	99	80	72	76	54	57	72	69	50	42	39
Cherries	73	83	72	54	66	32	48	75	57	36	34	32
Grapes	922	743	731	748	787	482	516	699	661	636	396	372
(Average yield - tons/hectare)												
Wheat	4.01	4.77	4.55	3.74	3.11	1.84	2.84	2.91	1.88	2.95	2.81	2.74
Maize	3.17	4.00	2.87	4.92	2.81	1.86	2.72	3.76	2.18	3.58	2.73	3.82
Barley	3.80	4.36	3.85	3.90	3.05	2.57	2.92	2.95	1.75	2.78	2.47	2.57
Sunflower seeds	1.57	1.90	1.39	1.61	1.25	0.92	1.21	1.27	1.05	0.97	0.97	1.02
Sugar beets	16.08	24.58	16.67	23.36	17.78	9.30	13.90	17.10	10.40	15.58	14.92	17.04
Tobacco	1.24	1.08	1.34	1.31	1.27	1.14	1.15	1.41	1.34	1.50	1.15	1.32
Tomatoes	25.41	27.18	29.14	24.83	23.84	18.80	18.40	16.80	16.90	11.38	16.64	14.45
Green peppers	14.41	12.43	14.36	12.71	12.80	10.89	11.40	11.70	12.10	9.99	11.3	9.74
Potatoes	9.73	13.68	10.47	11.66	11.80	9.01	10.10	11.50	7.52	10.37	9.37	10.83
Apples	11.20	16.69	15.39	3.78	7.71	4.15	2.39	4.47	9.02	6.76	6.56	4.42
Peaches	7.06	10.61	7.51	6.34	5.99	4.80	3.55	3.00	4.70	3.36	3.62	3.46
Cherries	3.31	3.91	3.06	2.19	2.87	1.66	1.75	2.66	2.52	1.69	2.18	2.16
Grapes	5.80	4.61	4.46	4.68	4.95	3.69	3.71	5.23	5.52	5.32	3.18	3.1

Source: National Statistical Institute.

Table A10. Bulgaria: Production and Yields of Selected Livestock Products, 1988-99

	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Milk, total (million liters)	2,493	2,438	2,385	2,005	1,806	1,531	1,420	1,404	1,390	1,436	1,589	1655
Cows	2,123	2,090	2,060	1,728	1,560	1,316	1,176	1,142	1,140	1,172	1,298	1358
Sheep	294	277	263	219	180	144	129	119	111	107	106	103
Goats	76	71	62	58	66	71	115	143	139	157	185	194
Eggs, total (million)	2,874	2,726	2,460	1,866	1,639	1,624	1,751	1,955	1,734	1,583	1,690	1650
Wool, greasy (thousand tons)	31	29	28	23	19	14	12	9	9	7	8	7
Meat in carcass, total (thousand tons)	800	820	791	659	650	565	445	469	498	448	467	502
<i>Of which :</i>												
Cattle	130	130	126	115	154	122	96	66	80	57	56	65
Sheep and goats	91	87	73	78	84	65	56	50	60	50	53	58
Pigs	394	413	408	362	319	277	207	256	252	227	248	267
Poultry	183	188	182	100	89	97	82	92	99	101	105	106
Other	2	2	2	4	4	4	4	5	7	13	5	6
Milk yield per cow (liters)	3,397	3,354	3,367	2,968	2,833	2,783	2,985	3,135	3,074	3,102	3,149	3144
Eggs per hen	170	173	170	157	161	164	185	181	177	175	184	183
Wool clip per sheep (grams)	4,192	4,097	4,125	3,628	3,485	3,392	3,179	3,232	3,187	3,253	3,236	3178

Source: National Statistical Institute.

Table A11. Bulgaria: Acquisition of Tangible Fixed Assets, 1990-99 1/

	1990	1991	1992	1993	1994	1995	1996 2/	1997	1998	1999
(In current prices, in millions of leva)										
Total	9.8	24.8	43.6	43.5	84.2	125.9	268.2	2363.9	3388.1	4600.9
Agriculture 3/	1.0	1.8	2.0	1.2	1.5	2.9	7.1	66.5	107.0	106.5
Forestry	0.0	0.0	0.0	0.0	0.0	0.1	...	...	...	...
Mining and quarrying 4/	...	...	...	...	...	...	9.2	73.1	109.6	114.6
Manufacturing	4.7	13.9	22.4	20.0	30.9	38.4	58.4	469.0	919.0	1024.6
Construction	0.4	0.6	1.4	1.9	1.7	4.9	6.6	267.3	241.6	310.6
Electricity, gas, and water supply	...	...	...	...	...	...	36.1	165.0	260.0	418.0
Transport 5/	0.8	1.2	3.3	3.0	7.8	9.3	37.7	685.1	735.0	1156.6
Trade	0.4	1.8	5.7	5.9	19.0	10.1	20.1	147.1	403.8	552.6
Hotels and restaurants	...	...	...	...	...	...	4.7	50.1	75.5	197.5
Communications	0.2	0.6	0.7	0.9	3.0	6.8	...	...	...	...
Financial intermediation	...	...	...	...	...	...	32.9	213.0	118.8	106.8
Other in material sphere	0.1	0.1	0.3	0.5	0.4	0.7	...	...	...	...
Real estate, renting, and business activities	...	...	...	...	...	...	37.5	44.7	76.7	152.1
Public administration; compulsory social security	...	...	...	...	...	...	6.8	76.8	194.9	280.8
Housing, municipal, and consumer services	1.6	3.5	4.8	5.3	6.1	19.2	...	...	...	...
Of which:										
Housing	0.9	2.1	2.9	2.5	2.8	13.5	...	...	...	...
Science	0.1	0.1	0.3	0.2	0.2	0.3	...	...	...	...
Health/sport/leisure	0.2	0.4	0.7	1.2	1.6	3.1	3.4	28.2	36.0	42.8
Education	0.1	0.4	0.8	0.9	1.5	2.3	3.0	38.8	51.3	42.1
Culture and arts	0.0	0.0	0.1	0.2	0.4	0.7	...	...	...	...
Other in non-material sphere	0.2	0.4	1.1	2.3	10.0	27.3	...	...	...	...
Other community, social, and personal service activities	...	...	...	...	...	...	4.9	39.1	58.9	95.3
(In percent of GDP)										
Total	21.6	18.3	21.7	14.6	16.0	14.3	15.3	13.9	15.7	20.2
Agriculture 3/	2.1	1.3	1.0	0.4	0.3	0.3	0.4	0.4	0.5	0.5
Forestry	0.0	0.0	0.0	0.0	0.0	0.0	...	...	...	...
Mining and quarrying 4/	...	...	...	...	...	...	0.5	0.4	0.5	0.5
Manufacturing	10.4	10.2	11.2	6.7	5.9	4.4	3.3	2.8	4.3	4.5
Construction	1.0	0.5	0.7	0.6	0.3	0.6	0.4	1.6	1.1	1.4
Electricity, gas, and water supply	...	...	...	...	...	...	2.1	1.0	1.2	1.8
Transport 5/	1.7	0.9	1.6	1.0	1.5	1.1	2.2	4.0	3.4	5.1
Trade	0.8	1.3	2.9	2.0	3.6	1.1	1.1	0.9	1.9	2.4
Hotels and restaurants	...	...	...	...	...	...	0.3	0.3	0.4	0.9
Communications	0.5	0.4	0.3	0.3	0.6	0.8	...	...	...	...
Financial intermediation	...	...	...	...	...	...	1.9	1.2	0.6	0.5
Other in material sphere	0.1	0.1	0.1	0.2	0.1	0.1	...	...	...	...
Real estate, renting, and business activities	...	...	...	...	...	...	2.1	0.3	0.4	0.7
Public administration; compulsory social security	...	...	...	...	...	...	0.4	0.5	0.9	1.2
Housing, municipal, and consumer services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Of which:										
Housing	2.0	1.6	1.4	0.8	0.5	1.5	...	...	...	...
Science	0.1	0.1	0.1	0.1	0.0	0.0	...	...	...	...
Health/sport/leisure	0.4	0.3	0.3	0.4	0.3	0.4	0.2	0.2	0.2	0.2
Education	0.2	0.3	0.4	0.3	0.3	0.3	0.2	0.2	0.2	0.2
Culture and arts	0.1	0.0	0.0	0.1	0.1	0.1	...	...	...	...
Other in non-material sphere	0.5	0.3	0.6	0.8	1.9	3.1	...	...	...	...
Other community, social, and personal service activities	...	...	...	...	...	...	0.3	0.2	0.3	0.4
Memorandum item:										
GDP in millions of leva	45	136	201	299	526	880	1,749	17,055	21,577	22,776

Source: National Statistical Institute.

1/ These data do not equal gross fixed investment, as they include purchases of existing assets.

2/ Based on new National Classification of Economic Activities; sectoral data are not directly comparable to earlier periods.

3/ Starting 1996, agriculture includes forestry.

4/ Until 1996, mining & quarrying was included in manufacturing.

5/ Includes communications starting 1996.

6/ The classifications "housing" used prior to 1996 and "real estate, renting, and business activities" used thereafter do not match exactly.

Table A12. Bulgaria: Income Accounts, 1991-2000

	1991 1/	1992 1/	1993 1/	1994 1/	1994	1995	1996	1997	1998 2/	1999 2/	2000 2/ Q1-Q3	1991 1/	1992 1/	1993 1/	1994 1/	1994	1995	1996	1997	1998	1999 2/	2000 2/ Q1-Q3
	(In current prices, in millions of leva)											(In percent of GDP)										
GDP	135.7	200.8	298.9	550.5	525.6	880.3	1748.7	17055.2	21577.0	22776.0	17937.1	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Gross value added at basic prices	155.7	210.3	306.2	542.0	517.1	858.9	1650.4	15294.5	19203.2	19891.0	15783.9	...	...	...	...	...	...	...	...	...	...	...
Compensation of employees	56.1	106.4	155.9	238.7	238.7	368.6	646.0	5885.5	8474.3	9419.0	6662.0	41.3	53.0	52.2	43.4	45.4	41.9	36.9	34.5	39.3	41.4	37.1
Wages and salaries	42.5	74.8	112.1	171.4	171.4	267.2	465.4	4216.1	6004.8	6683.0	4802.2	31.3	37.3	37.5	31.1	32.6	30.4	26.6	24.7	27.8	29.3	26.8
Social contributions	13.6	31.6	43.8	67.3	67.3	101.4	180.6	1669.4	2469.5	2736.0	1859.9	10.0	15.7	14.7	12.2	12.8	11.5	10.3	9.8	11.5	12.0	10.3
Net taxes on production	9.2	13.5	18.9	20.5	20.5	14.4	-14.3	-107.6	-189.6	-232.0	-102.4	6.8	6.7	6.3	3.7	3.9	1.6	-0.8	-0.6	-0.9	-1.0	-0.6
Turnover taxes and excises 3/	11.9	17.1	27.6	27.5	27.5	25.1	...	...	...	...	...	8.8	8.5	9.2	5.0	5.2	2.9	...	...	...	...	0.0
Subsidies	2.7	3.6	8.7	7.0	7.0	10.7	14.7	109.5	189.6	232.0	102.4	2.0	1.8	2.9	1.3	1.3	1.2	0.8	0.6	0.9	1.0	0.6
Gross operating surplus	90.4	90.4	131.4	282.8	257.9	475.9	1018.7	9516.5	10918.6	10704.0	9224.3	66.6	45.0	44.0	51.4	49.1	54.1	58.3	55.8	50.6	47.0	51.5
Consumption of fixed capital	19.0	26.0	39.7	53.6	53.6	76.8	143.3	1157.5	...	...	...	14.0	12.9	13.3	9.7	10.2	8.7	8.2	6.8	...	...	...
Net operating surplus	59.7	42.1	50.4	141.7	116.8	242.9	655.8	5050.0	...	...	...	44.0	21.0	16.9	25.7	22.2	27.6	37.5	29.6	...	...	...
Mixed income, net	11.7	22.3	41.3	87.5	87.5	156.2	219.6	3309.1	...	...	...	8.6	11.1	13.8	15.9	16.6	17.7	12.6	19.4	...	...	...
Adjustments	-20.0	-9.5	-7.3	8.5	8.5	21.4	98.3	1760.7	2373.8	2885.0	2153.2	-14.7	-4.7	-2.4	1.5	1.6	2.4	5.6	10.3	11.0	12.7	12.0
Import duties	1.0	4.0	9.1	15.0	15.0	20.2	38.2	368.1	389.9	299.0	160.1	0.7	2.0	3.0	2.7	2.9	2.3	2.2	2.2	1.8	1.3	0.9
Less Financial intermediation 4/	-21.0	-13.5	-16.4	-37.5	-37.5	-65.8	-137.4	-362.2	-367.4	-310.0	-291.9	-15.5	-6.7	-5.5	-6.8	-7.1	-7.5	-7.9	-2.1	-1.7	1.4	-1.6
VAT	...	...	...	31.0	31.0	67.0	135.6	1199.1	1744.5	2178.0	2284.9	...	...	...	5.6	5.9	7.6	7.8	7.0	8.1	9.6	12.7
	(In current prices, in millions of leva)											(Private share of total income generation, in percent)										
Of which:																						
Private sector																						
GVA at basic prices	25.2	51.4	105.7	207.1	207.1	422.5	856.5	9,641.5	12,241.8	12,998.0	10,878.2	16.2	24.4	34.5	38.2	40.1	49.2	51.9	63.0	63.7	65.3	68.9
Compensation of employees	1.8	6.9	19.5	40.5	40.5	74.8	137.6	1,874.6	3,151.8	3,903.0	3,346.8	3.2	6.5	12.5	17.0	17.0	20.3	21.3	31.9	37.2	41.4	50.2
Wages and salaries	1.6	4.7	14.6	31.1	31.1	54.4	104.2	1,375.2	2,276.0	2,859.0	2,402.8	3.8	6.3	13.0	18.1	18.1	20.4	22.4	32.6	37.9	42.8	50.0
Social contributions	0.2	2.2	4.9	9.4	9.4	20.4	33.4	499.4	875.8	1,044.0	944.0	1.5	7.0	11.2	14.0	14.0	20.1	18.5	29.9	35.5	38.2	50.8
Net taxes on production	...	...	...	...	...	0.1	0.1	17.6	3.9	12.0	21.3	...	...	...	...	...	-0.7	0.7	16.4	3.1	5.2	20.8
Tax on increase of salary	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Subsidies	...	...	...	...	...	0.1	0.1	19.3	5.9	12.0	21.3	...	...	...	...	...	0.9	0.9	17.7	3.1	5.2	20.8
Gross operating surplus	23.4	44.5	86.2	166.6	166.6	347.8	719.0	7,784.5	9,096.0	9,107.0	7,552.7	25.9	49.2	65.6	58.9	64.6	73.1	70.6	81.8	83.3	85.1	81.9
Consumption of fixed capital	1.9	5.0	9.4	17.1	17.1	29.7	65.3	809.3	...	...	...	10.0	19.2	23.7	31.9	31.9	38.7	45.6	69.9	...	...	...
Net operating surplus	9.8	17.2	35.5	62.0	62.0	161.9	434.1	3,666.1	...	...	...	16.4	40.9	70.4	43.8	53.1	66.7	66.2	72.6	...	...	...
Mixed income, net	11.7	22.3	41.3	87.5	87.5	156.2	219.6	3,309.1	...	...	...	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	(Structure of state GVA, in percent)											(Structure of private GVA, in percent)										
Gross value added at basic prices	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Compensation of employees	45.6	69.9	78.7	64.4	70.0	71.3	64.1	70.9	76.4	80.0	67.6	7.1	13.4	18.4	19.6	17.7	16.1	19.5	25.7	30.0	30.8	30.8
Wages and salaries	34.3	49.2	56.2	45.6	49.6	51.7	45.5	50.2	53.5	55.5	48.9	6.3	9.1	13.8	15.0	12.9	12.2	14.3	18.6	22.0	22.1	22.1
Social contributions	11.3	20.7	22.4	18.8	20.5	19.7	18.6	20.7	22.9	24.5	18.7	0.8	4.3	4.6	4.5	4.8	3.9	5.2	7.1	8.0	8.7	8.7
Net taxes on production	-1.8	-2.1	-4.7	-2.1	-2.3	-2.4	-1.8	-1.6	-2.6	-3.2	-1.7	...	...	...	...	...	...	...	...	...	...	-0.2
Tax on increase of salary	0.4	0.4	0.3	0.2	0.2	0.1	0.1	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Subsidies	2.3	2.5	5.0	2.3	2.5	2.6	1.8	1.6	2.6	3.2	1.7	...	...	...	...	...	...	...	...	...	...	...
Gross operating surplus	56.3	32.2	26.1	37.7	32.3	31.1	37.7	30.7	26.2	23.2	34.1	92.9	86.6	81.6	80.4	80.4	82.3	83.9	80.7	74.3	70.1	69.4
Consumption of fixed capital	14.4	14.7	17.5	11.9	12.9	11.4	9.8	...	...	...	...	7.5	9.7	8.9	8.3	8.3	7.0	7.6	8.4	...	...	...
Net operating surplus	41.9	17.5	8.6	25.9	19.4	19.7	27.9	...	...	...	...	38.9	33.5	33.6	29.9	38.3	50.7	38.0	...	...	...	...
Mixed income, net	...	...	...	...	...	...	...	...	...	...	...	46.4	43.4	39.1	42.3	42.3	37.0	25.6	34.3	...	...	...

Source: NSI

1/ Including holding gains/losses

2/ Preliminary data

3/ Data are available for the total economy only.

4/ Indirectly measured value of financial intermediation services, which is calculated as interest receivables by financial intermediaries, less interest payable since 1991 to 1995.

Table A13. Bulgaria: Average Monthly Earnings in the State Sector, 1996-2000

	1996	1997	1998	1999	2000	1997	1998	1999	1997	1998	1999
	(In levs)					(In 1995 prices, deflated by CPI) (Percentage change)			(In 1995 prices, deflated by PPI) (Percentage change)		
Total	14	142	208	229	263	-15.7	17.6	13.7	-6.6	22.9	8.8
Agriculture	11	120	162	171	193	-11.6	15.6	6.4	-2.0	20.8	1.9
Forestry	11	130	163	165	187	23.7	10.5	9.7	37.0	15.4	5.0
Mining coal, petroleum, gas	22	204	301	311	377	...	17.4	10.7	...	22.7	6.0
Mining of ferrous metals	18	218	249	317	323	...	-9.0	29.3	...	-4.9	23.8
Mining other and quarrying	21	194	266	280	304	...	10.0	1.4	...	15.0	-3.0
Food, beverage, tobacco	18	191	271	305	360	...	11.5	12.2	...	16.5	7.4
Textiles	13	94	128	129	141	...	0.1	2.2	...	4.6	-2.2
Wearing apparel, except leather	11	81	114	117	133	...	-1.1	7.7	...	3.3	3.1
Leather	12	108	128	173	203	...	-0.6	34.5	...	3.9	28.8
Wood and wood products	12	76	104	126	165	...	-6.1	23.8	...	-1.8	18.5
Paper and publishing	19	167	255	296	332	...	25.2	10.9	...	30.8	6.2
Coke, petroleum, nuclear fuel	42	412	506	530	...	...	-2.3	4.7	...	2.1	0.2
Chemicals and products	26	237	272	311	346	...	-6.9	6.2	...	-2.7	1.6
Rubber and plastic	17	140	195	216	216	...	-4.2	22.1	...	0.2	16.8
Other non-metallic mineral products	17	155	230	211	244	...	13.7	-7.9	...	18.8	-11.9
Basic Metals	26	312	380	385	505	...	0.0	5.9	...	4.4	1.4
Machinery and Equipment	14	141	196	200	228	...	15.4	4.7	...	20.6	0.2
Electrical and optical equipment	14	135	175	182	189	...	8.3	3.1	...	13.2	-1.3
Transport equipment	19	179	250	237	237	...	10.5	-7.1	...	15.5	-11.0
Manufacturing, n.e.i.	12	92	138	160	203	...	6.0	11.4	...	10.7	6.6
Electricity, gas, water	21	223	359	406	436	56.5	32.5	17.1	73.4	38.4	12.1
Construction	14	129	208	248	261	-17.5	30.6	16.1	-8.6	36.5	11.1
Trade	18	173	256	286	324	-2.0	23.1	15.3	8.6	28.6	10.3
Hotels and restaurants	15	132	174	190	193	...	12.7	8.7	...	17.8	4.1
Transportation and storage	17	178	241	263	284	...	14.5	9.2	...	19.7	4.6
Communication	14	160	235	288	322	3.7	19.7	23.9	14.9	25.1	18.6
Financial services	25	217	319	381	449	-22.6	21.9	23.4	-14.2	27.4	18.1
Real estate	15	118	164	209	270	...	25.7	15.9	...	31.4	10.9
Research and development	12	114	179	200	233	-19.0	23.0	19.6	-10.3	28.5	14.5
Business activities	15	151	232	256	321	...	30.3	13.7	...	36.1	8.8
Public administration and defense	11	116	210	243	310	-11.6	35.4	23.7	-2.0	41.5	18.4
Education	9	91	148	171	210	-17.0	26.3	24.9	-8.0	32.0	19.6
Health	9	87	141	154	187	-21.7	30.5	18.5	-13.2	36.3	13.4
Veterinary	12	132	295	336	387	...	74.6	17.1	...	82.4	12.1
NGOs n.e.i.	7	88	144	170	186	...	63.6	16.6	...	71.0	11.6
Miscellaneous services	6	64	99	103	136	...	23.9	16.8	...	29.4	11.8
Cultural	10	96	168	196	246	-11.1	28.3	30.6	-1.5	34.0	25.0
Recreation and sport	11	94	173	211	212	...	47.8	27.0	...	54.4	21.6

Sources: National Statistical Institute and Fund staff calculations.

Table A14. Bulgaria: Labour Force, Employment, and Unemployment, 1993-2000

	1993	1994	1995	1996	1997	1998	1999	2000
	(In thousands)							
Population 1/	8,472.3	8,427.4	8,384.7	8,340.9	8,283.2	8,230.4	8,190.9	8,148.9
Of working age	4,735.7	4,741.2	4,745.4	4,749.2	4,749.5	4,750.3	...	...
Pensioners 2/	2,439.8	2,423.7	2,409.2	2,381.1	2,391.8	2,387.3	2,380.6	2,371.5
Total labour force 3/	3809.3	3608.9	3552.3	3,576.2	3,564.2	3,476.8	3,387.9	3,272.2
Activity rate (in percent) 4/	55.4	52.4	51.5	51.8	51.6	50.4	49.2	47.5
Employment 3/	2994.6	2868.7	3031.5	3,085.4	3,030.1	2,920.7	2,811.0	2,735.5
Public	2319.0	2130.5	2152.7	2,070.7	1,858.7	1,641.4	1,446.5	1,277.0
Private	671.4	732.5	872.6	1,010.1	1,159.0	1,272.9	1,354.6	1,445.1
Unknown	4.2	5.8	6.2	4.7	12.3	6.4	9.9	13.4
Share of total employment (in percent)								
Public	77.4	74.3	71.0	67.1	61.3	56.2	51.5	46.7
Private	22.4	25.5	28.8	32.7	38.2	43.6	48.2	52.8
Unknown	0.1	0.2	0.2	0.2	0.4	0.2	0.4	0.5
Unemployed persons 3/	814.7	740.2	520.8	490.8	534.1	556.1	576.9	536.7
Unemployment rate (in percent) 3/	21.4	20.5	14.7	13.7	15.0	16.0	17.0	16.4
Registered unemployed 5/ Official unemployment rate (in percent) 5/	626.1 16.4	488.4 12.8	423.8 11.1	478.8 12.5	523.5 13.7	465.2 12.2	610.6 16.0	682.8 17.9
Unemployment beneficiaries 5/ (in percent)	195.4 5.1	167.3 4.5	138.9 3.9	178.0 5.0	157.7 4.4	136.3 3.9	178.4 5.3	196.9 6.0
	(Percent change)							
Population	-0.8	-0.5	-0.5	-0.5	-0.7	-0.6	...	...
Labor force	...	-5.3	-1.6	0.7	-0.3	-2.5	-2.6	-3.4
Employment	...	-4.2	5.7	1.8	-1.8	-3.6	-3.8	-2.7
Of which:								
Private	...	9.1	19.1	15.8	14.7	9.8	6.4	6.7

Sources: National Statistical Institute; National Employment Service.

1/ 2000 figure is preliminary.

2/ 2000 figure refers to end-September.

3/ Data are from the Labour force survey, conducted for the first time in September 1993. Persons of age 15 and over are interviewed. Data refer to September 1993, October 1994, October 1995, November 1996, November 1997, November 1998, November 1999, and December 2000.

4/ Labour force as a proportion of the working age population (age 15 and over).

5/ End of period.

Table A15. Bulgaria: Price Indices of Food, Non-Food, and Services, 1996–2000

		Food Price Index	Monthly Change (In percent)	Non-Food Price Index	Monthly Change (In percent)	Services Price Index	Monthly Change (In percent)
1996	January	114.9	3.0	114.5	0.7	119.6	3.5
	February	116.0	1.0	116.0	1.3	128.0	7.0
	March	117.3	1.1	118.9	2.5	129.8	1.5
	April	119.3	1.8	122.2	2.8	139.9	7.7
	May	132.6	11.1	141.3	15.7	154.2	10.2
	June	163.3	23.2	172.5	22.1	165.8	7.5
	July	195.6	19.8	207.7	20.5	244.8	47.7
	August	237.8	21.5	234.3	12.8	281.2	14.9
	September	290.0	21.9	273.8	16.8	316.7	12.6
	October	346.7	19.6	311.1	13.6	359.2	13.4
	November	368.9	6.4	354.7	14.0	398.6	11.0
	December	453.4	22.9	485.5	36.9	470.0	17.9
1997	January	691.6	52.6	724.3	49.2	640.4	36.3
	February	2,602.7	276.3	2,629.3	263.0	1,129.6	76.4
	March	2,602.3	0.0	2,730.0	3.8	2,130.6	88.6
	April	2,514.2	-3.4	2,572.5	-5.8	2,681.6	25.9
	May	2,559.1	1.8	2,561.3	-0.4	2,823.4	5.3
	June	2,567.9	0.3	2,608.0	1.8	2,954.5	4.6
	July	2,638.6	2.8	2,657.1	1.9	3,010.5	1.9
	August	2,821.6	6.9	2,738.9	3.1	3,088.8	2.6
	September	2,910.6	3.2	2,869.4	4.8	3,281.8	6.2
	October	2,912.7	0.1	2,893.6	0.8	3,354.2	2.2
	November	2,925.5	0.4	2,931.3	1.3	3,393.1	1.2
	December	2,919.4	-0.2	2,935.3	0.1	3,429.0	1.1
1998	January	3,032.0	3.9	2,915.7	-0.7	3,496.5	2.0
	February	3,072.1	1.3	2,917.0	0.0	3,595.4	2.8
	March	3,067.6	-0.1	2,884.2	-1.1	3,682.2	2.4
	April	3,068.2	0.0	2,891.0	0.2	3,738.7	1.5
	May	2,957.0	-3.6	2,890.8	0.0	3,788.3	1.3
	June	2,757.9	-6.7	2,865.0	-0.9	3,834.0	1.2
	July	2,683.3	-2.7	2,859.5	-0.2	3,929.0	2.5
	August	2,660.3	-0.9	2,877.3	0.6	4,046.8	3.0
	September	2,742.3	3.1	2,952.1	2.6	4,238.1	4.7
	October	2,742.3	0.0	2,943.5	-0.3	4,309.1	1.7
	November	2,705.8	-1.3	2,943.7	0.0	4,334.3	0.6
	December	2,727.1	0.8	2,943.3	0.0	4348.1	0.3
1999	January	2,880.3	5.6	2,867.2	-2.6	4,436.8	2.0
	February	2,830.9	-1.7	2852.1	-0.5	4477.2	0.9
	March	2,768.5	-2.2	2835.9	-0.6	4511.4	0.8
	April	2,711.2	-2.1	2851.1	0.5	4539.8	0.6
	May	2,650.6	-2.2	2854.9	0.1	4547.3	0.2
	June	2,595.3	-2.1	2850.4	-0.2	4562.2	0.3
	July	2,673.7	3.0	2919.8	2.4	4820.0	5.7
	August	2,678.3	0.2	2955.3	1.2	4863.0	0.9
	September	2,734.1	2.1	2979.3	0.8	4926.9	1.3
	October	2,776.9	1.6	2978.7	0.0	5015.0	1.8
	November	2,795.8	0.7	2990.2	0.4	5025.5	0.2
	December	2,865.1	2.5	3000.5	0.3	5054.9	0.6
2000	January	2,956.1	3.2	3,009.3	0.3	5,404.6	6.9
	February	3,008.2	1.8	3023.0	0.5	5324.6	-1.5
	March	2,961.5	-1.6	3045.2	0.7	5293.6	-0.6
	April	2,889.3	-2.4	3038.7	-0.2	5345.6	1.0
	May	2,868.8	-0.7	3076.6	1.2	5381.5	0.7
	June	2,868.9	0.0	3094.0	0.6	5371.0	-0.2
	July	2,908.5	1.4	3084.4	-0.3	5378.7	0.1
	August	3,067.2	5.5	3093.7	0.3	5501.6	2.3
	September	3,142.9	2.5	3165.4	2.3	5626.2	2.3
	October	3,184.5	1.3	3201.2	1.1	5677.5	0.9
	November	3,189.1	0.1	3228.2	0.8	5553.9	-2.2
	December	3,231.0	1.3	3210.5	-0.5	5776.3	4.0

Source: National Statistical Institute.

Table A16. Bulgaria: Producer and Consumer Price Indices, 1997-2001
(1995 = 100)

	Consumer Price Index	Monthly Change in Percent	12-month Change in Percent	Producer Price Index i/	Monthly Change in Percent	12-month Change in Percent
1997						
January	689.8	48.7	497.2	767.7	51.4	572.5
February	2366.9	243.1	1910.9	2039.1	165.6	1,629.9
March	2560.4	8.2	2039.0	2416.0	18.5	1,900.0
April	2548.5	-0.5	1968.6	2471.3	2.3	1,902.5
May	2592.6	1.7	1770.6	2521.6	2.0	1,650.3
June	2634.3	1.6	1481.2	2604.4	3.3	1,381.7
July	2696.7	2.4	1212.3	2730.9	4.9	1,145.8
August	2832.6	5.0	1077.3	2852.8	4.5	988.7
September	2956.1	4.4	934.7	2900.2	1.7	868.3
October	2980.7	0.8	794.3	2932.2	1.1	740.9
November	3007.0	0.9	722.7	2932.3	0.0	660.0
December	3012.3	0.2	549.2	2902.7	-1.0	472.6
1998						
January	3079.2	2.2	346.4	2882.1	-0.7	275.4
February	3118.1	1.3	31.7	2954.6	2.5	44.9
March	3122.8	0.2	22.0	2913.1	-1.4	20.6
April	3136.4	0.4	23.1	2920.7	0.3	18.2
May	3084.1	-1.7	19.0	2949.8	1.0	17.0
June	2975.4	-3.5	12.9	2946.7	-0.1	13.1
July	2954.0	-0.7	9.5	2916.5	-1.0	6.8
August	2963.1	0.3	4.6	2948.7	1.1	3.4
September	3058.6	3.2	3.5	2953.6	0.2	1.8
October	3068.3	0.3	2.9	2946.2	-0.3	0.5
November	3051.9	-0.5	1.5	2941.5	-0.2	0.3
December	3064.5	0.4	1.7	2916.8	-0.8	0.5
1999						
January	3136.7	2.4	1.9	2932.5	0.5	1.7
February	3116.0	-0.7	-0.1	2918.9	-0.5	-1.2
March	3085.6	-1.0	-1.2	2891.9	-0.9	-0.7
April	3066.3	-0.6	-2.2	2908.5	0.6	-0.4
May	3038.9	-0.9	-1.5	2976.1	2.3	0.9
June	3011.3	-0.9	1.2	2979.4	0.1	1.1
July	3113.2	3.4	5.4	3036.6	1.9	4.1
August	3136.3	0.7	5.8	3145.6	3.6	6.7
September	3183.5	1.5	4.1	3176.8	1.0	7.6
October	3220.0	1.1	4.9	3195.7	0.6	8.5
November	3234.5	0.5	6.0	3,259.5	2.0	10.8
December	3277.8	1.3	7.0	3,324.3	2.0	14.0
2000						
January	3380.8	3.1	7.8	3357.0	1.0	14.5
February	3399.6	0.6	9.1	3412.0	1.6	16.9
March	3380.0	-0.6	9.5	3471.8	1.8	20.1
April	3350.8	-0.9	9.3	3433.4	-1.1	18.0
May	3358.6	0.2	10.5	3528.2	2.8	18.5
June	3363.1	0.1	11.7	3521.5	-0.2	18.2
July	3380.7	0.5	8.6	3559.6	1.1	17.2
August	3483.6	3.0	11.1	3615.3	1.6	14.9
September	3566.6	2.4	12.0	3724.4	3.0	17.2
October	3608.6	1.2	12.1	3810.7	2.3	19.2
November	3602.2	-0.2	11.4	3,813.0	0.1	17.0
December	3652.6	1.4	11.4	3,813.1	0.0	14.7
2001						
January	3675.8	0.6	8.7	...	...	...

Source: National Statistical Institute.

i/ Since January 1998 National Statistical Institute has changed the PPI methodology. A Laspeyres formula is used where: (1) the base price is the average price in 1995; and (2) price changes are weighted with the annual sales structure in 1995. Indexes for 1996 and 1997 have been recalculated according to the new methodology.

Table A17. Bulgaria: Estimated Private Sector Share in GDP and Employment in Related Transition Economies, 1991-2000

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000 Q1-Q3	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	
	(In GDP)										(In employment)										
Private sector share (in percent)																					
Bulgaria 1/	19	26	35	39	48	52	57	57	57	61	10	18	28	36	41	47	55	61	65	...	
Croatia 2/	20	25	30	35	40	50	55	55	60	...	19	26	36	45	48	53	54	54	58	56	
Czech Republic 3/	15	30	45	65	70	75	75	75	80	...	19	40	79	79	79	79	79	79	...	...
Hungary	30	40	50	55	60	70	75	80	80	...	...	...	...	...	...	...	...	...	...	...
Poland	40	45	50	55	60	60	65	65	65	...	50	54	57	59	62	64	68	71	...	...
Romania	25	25	35	40	45	55	60	60	60	...	34	41	44	49	51	52	58	62	...	...
Slovak Republic 4/	15	30	45	55	60	70	75	75	75	...	13	18	22	32	...	...	...	...	...	...
Slovenia 5/	15	20	25	30	45	45	50	50	55	...	12	16	19	22	48	...	...	...	...	...

Sources: EBRD Transition Report 2000; National Statistical Institute, Bulgaria; State Institute of Macroeconomic Analysis and Forecasting, Croatia; Czech Statistical Office; Hungarian Statistical Office; Polish Statistical Office; National Bank of Romania; and Slovak Statistical Office.

1/ According to Revised National Classification of Economic Activities from 1996. The change in definition resulted in a step increase of 3.5 percentage points in the share in GDP in that year.

2/ Private sector employment includes individual farmers, entrepreneurs and their employees, independent professional workers, and employees at private enterprises. From 1992 onwards, private enterprises established in the process of privatization are included.

3/ Shares in GDP estimates are for the "non-state sector"; private sector employment includes enterprises with mixed ownership.

4/ Share in GDP estimates are for the "non-state" sector. Before 1994, firms with mixed ownership were excluded from the definition of the private sector. Since 1994, such firms were included in the definition of the private sector.

5/ Excluding socially managed enterprises.

Table A18. Bulgaria: Financial Performance of State-Owned Enterprises, 1991-99

	1991	1992	1993	1994	1995	1996	1997	1998	1999
(In millions of leva) 1/									
Revenues	309.6	306.4	360.2	643.0	912.1	2,199.1	16,269.6	15,103.3	15,243.1
Operational	297.7	288.6	339.1	596.0	867.4	1,979.2	14,510.9	13,759.4	13,872.0
Financial	6.9	8.2	8.5	26.2	21.4	176.9	1,422.9	809.4	502.2
Extraordinary	5.0	9.6	12.7	20.8	23.3	43.0	335.8	534.5	868.8
Expenditures	289.8	314.7	391.3	644.1	914.5	2,106.7	14,917.1	14,765.5	15,724.0
Operational	263.8	269.9	335.7	538.7	809.2	1,761.3	11,975.9	13,047.6	13,489.0
Financial	20.7	35.9	43.3	80.5	65.9	274.4	2,248.5	940.2	1,252.5
Interest paid on credits	17.0	29.9	36.9	44.7	48.7	81.8	279.0	242.8	197.7
Extraordinary	5.3	8.9	12.2	25.0	39.4	71.0	692.7	777.7	982.5
Operational surplus	33.9	18.7	3.3	57.3	58.2	217.9	2,535.0	711.8	383.0
Net financial revenues	-13.8	-27.6	-34.8	-54.2	-44.5	-97.5	-825.6	-130.8	-750.3
Net extraordinary	-0.3	0.7	0.4	-4.1	-16.1	-28.0	-356.8	-243.1	-113.6
Net revenues	19.8	-8.3	-31.1	-1.1	-2.4	92.4	1,352.5	337.9	-480.9
Total losses	-5.8	-24.7	-40.9	-38.9	-49.4	-123.6	-488.9	-753.7	-1,424.9
Total profits	25.7	16.4	9.8	37.8	47.0	215.9	1,841.4	1,091.5	944.0
(In percent of GDP)									
Revenue	228.2	152.6	120.5	123.1	103.6	125.8	95.1	70.0	66.9
Operational	219.4	143.7	113.4	114.1	98.5	113.2	84.8	63.8	60.9
Financial	5.1	4.1	2.8	5.0	2.4	10.1	8.3	3.8	2.2
Extraordinary	3.7	4.8	4.2	4.0	2.6	2.5	2.0	2.5	3.8
Expenditures	213.6	156.7	130.9	123.3	103.9	120.5	87.2	68.4	69.0
Operational	194.4	134.4	112.3	103.2	91.9	100.7	70.0	60.5	59.2
Financial	15.3	17.9	14.5	15.4	7.5	15.7	13.1	4.4	5.5
Extraordinary	3.9	4.4	4.1	4.8	4.5	4.1	4.0	3.6	4.3
Operational surplus	25.0	9.3	1.1	11.0	6.6	12.5	14.8	3.3	1.7
Net financial revenues	-10.2	-13.8	-11.7	-10.4	-5.1	-5.6	-4.8	-0.6	-3.3
Net extraordinary revenues	-0.2	0.3	0.1	-0.8	-1.8	-1.6	-2.1	-1.1	-0.5
Net revenues	14.6	-4.1	-10.4	-0.2	-0.3	5.3	7.9	1.6	-2.1
Total losses	-4.3	-12.3	-13.7	-7.4	-5.6	-7.1	-2.9	-3.5	-6.3
Total profits	18.9	8.2	3.3	7.2	5.3	12.3	10.8	5.1	4.1
Memorandum item:									
GDP (million leva)	135.7	200.8	298.9	522.2	880.3	1,748.7	17,103	21,577	22,776.4

Sources: National Statistical Institute and Ministry of Finance.

1/ Excluding companies in the agricultural sector.

Table A19. Bulgaria: Bank and Nonbank Liabilities of State-Owned Enterprises, 1991-1999

	1991	1992	1993	1994	1995	1996	1997 1/	1998 1/	1999 1/
(Change from previous year, in millions of leva)									
Total change in liabilities	90.8	67.2	60.6	131.8	134.5	1,118.9	5,601.6	147.5	-391.8
(in percent of GDP)	66.9	33.5	20.3	25.1	15.3	64.0	32.8	0.7	-1.7
Changes in bank credit	35.3	21.9	31.7	48.8	35.2	411.7	2,173.0	-104.2	-770.3
(in percent of GDP)	26.0	10.9	10.6	9.3	4.0	23.5	12.7	-0.5	-3.4
(in percent of bank liabilities)	50.2	23.8	25.6	28.3	16.9	66.4	77.8	-3.9	-40.2
Short-term loans	13.2	14.4	14.6	17.6	11.1	104.1	494.0	-141.1	56.8
Of which: Arrears	1.0	6.1	7.1	-2.4	18.0	53.4	44.9	-14.1	49.5
Long-term loans	22.2	7.5	17.0	8.8	-16.5	137.8	750.0	256.0	115.7
Of which: Arrears	11.7	2.1	7.2	-11.7	-0.1	31.5	125.7	204.1	-314.0
Other loans	...	...	...	22.4	40.6	169.8	928.9	-219.1	-160.6
Total change in arrears to banks	12.6	8.3	14.3	-14.1	17.8	98.4	170.6	190.0	-264.5
(in percent of bank credit)	17.9	9.0	11.5	-8.2	8.6	15.9	6.1	7.1	-13.8
Total change in nonbank liabilities	55.5	45.3	28.8	83.0	99.3	822.0	3,428.7	251.7	-403.7
(in percent of GDP)	40.9	22.6	9.6	15.8	11.3	47.0	20.0	1.2	-1.8
(in percent of nonbank liabilities)	78.5	39.1	19.9	36.4	30.4	79.5	76.8	5.3	-9.4
Suppliers	25.9	9.9	4.9	27.5	29.6	335.0	1,161.0	87.7	-56.0
Personnel	3.1	1.6	3.7	3.4	1.7	29.2	151.0	2.6	4.4
Taxes	5.5	8.5	6.8	27.7	24.7	133.4	748.1	386.5	-345.9
Pensions	1.3	3.3	2.9	3.4	6.9	25.2	88.4	83.9	54.9
Other	19.6	22.0	10.6	21.0	36.5	299.2	1,280.2	-308.9	-61.1
(Stocks in millions of leva)									
Total stocks	140.9	208.1	268.7	400.5	535.0	1,653.9	7,255.5	7,403.1	7,011.3
(in percent of GDP)	103.8	103.6	89.9	76.2	60.8	94.6	42.4	34.3	30.8
Bank credit	70.3	92.1	123.9	172.7	207.9	619.6	2,792.6	2,688.4	1,918.1
(in percent of GDP)	51.8	45.9	41.5	32.9	23.6	35.4	16.3	12.5	8.4
(in percent of total stocks)	49.9	44.3	46.1	43.1	38.9	37.5	38.5	36.3	27.4
Short-term loans	27.3	41.6	56.3	73.9	85.0	189.1	683.1	542.0	598.8
Of which: Arrears	1.8	8.0	15.0	12.6	30.6	84.0	128.9	114.8	164.3
Long-term loans	43.0	50.5	67.5	76.3	59.8	197.6	947.6	1,203.6	1,319.3
Of which: Arrears	12.0	14.1	21.4	9.7	9.6	41.1	166.8	370.9	56.9
Other loans	...	...	0.1	22.5	63.1	232.9	1,161.8	942.8	782.2
Total arrears	13.8	22.1	36.4	22.3	40.1	125.1	295.7	485.7	221.2
(in percent of bank credit)	19.6	24.0	29.4	12.9	19.3	20.2	10.6	18.1	11.5
Liabilities to non-banks	70.7	116.0	144.7	227.8	327.1	1,034.2	4,462.9	4,714.7	4,311.0
(in percent of GDP)	52.1	57.8	48.4	43.3	37.2	59.1	26.1	21.9	18.9
(in percent of total stocks)	50.2	55.7	53.9	56.9	61.1	62.5	61.5	63.7	61.5
Suppliers	30.6	40.5	45.4	72.9	102.5	406.0	1,567.0	1,654.8	1,598.8
Personnel	4.2	5.8	9.4	12.8	14.5	39.5	190.5	193.0	197.4
Taxes	7.2	15.7	22.5	50.2	74.9	182.0	930.1	1,316.6	970.7
Pensions	1.7	5.0	7.8	11.2	18.1	37.0	125.4	209.3	264.2
Other	27.0	49.0	59.6	80.7	117.1	369.7	1,649.9	1,341.0	1,279.9
Memorandum items:									
Credit to SOEs	106.5	139.0	203.3	346.5	329.3	1,077.4	1,254.1	945.6	713.1
(in percent of GDP)	78.5	69.2	68.0	65.9	37.4	61.6	7.3	4.4	3.1
Lev credit	56.7	73.9	75.7	111.7	97.6	95.2	336.2	299.9	216.1
FX credit	45.7	61.0	91.1	78.2	71.4	429.7	917.8	645.7	497.0
FX credit (in US\$ billion)	2.1	2.5	2.8	1.2	1.0	0.9	0.5	0.4	0.3
GDP (in billions of leva)	135.7	200.8	298.9	525.6	880.3	1,748.7	17,103.4	21,577.0	22,776.4
Exchange rate lev per US\$, eop	0.0	0.0	0.0	0.1	0.1	0.5	1.8	1.7	1.9

Sources: National Statistical Institute; Ministry of Finance; and Bulgarian National Bank.

1/ Data for 1997, 1998 and 1999 exclude agriculture.

Table A20. Bulgaria: State-Owned Enterprises Profitability
and Profit Categories, 1992-99

	1992	1993	1994	1995	1996	1997	1998	1999
Total number of enterprises /1	5,736	5,119	5,490	5,630	5,492	4,034	3,090	2,274
Group I								
Number	1,243	117	1,065	89	74	127	71	31
Share in Total, in percent	21.7	2.3	19.4	1.6	1.3	3.1	2.3	1.4
Group II								
Number	1,973	2,108	2,247	1,525	1,384	1,376	969	743
Share in Total, in percent	34.4	41.2	40.9	27.1	25.2	34.1	31.4	32.7
Group III								
Number	867	766	894	2,754	2,276	1,448	1,031	737
Share in Total, in percent	15.1	15.0	16.3	48.9	41.4	35.9	33.4	32.4
Subtotal: Groups I - III								
Number	4,083	2,991	4,206	4,368	3,734	2,951	2,071	1,511
Share in Total, in percent	71.2	58.4	76.6	77.6	68.0	73.2	67.0	66.4
Group IV								
Number	410	329	394	353	505	56	230	163
Share in Total, in percent	7.1	6.4	7.2	6.3	9.2	1.4	7.4	7.2
Group V								
Number	1,243	799	890	909	1,253	1,027	789	600
Share in Total, in percent	21.7	15.6	16.2	16.2	22.8	25.5	25.5	26.4

Sources: National Statistical Institute and Ministry of Finance.

/1/ Excluding agriculture.

Group I: Enterprise whose current revenues do not meet current expenditures on material inputs.

Group II: Enterprises that meet the cost of material inputs but nothing else.

Group III: Enterprises that meet the costs of material inputs and wages, but are unable to cover non-operational expenditure.

Group IV: Enterprises that meet all costs excluding depreciation.

Group V: Enterprises that meet all costs.

Table A21. Bulgaria: Share of the 100 Largest Loss-Making State-Owned Enterprises
in all State-Owned Enterprises, 1998-99

	1998			1999		
	100 Largest loss-making SOEs 1/ in millions of leva	All other SOEs in millions of leva	Largest loss-making SOEs as percentage of all SOEs	100 Largest loss-making SOEs in millions of leva	All other SOEs in millions of leva	Largest loss-making SOEs as percentage of all SOEs
Revenue	3,863.5	15,103.3	25.6	5,772.2	15,243.0	37.9
Operational	3,546.3	13,759.4	25.8	5,072.5	13,872.0	36.6
Financial	256.4	809.4	31.7	227.7	502.2	45.3
Extraordinary	60.8	534.5	11.4	472.0	868.8	54.3
Expenditures	4,547.6	14,765.5	30.8	7,128.5	15,724.0	45.3
Operational	3,871.3	13,047.6	29.7	5,425.6	13,489.0	40.2
Financial	348.9	940.2	37.1	863.0	1,252.5	68.9
Extraordinary	327.4	777.7	42.1	839.9	982.5	85.5
Operational surplus	-325.0	711.8	-45.7	-353.1	383.0	-92.2
Net financial revenues	-92.5	-130.8	70.7	-635.3	-750.3	84.7
Net extraordinary revenues	-266.6	-243.2	109.6	-367.9	-113.7	323.6
Net profits	-684.1	337.8		-1,356.3	-481.0	
Total nonbank liabilities	1,747.4	4,714.7	37.1	2,395.6	4,311.0	55.6
Suppliers	749.0	1,654.8	45.3	1,000.4	1,598.8	62.6
Personnel	48.4	193.0	25.1	65.4	197.4	33.1
Budget 2/	305.7	1,316.6	23.2	638.9	970.7	65.8
Other 3/	644.3	1,550.3	41.6	690.9	1,544.1	44.7

Sources: National Statistical Institute and Ministry of Finance.

1/ The 100 largest loss-making SOEs include enterprises under Isolation Program.

2/ Excludes ZUNK credits transferred from banks to the budget.

3/ This represents a composite grouping of several categories including money received from customers in advance but not recognized as revenue for the year under review, and interest accrued but not actually paid to deposit money banks.

Table A22. Bulgaria: Privatization of State-Owned Enterprises, 1993-2000

	1993	1994	1995	1996	1997	1998	1999	2000	Total
Number of Privatization transactions 1/	116	546	1,532	3,088	909	1,371	1,215	471	9,248
In the state sector	63	162	319	513	585	1,090	1,215	471	4,418
Of which: Privatization agency	11	36	69	146	83	176	230	57	808
Ministries/Committees	52	126	250	367	502	914	985	414	3,610
In the municipal sector	53	384	1,213	2,575	324	281	...	...	4,830
Privatization proceeds (US\$ million) 2/	72	233	182	419	608	614	1,154	437	3,718
Of which: Payments contracted	44	144	114	187	572	569	655	392	2,677
Corporate Liabilities undertaken	13	33	58	218	35	45	498	45	944
Corporate Liabilities paid	15	56	11	14	1	0	1	0	97
Privatization receipts to the budget (US\$ million)	...	...	2	3	547	359	503	...	1,413
(in percent of GDP)	...	...	0.2	0.2	3.2	1.7	2.2	...	...
Long-term assets privatized (billion leva) 3/	2	9	6	24	107	26	98	26	298
By privatization agency	2	9	3	20	14	10	81	13	152
By Ministries/Committees	0	1	3	3	8	16	17	12	61
By Center for Mass Privatization 4/	0	0	0	0	85	0	0	0	85
Long-term assets privatized (percent of total) 5/	0.4	1.6	1.1	4.1	18.4	4.5	17.0	4.4	51.4
By privatization agency	0.3	1.5	0.5	3.5	2.4	1.8	14.0	2.3	26.3
By Ministries/Committees	0.1	0.2	0.6	0.6	1.4	2.7	3.0	2.1	10.6
By Center for Mass Privatization	0.0	0.0	0.0	0.0	14.6	0.0	0.0	0.0	14.6

Source: Privatization Agency.

1/ Includes privatization of whole enterprises and of parts of enterprises.

2/ Includes cash payments contracted and debt instruments.

3/ At end-1995 accounting valuation.

4/ Voucher privatization.

5/ Percent of total state owned assets of 580 billion leva at end-1995 accounting valuation.

Table A23. Bulgaria: General Government, 1992-2000 1/

	1992	1993	1994	1995	1996	1997	1998	1999	2000
	(In millions of leva)								
Total revenue	77	111	210	314	558	5,352	7,935	9,065	10,834
Of which: Tax revenue	66	86	167	258	464	4,546	6,767	6,923	7,729
BNB transfers	3	10	20	7	22	34	0	90	137
Total expenditure	88	144	240	364	740	5,708	7,732	9,279	10,732
Of which: Current non-interest	69	110	161	230	383	3,967	6,001	7,048	8,746
Interest	13	28	71	124	344	1,355	952	896	1,083
External	3	3	7	25	48	419	688	688	818
Domestic	10	25	64	100	297	936	264	208	265
Primary balance	2	-5	41	75	162	999	1,154	683	1,185
Primary balance excluding BNB transfers	-1	-14	21	68	139	965	1,154	593	1,049
Overall balance	-11	-33	-30	-50	-183	-356	203	-213	102
Financing	11	33	30	50	183	356	-203	213	-102
External financing (net)	-2	-4	-3	-12	-50	-130	-204	42	-430
Domestic financing (net)	12	36	33	61	233	-54	-314	-331	328
Banking system	12	33	29	43	213	-67	-545	-331	328
Nonbank	0	4	4	18	19	116	73	0	...
Privatization	0	0	0	0	0	539	335	503	345
	(In percent of GDP)								
Total revenue	38.4	37.2	39.9	35.7	31.9	31.4	36.8	40.3	42.3
Of which: Tax revenue	33.1	28.9	31.8	29.3	26.5	26.7	31.4	30.8	30.2
Total expenditure	43.6	48.1	45.7	41.3	42.3	33.5	35.8	41.2	41.9
Of which: Current non-interest	34.4	36.9	30.7	26.1	21.9	23.3	27.8	31.3	34.2
Interest	6.5	9.3	13.5	14.1	19.7	7.9	4.4	4.0	4.2
External	1.6	1.0	1.3	2.8	2.7	2.5	3.2	3.1	3.2
Domestic	4.8	8.3	12.2	11.3	17.0	5.5	1.2	0.9	1.0
Primary balance	1.2	-1.5	7.7	8.5	9.3	5.9	5.3	3.0	4.6
Primary balance excluding BNB transfers	-0.4	-4.7	3.9	7.7	8.0	5.7	5.3	2.6	4.1
Overall balance	-5.2	-10.9	-5.8	-5.6	-10.4	-2.1	0.9	-0.9	0.4
Financing	5.2	10.9	5.8	5.6	10.4	2.1	-0.9	0.9	-0.4
External financing (net)	-0.7	-1.2	-0.5	-1.3	-2.9	-0.8	-1.0	0.2	-1.7
Domestic financing (net)	6.0	12.1	6.3	7.0	13.3	-0.3	-1.5	-1.5	1.3
Banking system	6.0	11.0	5.5	4.9	12.2	-0.4	-2.5	-1.5	1.3
Nonbank	-0.1	1.2	0.7	2.1	1.1	0.7	0.3	0.0	...
Privatization	0.0	0.0	0.0	0.0	0.0	3.2	1.6	2.2	1.4
Memorandum items									
Government social insurance contributions 2/									
(in millions of leva)	3	7	11	16	23	249	385	564	1,951
(in percent of GDP)	2.2	2.2	2.0	1.8	1.3	1.5	1.8	2.5	7.6
Nominal GDP (in millions of leva)	201	299	526	880	1,749	17,055	21,577	22,515	25,587

Source: Bulgarian Ministry of Finance.

1/ Consolidated government through 1997.

2/ Social insurance contributions paid by central government to the social insurance fund.

Table A24. Bulgaria: General Government Revenue, 1992-2000 1/

	1992	1993	1994	1995	1996	1997	1998	1999	2000
(In millions of leva)									
Total revenue	77	111	210	314	558	5,352	7,935	9,065	10,834
Tax revenue	66	86	167	258	464	4,546	6,767	6,923	7,729
Profit taxes	14	7	19	33	74	849	873	735	716
Nonfinancial enterprises	9	6	19	30	62	755	692	637	619
Financial enterprises	5	1	1	3	12	94	182	97	97
Income taxes	11	15	23	36	70	680	1,022	1,056	1,098
VAT/turnover taxes	7	10	39	59	117	1,049	1,833	1,927	2,379
Excise duties	5	11	18	23	26	362	674	688	1,038
Customs duties	4	9	15	21	38	363	435	259	221
Social insurance contributions	22	30	47	70	121	1,176	1,655	1,793	1,965
Pension fund	19	26	40	59	108	1,059	1,497	1,538	1,461
Unemployment fund	3	4	7	10	13	117	158	152	117
Health Insurance fund	0	0	0	0	0	0	0	104	398
Other taxes	4	4	6	15	17	67	275	466	312
Nontax revenues	11	19	40	50	86	745	1,152	1,968	2,783
BNB transfers	3	10	20	16	22	34	0	90	137
Other	7	9	20	34	64	711	1,152	1,878	2,646
Extrabudgetary funds 2/	0	6	3	6	8	0	16	174	0
(In percent of GDP)									
Total revenue	38.4	37.2	39.9	35.7	31.9	31.4	36.8	40.3	42.3
Tax revenue	33.1	28.9	31.8	29.3	26.5	26.7	31.4	30.8	30.2
Profit taxes	6.8	2.2	3.7	3.8	4.2	5.0	4.0	3.3	2.8
Nonfinancial enterprises	4.5	2.0	3.6	3.4	3.6	4.4	3.2	2.8	2.4
Financial enterprises	2.3	0.3	0.1	0.4	0.7	0.6	0.8	0.4	0.4
Income taxes	5.4	5.0	4.4	4.1	4.0	4.0	4.7	4.7	4.3
VAT/turnover taxes	3.6	3.5	7.3	6.7	6.7	6.1	8.5	8.6	9.3
Excise duties	2.6	3.8	3.4	2.6	1.5	2.1	3.1	3.1	4.1
Customs duties	2.0	3.0	2.8	2.4	2.2	2.1	2.0	1.1	0.9
Social insurance contributions	10.7	10.1	8.9	7.9	6.9	6.9	7.7	8.0	7.7
Pension fund	9.2	8.6	7.6	6.8	6.1	6.2	6.9	6.8	5.7
Unemployment fund	1.5	1.5	1.3	1.2	0.8	0.7	0.7	0.7	0.5
Health Insurance fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	1.6
Other taxes	2.1	1.3	1.2	1.7	1.0	0.4	1.3	2.1	1.2
Nontax revenues	5.3	6.3	7.6	5.7	4.9	4.4	5.3	8.7	10.9
BNB transfers	1.6	3.2	3.8	1.8	1.3	0.2	0.0	0.4	0.5
Other	3.7	3.1	3.8	3.9	3.7	4.2	5.3	8.3	10.3
Extrabudgetary funds	0.0	2.1	0.5	0.7	0.4	0.0	0.1	0.8	0.0

Source: Bulgarian Ministry of Finance.

1/ Consolidated government through 1997.

Table A25. Bulgaria; General Government Expenditure, 1992-2000 1/

	1992	1993	1994	1995	1996	1997	1998	1999	2000
(In millions of leva)									
Total expenditure	88	144	240	364	740	5,708	7,732	9,279	10,732
Total non-interest expenditure	75	116	169	240	396	4,354	6,780	8,382	9,649
Current non-interest expenditure	69	110	161	230	383	3,967	6,001	7,048	8,746
Compensation 2/	12	19	28	40	61	629	1,020	1,216	1,395
Wages and salaries	12	18	27	40	59	614	997	1,191	1,367
Scholarships	1	1	1	1	2	12	23	25	28
Maintenance/operating	16	20	34	48	86	1,071	1,287	1,823	2,553
Defense/security	8	12	19	32	53	619	904	981	1,114
Subsidies	4	6	7	9	14	125	442	334	295
Social expenditure	29	45	69	95	159	1,455	2,348	2,681	3,389
Pensions	20	33	51	71	122	1,077	1,787	1,954	2,536
Assistance	7	10	14	18	27	267	425	448	530
EU financed assistance	0	0	0	0	0	44	49	0	16
Unemployment	2	3	4	6	9	59	86	190	209
Severance payments	0	0	0	0	2	7	0	0	...
Health Insurance fund	0	0	0	0	0	0	0	90	97
Extrabudgetary funds	0	8	5	5	9	35	44	14	0
Capital expenditure	6	6	8	10	13	175	605	980	1,162
Interest	13	28	71	124	344	1,355	952	896	1,083
External	3	3	7	25	48	419	688	688	818
Domestic	10	25	64	100	297	936	264	208	265
(In percent of GDP)									
Total expenditure	43.6	48.1	45.7	41.3	42.3	33.5	35.8	41.2	41.9
Total noninterest expenditure	37.2	38.8	32.2	27.2	22.6	25.5	31.4	37.2	37.7
Current noninterest expenditure	34.4	36.9	30.7	26.1	21.9	23.3	27.8	31.3	34.2
Compensation 2/	6.1	6.4	5.3	4.6	3.5	3.7	4.7	5.4	5.5
Wages and salaries	5.8	6.1	5.0	4.5	3.4	3.6	4.6	5.3	5.3
Scholarships	0.3	0.3	0.2	0.1	0.1	0.1	0.1	0.1	0.1
Maintenance/operating	8.0	6.5	6.4	5.5	4.9	6.3	6.0	8.1	10.0
Defense/security	4.2	4.0	3.6	3.6	3.0	3.6	4.2	4.4	4.4
Subsidies	1.8	2.2	1.4	1.1	0.8	0.7	2.0	1.5	1.2
Social expenditure	14.2	15.2	13.0	10.8	9.1	8.5	10.9	11.9	13.2
Pensions	10.0	11.0	9.8	8.0	7.0	6.3	8.3	8.7	9.9
Assistance	3.5	3.2	2.6	2.1	1.5	1.6	2.0	2.0	2.1
EU financed assistance	0.0	0.0	0.0	0.0	0.0	0.3	0.2	0.0	0.1
Unemployment	0.8	1.0	0.7	0.7	0.5	0.3	0.4	0.8	0.8
Severance payments	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0
Health Insurance fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.4
Extrabudgetary funds	0.0	2.6	1.0	0.6	0.5	0.2	0.2	0.1	0.0
Capital expenditure	2.8	1.9	1.5	1.1	0.7	1.0	2.8	4.4	4.5
Interest	6.5	9.3	13.5	14.1	19.7	7.9	4.4	4.0	4.2
External	1.6	1.0	1.3	2.8	2.7	2.5	3.2	3.1	3.2
Domestic	4.8	8.3	12.2	11.3	17.0	5.5	1.2	0.9	1.0

Source: Bulgarian Ministry of Finance.

1/ Consolidated government through 1997.

2/ Excluding social insurance paid by the government on behalf of its employees.

Table A26. Bulgaria: Summary of General Government Operations (GFS Definition), 1988-2000 1/

	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
	(In millions of leva)												
Total revenue and grants	24	26	27	61	87	119	235	354	646	6,305	8,535	9,510	10,834
Total revenue	24	26	27	61	87	119	235	353	643	6,210	8,408	9,309	10,635
Current revenue	24	25	26	61	87	118	230	350	641	6,115	8,330	9,185	10,512
Tax revenue	19	21	20	53	69	91	178	272	484	4,881	6,738	7,150	7,729
Nontax revenue	4	5	6	8	18	27	52	78	156	1,234	1,592	2,035	2,783
Capital revenue	0	0	1	0	0	1	5	3	2	96	77	124	123
Grants	0	0	0	0	0	0	0	1	4	95	127	201	200
Total expenditure and net lending	25	26	31	67	98	154	260	400	916	5,940	7,952	9,170	10,732
Total expenditure	24	25	29	65	98	152	262	399	913	6,363	8,248	9,462	10,991
Current expenditure	21	22	28	62	92	146	251	380	885	5,835	7,389	8,258	9,830
Of which: Interest expenses	1	1	2	9	14	29	77	129	353	1,440	953	898	1,083
Capital expenditure	2	2	1	3	6	7	11	19	29	528	859	1,204	1,162
Net lending	2	1	1	2	0	2	-2	1	3	-423	-296	-292	-259
Primary balance	-1	1	-1	3	2	-7	52	83	84	1,804	1,536	1,238	1,185
Overall balance	-2	0	-4	-6	-12	-36	-25	-46	-270	365	583	340	102
Financing	2	0	4	6	12	36	25	46	270	-365	-583	-340	-102
Net external financing	-1	-1	0	4	3	-3	8	-7	-33	57	-148	258	-430
Domestic financing	2	1	4	2	9	39	17	53	303	-421	-435	-597	328
	(In percent of GDP)												
Total revenue and grants	61.6	64.5	59.9	44.9	43.3	39.7	44.7	40.2	37.0	36.9	39.6	42.2	42.3
Total revenue	61.6	64.5	59.9	44.8	43.2	39.7	44.7	40.1	36.8	36.3	39.0	41.3	41.6
Current revenue	61.4	64.4	58.0	44.7	43.2	39.4	43.7	39.8	36.6	35.8	38.6	40.8	41.1
Tax revenue	49.8	51.9	44.5	39.1	34.3	30.5	33.8	30.9	27.7	28.5	31.2	31.8	30.2
Nontax revenue	11.5	12.5	13.5	5.6	8.9	8.9	9.9	8.9	8.9	7.2	7.4	9.0	10.9
Capital revenue	0.2	0.2	1.9	0.1	0.0	0.2	1.0	0.3	0.1	0.6	0.4	0.6	0.5
Grants	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.1	0.2	0.6	0.6	0.9	0.8
Total expenditure and net lending	65.7	65.4	67.6	49.0	49.0	51.7	49.4	45.4	52.4	34.7	36.9	40.7	41.9
Total expenditure	61.4	62.3	64.4	47.9	49.0	50.9	49.8	45.3	52.2	37.2	38.2	42.0	43.0
Current expenditure	56.0	56.7	61.2	45.9	45.8	48.7	47.8	43.2	50.6	34.1	34.2	36.7	38.4
Of which: Interest expenses	2.2	3.7	5.3	6.5	6.9	9.8	14.6	14.6	20.2	8.4	4.4	4.0	4.2
Capital expenditure	5.4	5.6	3.2	2.0	3.1	2.2	2.0	2.1	1.6	3.1	4.0	5.3	4.5
Net lending	4.3	3.1	3.2	1.1	0.0	0.7	-0.4	0.1	0.2	-2.5	-1.4	-1.3	-1.0
Primary balance	-1.9	2.8	-2.5	2.3	1.2	-2.2	9.8	9.4	4.8	10.5	7.1	5.5	4.6
Overall balance	-4.1	-0.9	-7.7	-4.2	-5.7	-12.0	-4.8	-5.2	-15.4	2.1	2.7	1.5	0.4
Financing	4.1	0.9	7.7	4.2	5.7	12.0	4.8	5.2	15.4	-2.1	-2.7	-1.5	-0.4
Net external financing	-1.3	-1.3	-0.8	2.8	1.4	-0.9	1.6	-0.8	-1.9	0.3	-0.7	1.1	-1.7
Domestic financing	5.5	2.2	8.6	1.4	4.3	13.0	3.1	6.0	17.3	-2.5	-2.0	-2.7	1.3

Source: *Government Finance Statistics*; and Bulgaria Ministry of Finance.

1/ Starting 1998, includes central government, social security, 279 municipalities, 3,881 communes, and the extrabudgetary funds, accounts and agencies. Starting 1999, the 12 extrabudgetary funds are included on a net basis.

Table A27. Bulgaria: General Government Revenue (GFS Definition), 1988-2000

	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
	(In percent of GDP)												
Total revenue and grants	61.6	64.5	59.9	44.9	43.3	39.7	44.7	40.2	37.0	36.9	39.6	42.2	42.3
Total revenue	61.6	64.5	59.9	44.8	43.2	39.7	44.7	40.1	36.8	36.3	39.0	41.3	41.6
Current revenue	61.4	64.4	58.0	44.7	43.2	39.4	43.7	39.8	36.6	35.8	38.6	40.8	41.1
Tax revenue	49.8	51.9	44.5	39.1	34.3	30.5	33.8	30.9	27.7	28.5	31.2	31.8	30.2
Taxes on income and profits	24.7	28.2	23.1	20.9	13.0	7.8	8.8	8.9	9.2	10.4	8.7	7.9	7.1
Individuals	3.8	3.9	4.2	3.7	5.4	5.0	4.4	4.1	4.0	4.0	4.7	4.7	4
Corporate	17.0	18.4	14.0	13.9	5.9	2.1	3.4	3.9	4.2	5.2	2.7	2.1	0.1
Other	4.0	5.9	4.9	3.3	1.6	0.7	0.9	0.8	1.1	1.3	1.2	1.1	2.7
Social security contributions	10.4	10.5	10.7	8.7	10.6	9.9	8.6	7.6	6.8	6.8	7.7	8.3	7.6
Employers	10.3	10.5	10.6	8.5	10.0	9.2	7.5	6.7	6.2	6.7	7.1	7.0	6.4
Self-employed	0.0	0.0	0.0	0.1	0.4	0.4	0.6	0.5	0.2	0.1	0.2	0.4	0.6
Other	0.1	0.1	0.1	0.1	0.2	0.3	0.5	0.4	0.3	0.0	0.0	0.6	0.7
Payroll taxes	0.1	0.2	0.1	0.7	1.5	1.4	1.2	1.1	0.7	0.7	0.0	0.7	0.5
Property taxes	0.4	0.4	0.3	0.1	0.2	0.3	0.4	0.3	0.2	0.1	0.6	0.4	0.3
Taxes on goods and services	11.9	11.5	9.1	7.2	6.3	7.6	11.4	10.0	8.5	8.3	11.7	11.7	13.4
Turnover taxes, VAT	5.1	4.5	3.6	2.7	2.6	2.3	7.5	7.1	6.8	6.1	8.5	8.6	9.2
Excises	6.1	6.2	5.0	3.5	2.5	3.8	3.5	2.7	1.6	2.2	3.1	3.1	4.1
Other taxes on goods and services	0.8	0.8	0.5	1.0	1.2	1.5	0.4	0.2	0.1	0.0	0.0	0.0	0.1
Taxes on international trade	1.0	0.9	0.9	1.1	2.2	3.0	3.1	2.9	2.2	2.1	2.1	1.1	0.9
Import duties	0.8	0.9	0.9	0.8	1.8	2.6	2.4	2.2	1.7	2.1	2.0	1.1	0.9
Export duties	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0
Other taxes on international trade	0.2	0.0	0.0	0.4	0.4	0.5	0.7	0.7	0.5	0.0	0.0	0.0	0.0
Other taxes	1.3	0.3	0.3	0.4	0.7	0.4	0.3	0.1	0.1	0.0	0.4	1.5	0.4
Nontax revenue	11.5	12.5	13.5	5.6	8.9	8.9	9.9	8.9	8.9	7.2	7.4	9.0	10.9
Capital revenue	0.2	0.2	1.9	0.1	0.0	0.2	1.0	0.3	0.1	0.6	0.4	0.6	0.5
Grants	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.1	0.2	0.6	0.6	0.9	0.8

Source: *Government Finance Statistics*; and Bulgarian Ministry of Finance.

Table A28. Bulgaria: General Government Expenditure (GFS Definition), 1988-2000

	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
	(In percent of GDP)												
Total expenditure by functions (exc. net lending)	64.3	65.5	67.5	51.1	53.7	56.1	54.1	48.6	54.4	39.4	41.3	43.9	43.0
General public services	3.4	2.8	1.9	1.3	2.0	2.4	2.2	1.9	1.5	2.3	3.0	4.0	5.7
Defense	5.0	4.8	4.1	3.3	3.2	2.9	2.7	2.6	2.4	2.7	2.7	3.0	2.4
Public order and safety	1.2	1.2	1.1	1.4	1.9	1.8	1.8	1.8	1.4	1.7	2.1	2.5	1.9
Education	4.5	4.9	5.1	5.2	5.8	5.5	4.5	4.1	3.6	3.8	3.8	4.3	4.4
Health	3.6	3.4	3.9	4.0	5.2	4.7	4.0	3.7	3.2	3.6	3.6	4.1	3.4
Social security and welfare	11.7	12.0	12.8	14.3	14.8	15.9	13.5	11.1	9.5	9.6	11.6	12.8	13.2
Housing and other services	5.5	5.6	5.1	2.7	2.8	1.9	2.0	1.5	1.3	0.9	1.7	1.8	1.8
Recreational and cultural services	1.7	1.8	1.3	1.0	0.9	0.8	0.7	0.7	0.5	0.5	0.7	1.0	0.9
Fuel and energy	0.1	0.1	0.7	3.0	1.0	1.3	0.6	0.4	0.4	1.1	1.3	0.8	0.4
Agriculture, forestry, fishing, hunting	9.5	9.7	9.2	1.0	1.1	0.8	1.0	0.8	0.6	0.9	0.7	0.8	0.8
Nonfuels mining and mineral	6.9	5.8	4.9	0.2	0.8	0.6	0.5	0.3	0.2	0.1	0.1	0.0	0.1
Transport and communications	2.2	2.4	2.2	0.6	2.0	2.0	1.3	1.3	1.0	1.2	2.1	1.7	2.1
Other economic activities	3.6	4.0	6.8	3.3	0.4	0.4	0.3	0.3	5.5	2.5	1.0	1.8	1.3
Other (including natural disaster and interest)	5.4	7.0	8.5	9.8	11.7	15.1	18.9	18.0	23.4	8.5	7.0	5.4	4.4
Total expenditure and net lending by economic classifications	65.7	65.4	67.6	49.0	49.0	51.7	49.4	45.4	52.4	34.7	36.9	42.8	41.9
Total expenditure	61.4	62.3	64.4	47.9	49.0	50.9	49.8	45.3	52.2	37.2	38.2	43.9	43.0
Current expenditure	56.0	56.7	61.2	45.9	45.8	48.7	47.8	43.2	50.6	34.1	34.2	39.3	38.4
Wages and salaries	5.0	5.1	6.4	6.0	7.6	7.9	6.8	6.2	4.6	4.7	8.7	7.2	5.3
Operations and maintenance	20.3	20.5	22.2	15.7	14.7	12.5	11.3	10.0	10.1	10.3	7.8	15.3	14.4
Interest payments	2.2	3.7	5.3	6.5	6.9	9.8	14.6	14.6	20.2	8.4	4.4	3.9	4.2
Subsidies and other current transfers	28.4	27.5	27.3	17.8	16.6	18.5	15.1	12.3	15.7	10.7	13.3	12.9	14.4
Subsidies	17.1	15.9	15.1	4.3	2.8	3.6	2.3	1.7	6.7	1.9	2.6	1.9	1.0
Transfers to other levels of government	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfers to NPOs and other transfers	11.3	11.6	12.3	13.5	13.8	14.7	12.8	10.6	9.0	8.7	10.6	11.0	13.4
Capital expenditure	5.4	5.6	3.2	2.0	3.1	2.2	2.0	2.1	1.6	3.1	4.0	4.6	4.5
Net lending	4.3	3.1	3.2	1.1	0.0	0.7	-0.4	0.1	0.2	-2.5	-1.4	-1.1	-1.0

Source: *Government Finance Statistics*; and Bulgarian Ministry of Finance.

Table A29. Bulgaria: Summary of Central Government Operations (GFS Definition), 1988-2000 1/

	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
(In millions of leva)													
Total revenue and grants	15	15	15	32	38	56	134	199	352	3,238	4,618	5,401	6,876
Total revenue	14	14	14	32	38	56	134	199	351	3,228	4,594	5,381	6,660
Current revenue	14	14	13	32	38	56	133	198	351	3,223	4,588	5,270	6,560
Tax revenue	11	12	10	29	30	41	102	160	287	2,729	3,995	4,022	4,913
Nontax revenue	3	3	3	3	8	15	32	38	64	494	593	1,248	1,646
Capital revenue	0	0	1	0	0	0	1	1	0	5	7	111	100
Grants	0	1	0	0	0	0	0	0	1	10	24	21	216
Total expenditure and net lending	15	15	18	32	46	82	150	235	514	3,099	3,711	4,536	6,155
Total expenditure	15	15	17	32	47	82	150	236	517	3,503	3,908	4,842	6,413
Current expenditure	14	14	16	31	45	79	146	231	510	3,347	3,562	4,395	5,437
Of which: Interest payments	1	1	2	9	13	28	71	124	326	1,328	843	890	1,072
Capital expenditure	1	1	1	1	2	2	4	5	6	155	345	447	976
Net lending	0	0	0	-1	-1	0	0	-1	-2	-404	-197	-306	-258
Primary balance	1	1	0	10	5	3	55	88	163	1,467	1,750	1,755	1,793
Overall balance	0	0	-3	1	-8	-25	-16	-36	-163	139	908	865	720
Financing	0	0	3	4	11	34	34	57	191	151	-480	-1,023	139
Net external financing	-1	-1	0	-3	-2	-4	-3	-12	-50	-206	-451	56	-439
Domestic financing	0	1	3	7	14	38	37	69	241	356	-29	-1,080	578.8
(In percent of GDP)													
Total revenue and grants	37.9	37.6	32.5	23.8	19.1	18.8	25.5	22.6	20.1	18.9	21.4	24.0	26.9
Total revenue	37.2	36.3	31.5	23.6	19.1	18.8	25.5	22.6	20.1	18.9	21.3	23.9	26.0
Current revenue	37.0	36.1	29.6	23.5	19.1	18.7	25.4	22.5	20.1	18.8	21.3	23.4	25.6
Tax revenue	29.5	29.3	23.0	21.1	15.1	13.7	19.4	18.2	16.4	16.0	18.5	17.9	19.2
Nontax revenue	7.6	6.8	6.6	2.4	4.0	5.0	6.0	4.3	3.7	2.9	2.7	5.5	6.4
Capital revenue	0.2	0.2	1.9	0.1	0.0	0.1	0.1	0.1	0.0	0.0	0.0	0.5	0.4
Grants	0.7	1.3	1.0	0.3	0.1	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.8
Total expenditure and net lending	38.1	37.7	38.6	23.2	22.9	27.3	28.4	26.7	29.4	18.1	17.2	20.1	24.1
Total expenditure	38.4	37.4	37.7	23.9	23.5	27.4	28.5	26.8	29.6	20.5	18.1	21.5	25.1
Current expenditure	35.3	34.6	36.2	23.1	22.4	26.6	27.8	26.2	29.2	19.6	16.5	19.5	21.3
Of which: Interest payments	2.2	3.7	5.3	6.4	6.5	9.3	13.4	14.1	18.6	7.8	3.9	4.0	4.2
Capital expenditure	3.1	2.8	1.5	0.7	1.1	0.8	0.7	0.6	0.4	0.9	1.6	2.0	3.8
Net lending	-0.3	0.2	0.9	-0.7	-0.6	-0.1	0.0	-0.1	-0.1	-2.4	-0.9	-1.4	-1.0
Primary balance	2.0	3.6	-0.9	7.0	2.7	0.8	10.5	10.0	9.3	8.6	8.1	7.8	7.0
Overall balance	-0.2	0.0	-6.1	0.6	-3.8	-8.5	-3.0	-4.1	-9.3	0.8	4.2	3.8	2.8
Financing	-0.1	0.9	6.3	3.3	5.7	11.5	6.5	6.5	10.9	0.9	-2.2	-4.5	0.5
Net external financing	-1.3	-1.3	-0.8	-2.2	-1.1	-1.3	-0.5	-1.3	-2.9	-1.2	-2.1	0.3	-1.7
Domestic financing	1.2	2.2	7.1	5.5	6.8	12.8	7.0	7.9	13.8	2.1	-0.1	-4.8	2.3

Source: *Government Finance Statistics*; and Bulgarian Ministry of Finance.

1/ Includes the National Assembly, the Office of the Council of Ministers, the Office of the President, five ministries and 9 committees, and the budgets of the Judicial authorities.

Table A30. Bulgaria: Summary of Social Security Institutions (GFS Definition), 1988-2000

	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
(In millions of leva)													
Total revenue and grants	4	4	5	12	21	30	45	67	120	1,193	1,892	2,092	2,778
Total revenue	4	4	5	12	21	30	45	67	120	1,193	1,892	2,092	2,778
Current revenue	4	4	5	12	21	30	45	67	120	1,193	1,892	2,092	2,778
Tax revenue	4	4	5	12	21	30	45	67	118	1,167	1,658	2,029	1,951
Of which : Contributions	4	4	5	12	21	30	45	67	118	1,167	1,658	1,861	1,951
Employers	4	4	5	11	20	27	39	59	109	1,142	1,527	1,560	1,633
Self-employed	0	0	0	0	1	1	3	5	4	22	42	80	148
Nontax revenue	0	0	0	0	0	0	0	0	2	26	234	63	827
Capital revenue	0	0	0	0	0	0	0	0	0	0	0	0	0
Grants	0	0	0	0	0	0	0	0	0	0	0	0	0
Total expenditure and net lending	4	4	5	16	25	39	60	82	138	1,287	2,217	2,578	3,346
Total expenditure	4	4	5	16	25	39	60	82	138	1,287	2,238	2,578	3,347
Current expenditure	4	4	5	16	25	39	60	82	138	1,284	2,228	2,480	3,319
Of which : Goods and services	0	0	0	0	0	0	0	0	1	10	33	56	65
Transfers	4	4	5	16	25	39	59	81	137	1,274	2,195	2,424	3,254
Capital expenditure	0	0	0	0	0	0	0	0	0	3	10	98	28
Net lending	0	0	0	0	0	0	0	0	0	0	-21	0	0
Overall balance	0	0	0	-5	-4	-9	-14	-15	-18	-93	-326	-486	-569
(In percent of GDP)													
Total revenue and grants	10.4	10.5	10.7	8.7	10.6	9.9	8.6	7.6	6.8	7.0	8.8	9.3	10.9
Total revenue	10.4	10.5	10.7	8.7	10.6	9.9	8.6	7.6	6.8	7.0	8.8	9.3	10.9
Current revenue	10.4	10.5	10.7	8.7	10.6	9.9	8.6	7.6	6.8	7.0	8.8	9.3	10.9
Tax revenue	10.4	10.5	10.7	8.7	10.6	9.9	8.6	7.6	6.8	6.8	7.7	9.0	7.6
Nontax revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.2	1.1	0.3	3.2
Capital revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Grants	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total expenditure and net lending	10.2	10.4	11.0	12.1	12.4	13.0	11.3	9.3	7.9	7.5	10.3	11.5	13.1
Total expenditure	10.2	10.4	11.0	12.1	12.4	13.0	11.3	9.3	7.9	7.5	10.4	11.5	13.1
Current expenditure	10.2	10.4	11.0	12.1	12.4	13.0	11.3	9.3	7.9	7.5	10.3	11.0	13.0
Capital expenditure	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.1
Net lending	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	0.0	0.0
Overall balance	0.2	0.1	-0.4	-3.5	-1.8	-3.1	-2.7	-1.7	-1.0	-0.5	-1.5	-2.2	-2.2

Source: Government Finance Statistics ; and Bulgarian Ministry of Finance.

Table A31. Bulgaria: Summary of Municipalities' Operations (GFS Definition), 1988-2000

	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
(In millions of leva)													
Total revenue and grants	5	5	6	15	25	34	48	67	111	1,011	1,666	1,974	1,959
Total revenue	4	5	5	11	15	19	25	38	73	652	1,027	1,215	1,197
Current revenue	4	5	5	11	15	18	25	38	72	641	1,012	1,215	1,174
Tax revenue	4	4	5	11	14	16	21	29	60	577	910	848	865
Nontax revenue	0	0	0	0	1	2	4	9	13	64	101	367	309
Capital revenue	0	0	0	0	0	0	1	1	1	11	16	0	23
Grants from other levels of government	1	1	1	4	9	15	22	29	38	358	638	759	762
Total expenditure and net lending	5	5	6	15	26	34	48	67	111	999	1,682	2,011	2,021
Total expenditure	5	5	6	15	26	34	48	67	111	998	1,682	2,028	2,021
Current expenditure	4	4	5	13	23	30	44	62	104	919	1,470	1,756	1,864
Capital expenditure	1	1	1	2	3	3	4	5	6	79	212	272	158
Net lending	0	0	0	0	0	0	0	0	0	1	0	-17	0
Overall balance	0	0	0	0	-2	0	-1	0	0	11	-17	-38	-62
Financing	0	0	0	0	2	0	1	0	0	-11	17	38	62
Net external financing	0	0	0	0	0	0	0	0	0	0	0	80	
Domestic financing	0	0	0	0	2	0	1	0	0	-11	17	-43	62
From other levels of government	0	0	0	0	1	0	0	0	0	0	3	0	12
Banking system	0	0	0	0	1	0	0	0	0	-11	14	0	50
Nonbanking system	0	0	0	0	0	0	0	0	0	0	0	-43	...
(In percent of GDP)													
Total revenue and grants	11.9	13.4	12.9	11.2	12.2	11.4	9.1	7.6	6.3	5.9	7.7	8.8	7.7
Total revenue	9.7	11.5	10.8	8.3	7.6	6.2	4.8	4.4	4.2	3.8	4.8	5.4	4.7
Current revenue	9.7	11.5	10.8	8.3	7.6	6.1	4.7	4.3	4.1	3.8	4.7	5.4	4.6
Tax revenue	9.2	11.1	9.9	8.1	6.8	5.4	3.9	3.3	3.4	3.4	4.2	3.8	3.4
Nontax revenue	0.5	0.4	0.9	0.2	0.7	0.7	0.8	1.0	0.7	0.4	0.5	1.6	1.2
Capital revenue	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.1
Grants from other levels of government	2.2	1.9	2.0	2.9	4.7	5.1	4.2	3.3	2.1	2.1	3.0	3.4	3.0
Total expenditure and net lending	11.8	13.2	12.3	11.0	13.0	11.3	9.2	7.6	6.3	5.8	7.8	8.9	7.9
Total expenditure	11.8	13.2	12.3	11.0	13.0	11.3	9.2	7.6	6.3	5.8	7.8	9.0	7.9
Current expenditure	9.6	10.6	10.8	9.7	11.3	10.2	8.3	7.1	6.0	5.4	6.8	7.8	7.3
Capital expenditure	2.2	2.7	1.6	1.2	1.7	1.1	0.8	0.6	0.4	0.5	1.0	1.2	0.6
Net lending	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	0.0
Overall balance	0.0	0.2	0.6	0.3	-0.8	0.1	-0.1	0.0	0.0	0.1	-0.1	-0.2	-0.2
Financing	0.0	-0.2	-0.6	-0.3	0.8	-0.1	0.1	0.0	0.0	-0.1	0.1	0.2	0.2
Net external financing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.0
Domestic financing	0.0	-0.2	-0.6	-0.3	0.8	-0.1	0.1	0.0	0.0	-0.1	0.1	-0.2	0.2
From other levels of government	0.0	0.1	-0.1	0.0	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Banking system	-0.1	-0.3	-0.4	-0.3	0.4	-0.1	0.1	0.0	0.0	-0.1	0.1	0.0	0.2
Nonbanking system	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.2	0.0

Source: *Government Finance Statistics*; and Bulgarian Ministry of Finance.

Table A32. Bulgaria: Monetary Survey, 1991-2000

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
(In millions of leva)										
Broad money 1/	103	159	234	418	584	1,310	6,019	6,597	7,351	8,616
Lev money	69	118	187	282	425	649	3,395	4,013	4,475	5,174
Deposits	57	99	161	243	363	523	2,080	2,271	2,518	2,801
Notes and coins	12	18	25	39	62	127	1,314	1,742	1,957	2,374
Foreign currency	35	41	48	136	159	661	2,624	2,584	2,876	3,442
Net foreign assets	-1	-12	-23	49	71	158	4,851	5,272	5,994	7,019
Of which: BNB	1	7	-1	-18	12	-235	2,719	3,251	3,840	3,818
DMB 2/	-1	-19	-22	66	59	393	2,132	2,021	2,155	3,201
Net domestic assets	104	171	257	369	513	1,152	1,167	1,325	1,357	1,597
Lev credit	84	122	204	269	411	651	1,036	1,359	1,076	1,610
Government	14	30	103	120	207	417	104	-222	-844	-719
Non-government	70	92	101	149	204	235	932	1,581	1,920	2,329
Public enterprise 3/	57	74	76	112	98	95	336	300	216	144
Private sector 3/	13	18	25	38	106	139	595	1,281	1,703	2,186
FX credit	78	120	192	279	217	1,422	4,101	2,868	3,162	3,044
Government	32	59	90	157	62	485	1,538	732	1,000	1,207
Non-government	46	61	102	122	155	937	2,563	2,136	2,162	1,837
Public enterprise (SOE)	46	61	91	78	71	430	918	646	497	278
Private sector	n.a.	n.a.	11	44	84	507	1,646	1,490	1,665	1,559
Other items net	-58	-72	139	-179	-116	-921	-3,969	-2,902	-2,881	-3,058
(Percent change from previous year)										
Broad money	110.0	53.6	47.6	78.6	39.6	124.5	359.3	9.6	11.4	17.2
Lev money	58.9	71.1	58.6	51.0	50.9	52.7	423.0	18.2	11.5	15.6
Foreign currency deposits	485.2	18.8	16.2	186.5	16.4	316.4	296.8	-1.5	11.3	19.7
Real broad money	-52.1	-14.4	-9.9	-19.5	5.1	-45.4	-29.2	7.7	4.2	5.2
Real lev money	-63.8	-4.6	-3.2	-32.0	13.5	-62.8	-19.4	16.2	4.3	3.8
Real lev credit	-66.7	-18.6	2.1	-40.6	14.9	-61.5	-75.5	29.0	-26.0	34.3
(In millions of U.S. dollars)										
Foreign currency deposits	1,529	1,673	1,455	2,066	2,245	1,357	1,477	1,543	1,477	1,637
(In percent of broad money)	33	26	20	33	27	51	44	39	39	40
Net foreign assets	-33	-491	-713	740	1,001	325	2,731	3,147	3,079	3,339
Of which: BNB	21	299	-28	-265	171	-481	1,531	1,941	1,972	1,816
DMB 2/	-54	-790	-685	1,004	830	806	1,200	1,207	1,107	1,523
Foreign exchange credit	3,569	4,915	5,871	4,224	3,075	1,754	2,308	1,712	1,624	1,448
Government	1,478	2,424	2,765	2,375	881	832	865	437	513	574
Non-government	2,091	2,490	3,106	1,849	2,194	1,922	1,443	1,275	1,110	874
Public enterprise (SOE)	...	...	2,784	1,184	1,011	882	517	385	255	132
Private sector	...	...	323	665	1,184	1,040	926	890	855	742

Sources: Bulgarian National Bank; and staff calculations.

1/ In December 2000 corrected for a large deposit at the BNB related to the sale of Bulbank.

2/ Foreign liabilities of DMBs are adjusted to exclude debt of the government, using estimates prior to 1995.

3/ Introduction of a new Chart of Accounts in June 1995 reclassified credit from state enterprise to the private sector.

Table A33. Bulgaria: Foreign Assets of the Banking System, 1991-2000

	BNB International Reserves						Deposit Money Banks		Banking System	
	Gross reserves 1/	IMF purchases	Net reserves	Gross liabilities	Net foreign assets	Reserves less gold	Foreign assets 2/	Foreign currency deposits 3/	Foreign assets	Broad money
(In millions of U.S. dollars)										
1991: March	455	186	270	186	270	150	1,352	1,674	1,807	4,446
June	459	248	211	248	211	154	1,428	1,568	1,887	4,131
Sep.	645	327	318	512	133	340	1,664	1,529	2,309	4,308
Dec.	636	414	222	614	21	331	1,477	1,582	2,112	4,732
1992: March	918	461	457	822	96	613	1,434	1,619	2,351	4,893
June	1,118	527	591	916	202	813	1,503	1,512	2,621	5,179
Sep.	1,409	631	778	1,032	376	1,104	1,698	1,656	3,106	6,088
Dec.	1,240	590	649	941	299	935	1,516	1,462	2,755	6,255
1993: March	1,182	643	539	991	191	877	1,390	1,475	2,572	6,215
June	1,316	642	674	1,010	306	1,011	1,247	1,425	2,563	6,867
Sep.	1,200	652	548	1,024	177	895	1,375	1,456	2,575	7,378
Dec.	960	633	328	988	-28	655	1,331	1,455	2,291	7,156
1994: March	941	650	291	1,034	-93	636	1,316	1,548	2,257	4,619
June	1,434	854	580	1,270	164	1,124	1,576	1,748	3,010	5,874
Sep.	1,052	978	73	1,406	-354	742	1,846	2,175	2,897	6,143
Dec.	1,311	941	370	1,576	-265	1,002	1,659	2,066	2,970	6,332
1995: March	1,437	961	476	1,634	-197	1,127	1,674	2,024	3,110	6,768
June	1,809	900	909	1,577	232	1,500	1,381	2,055	3,190	7,537
Sep.	1,743	799	944	1,464	279	1,434	1,554	2,267	3,297	7,982
Dec.	1,546	717	829	1,374	171	1,236	1,426	2,245	2,972	8,255
1996: March	953	630	323	1,277	-324	644	1,447	2,083	2,400	7,411
June	883	566	316	1,209	-326	573	1,192	1,661	2,075	4,489
Sep.	780	625	155	1,320	-540	471	1,235	1,525	2,015	3,594
Dec.	793	585	208	1,274	-481	483	1,248	1,357	2,041	2,689
1997: March	826	528	298	1,183	-357	517	1,331	1,311	2,157	1,940
June	1,654	701	952	1,333	321	1,344	1,547	1,399	3,201	2,334
Sep.	2,233	891	1,342	891	1,342	1,923	1,721	1,461	3,954	2,917
Dec.	2,474	943	1,531	943	1,531	2,164	1,603	1,477	4,077	3,388
1998: March	2,570	909	1,662	909	1,662	2,260	1,613	1,465	4,183	3,249
June	2,612	1,043	1,569	1,043	1,569	2,303	1,640	1,469	4,252	3,340
Sep.	2,484	982	1,502	982	1,502	2,180	1,901	1,589	4,385	3,624
Dec.	3,056	1,117	1,939	1,117	1,939	2,760	1,688	1,542	4,353	3,938
1999: March	2,780	1,118	1,662	1,118	1,662	2,497	1,510	1,423	4,372	3,439
June	2,726	1,134	1,592	1,134	1,592	2,456	1,443	1,415	4,249	3,265
Sep.	2,882	1,221	1,660	1,221	1,660	2,600	1,689	1,503	4,652	3,637
Dec.	3,222	1,251	1,970	1,251	1,970	2,957	1,565	1,477	4,869	3,776
2000: March	2,875	1,211	1,664	1,211	1,664	2,623	1,923	1,533	4,781	3,682
June	3,145	1,316	1,829	1,316	1,829	2,893	1,931	1,552	5,067	3,702
Sep.	2,959	1,318	1,641	1,318	1,641	2,728	2,408	1,561	5,147	3,757
Dec.	3,460	1,325	2,135	1,325	2,135	3,215	2,135	1,636	5,526	4,420

Sources: Bulgarian National Bank; and staff calculations.

1/ Gross reserves net of outstanding purchases from the IMF.

2/ Includes claims in non-convertible currency and other illiquid assets in addition to claims on nonresident banks.

3/ Foreign currency denominated time deposits of households, SOEs, and the private sector.

Table A34. Bulgaria: Composition of Broad Money, 1991-2000

		Currency outside banks	Demand deposits	Narrow money (M1)	Savings deposits	Time & other deposits 1/	Lev money	Foreign currency deposit	Broad money (M3)
(In millions of leva)									
1991:	March	7	11	18	15	9	42	25	67
	June	8	10	18	13	14	45	28	73
	Sep.	9	13	22	12	19	53	29	82
	Dec.	12	15	27	16	26	69	35	103
1992:	March	12	12	24	15	37	76	38	113
	June	13	12	25	15	45	84	35	119
	Sep.	16	16	32	16	53	100	38	138
	Dec.	18	20	38	20	59	117	36	153
1993:	March	17	15	33	20	73	126	39	165
	June	20	17	37	21	87	145	38	183
	Sep.	23	21	44	22	100	166	41	207
	Dec.	25	23	48	28	110	187	48	234
1994:	March	27	23	50	28	121	199	101	300
	June	30	25	55	30	136	221	94	315
	Sep.	33	30	64	31	148	243	133	376
	Dec.	39	37	75	41	166	282	136	418
1995:	March	37	35	71	44	199	314	134	448
	June	47	30	76	40	246	362	136	498
	Sep.	54	36	90	43	256	389	154	543
	Dec.	62	46	108	58	259	425	159	584
1996:	March	57	36	93	56	271	420	164	584
	June	70	42	112	55	273	440	258	698
	Sep.	85	57	143	52	281	476	351	827
	Dec.	127	110	237	82	331	649	661	1,310
1997:	March	266	197	463	91	507	1,061	2,089	3,150
	June	553	331	884	100	622	1,606	2,405	4,011
	Sep.	967	607	1,574	162	810	2,545	2,579	5,124
	Dec.	1,314	953	2,267	227	901	3,395	2,624	6,019
1998:	March	1,285	769	2,054	238	979	3,272	2,686	5,958
	June	1,416	743	2,160	254	973	3,386	2,659	6,045
	Sep.	1,463	745	2,209	259	937	3,405	2,659	6,064
	Dec.	1,742	1,014	2,756	292	965	4,013	2,584	6,597
1999:	March	1,567	832	2,399	307	963	3,670	2,591	6,261
	June	1,479	799	2,278	312	914	3,504	2,679	6,184
	Sep.	1,687	887	2,574	341	999	3,913	2,757	6,669
	Dec.	1,957	1,039	2,997	388	1,091	4,475	2,876	7,351
2000:	March	1,824	1,053	2,877	406	1,117	4,400	3,138	7,538
	June	1,875	1,011	2,886	410	1,105	4,401	3,177	7,578
	Sep.	2,110	1,162	3,273	427	1,199	4,899	3,484	8,383
	Dec.	2,374	1,259	3,632	452	1,090	5,174	4,116	9,291
(In percent of broad money)									
1991:	March	10.9	15.8	26.7	21.9	13.8	62.3	37.7	100.0
	June	11.1	14.0	25.1	18.0	19.0	62.0	38.0	100.0
	Sep.	11.4	15.6	27.0	14.8	22.7	64.5	35.5	100.0
	Dec.	11.5	14.6	26.1	15.4	25.1	66.6	33.4	100.0
1992:	March	10.4	10.7	21.1	12.9	32.9	66.9	33.1	100.0
	June	10.7	10.4	21.0	12.3	37.4	70.8	29.2	100.0
	Sep.	11.6	11.5	23.1	11.4	38.4	72.8	27.2	100.0
	Dec.	11.9	12.8	24.7	13.2	38.7	76.6	23.4	100.0
1993:	March	10.5	9.2	19.8	12.3	44.2	76.3	23.7	100.0
	June	11.0	9.1	20.2	11.5	47.6	79.3	20.7	100.0
	Sep.	11.3	9.9	21.2	10.8	48.3	80.3	19.7	100.0
	Dec.	10.7	9.9	20.6	12.0	47.0	79.7	20.3	100.0
1994:	March	8.9	7.8	16.7	9.4	40.4	66.5	33.5	100.0
	June	9.6	7.8	17.4	9.5	43.3	70.2	29.8	100.0
	Sep.	8.8	8.1	16.9	8.3	39.4	64.6	35.4	100.0
	Dec.	9.2	8.8	18.0	9.8	39.6	67.4	32.6	100.0
1995:	March	8.1	7.7	15.8	9.7	44.5	70.1	29.9	100.0
	June	9.4	5.9	15.3	8.1	49.4	72.7	27.3	100.0
	Sep.	10.0	6.5	16.5	7.9	47.2	71.6	28.4	100.0
	Dec.	10.6	7.9	18.5	9.9	44.4	72.8	27.2	100.0
1996:	March	9.8	6.1	15.9	9.6	46.4	71.9	28.1	100.0
	June	10.1	6.0	16.1	7.8	39.1	63.0	37.0	100.0
	Sep.	10.3	6.9	17.3	6.3	34.0	57.6	42.4	100.0
	Dec.	9.7	8.4	18.1	6.2	25.2	49.5	50.5	100.0
1997:	March	8.6	6.3	14.9	2.6	14.8	32.4	67.6	100.0
	June	13.8	8.3	22.0	2.5	15.5	40.0	60.0	100.0
	Sep.	18.9	11.8	30.7	3.2	15.8	49.7	50.3	100.0
	Dec.	21.8	15.8	37.7	3.8	15.0	56.4	43.6	100.0
1998:	March	21.6	12.9	34.5	4.0	16.4	54.9	45.1	100.0
	June	23.4	12.3	35.7	4.2	16.1	56.0	44.0	100.0
	Sep.	24.1	12.3	36.4	4.3	15.5	56.1	43.8	100.0
	Dec.	26.4	15.4	41.8	4.4	14.6	60.8	39.2	100.0
1999:	March	25.0	13.3	38.3	4.9	15.4	58.6	41.4	100.0
	June	23.9	12.9	36.8	5.1	14.8	56.7	43.3	100.0
	Sep.	25.3	13.3	38.6	5.1	15.0	58.7	41.3	100.0
	Dec.	26.6	14.1	40.8	5.3	14.8	60.9	39.1	100.0
2000:	March	24.2	14.0	38.2	5.4	14.8	58.4	41.6	100.0
	June	24.7	13.3	38.1	5.4	14.6	58.1	41.9	100.0
	Sep.	25.2	13.9	39.0	5.1	14.3	58.4	41.6	100.0
	Dec.	25.5	13.5	39.1	4.9	11.7	55.7	44.3	100.0

Sources: Bulgarian National Bank.

1/ Other deposits consist of lev-denominated import and restricted deposits, plus money market instruments denominated in lev.

Table A35. Bulgaria: Nominal Interest Rates and Exchange Rates, 1991-2000

		BNB basic rate		DMB lending rate		Time deposit rate		Time deposit	Lev per U.S. dollar	
		Monthly	Annual	Monthly	Annual	Monthly	Annual	U.S. dollar	End-month	Month average
(In percent, lev denominated unless otherwise noted)										
1991:	March	3.8	55.5	4.1	62.3	3.0	42.1	...	15.2000	15.9000
	June	4.2	63.1	4.5	70.4	3.1	44.1	...	17.6000	18.1000
	Sep.	4.5	69.6	5.0	78.8	3.7	53.8	...	19.0000	18.3000
	Dec.	4.5	69.6	5.2	83.9	3.9	57.7	...	21.9000	21.7000
1992:	March	4.5	69.6	5.3	85.2	4.2	64.5	...	23.2000	23.6000
	June	4.5	69.6	5.3	85.2	4.2	64.6	...	23.0000	23.1000
	Sep.	3.6	52.5	4.4	68.4	3.1	44.9	...	22.6000	22.3000
	Dec.	3.4	49.7	4.2	64.6	3.2	45.3	...	24.5000	24.8000
1993:	March	4.3	64.8	5.2	82.9	3.9	57.4	...	26.5000	26.6000
	June	4.0	60.7	4.9	78.4	3.4	49.2	...	26.7000	26.6000
	Sep.	3.7	54.1	4.6	71.7	3.2	45.6	...	28.0000	27.6000
	Dec.	4.3	66.4	5.2	83.7	3.6	53.6	...	32.7000	32.0000
1994:	March	4.9	77.9	5.7	95.2	4.0	60.8	...	64.9000	47.2000
	June	5.2	83.0	5.9	99.9	4.2	64.0	...	53.7000	54.4000
	Sep.	5.8	97.5	6.4	111.0	4.5	69.0	...	61.2000	61.3000
	Dec.	6.0	101.2	6.7	117.8	4.6	72.3	...	66.0000	65.5000
1995:	March	6.0	101.2	6.8	119.5	4.7	72.7	...	66.2000	66.0000
	June	4.3	66.4	5.1	81.2	2.9	41.4	...	66.1000	66.1000
	Sep.	2.8	39.8	3.6	53.2	1.9	25.3	...	0.0680	0.0680
	Dec.	2.8	39.8	3.5	51.4	1.9	25.3	...	70.7000	70.3000
1996:	Jan.	2.8	39.8	3.5	50.9	1.9	25.0	...	0.0739	0.0725
	Feb.	3.4	49.5	4.0	60.5	2.2	29.4	...	0.0761	0.0746
	March	4.0	59.9	4.6	71.5	2.6	35.3	...	0.0788	0.0779
	April	4.3	66.3	5.0	78.8	2.7	37.7	...	0.0894	0.0815
	May	8.0	151.3	8.4	163.2	4.4	67.8	...	0.1470	0.1195
	June	9.0	181.3	9.8	205.4	5.0	78.8	...	0.1555	0.1431
	July	9.0	181.3	9.7	203.7	4.9	78.4	...	0.1871	0.1801
	Aug.	9.0	181.3	9.7	202.7	4.9	78.4	...	0.2020	0.1918
	Sep.	11.4	264.1	12.1	292.1	5.4	87.3	...	0.2300	0.2246
	Oct.	22.8	1,079.4	24.2	1,246.0	19.9	779.2	...	0.2396	0.2243
	Nov.	15.5	463.6	16.8	546.0	11.0	248.0	...	0.3499	0.2834
	Dec.	15.0	435.0	15.8	480.8	9.9	211.8	...	0.4874	0.4612
1997:	Jan.	15.2	443.5	16.1	502.3	10.5	231.0	4.8	1.0219	0.6986
	Feb.	16.5	525.0	17.9	622.1	10.9	247.6	4.8	2.0455	2.3872
	March	18.0	628.8	19.3	727.0	10.9	247.6	5.0	1.5887	1.6601
	April	13.4	351.7	15.0	436.7	8.3	161.5	4.7	1.4678	1.5441
	May	5.1	81.4	5.9	98.3	3.0	43.0	5.0	1.5681	1.5326
	June	3.0	42.7	3.8	56.4	1.5	19.7	4.9	1.7186	1.6684
	July	0.7	8.5	1.1	14.4	0.3	4.2	4.2	1.8438	1.7881
	Aug.	0.5	5.8	0.9	11.0	0.2	2.8	3.9	1.8090	1.8442
	Sep.	0.5	6.3	1.0	12.7	0.2	3.0	3.9	1.7628	1.7919
	Oct.	0.5	5.6	0.9	11.2	0.3	3.1	3.9	1.7190	1.7592
	Nov.	0.5	5.6	1.0	12.5	0.2	3.0	3.9	1.7670	1.7311
	Dec.	0.6	7.0	1.1	13.9	0.3	3.0	4.1	1.7765	1.7760
1998:	Jan.	0.5	6.6	1.2	14.9	0.2	3.0	4.0	1.8092	1.8121
	Feb.	0.5	5.9	1.1	14.4	0.2	2.9	3.9	1.8202	1.8149
	March	0.4	5.5	1.1	13.8	0.2	2.8	3.9	1.8340	1.8264
	April	0.4	5.5	1.1	14.6	0.2	2.8	3.8	1.7980	1.8179
	May	0.4	5.4	1.2	15.4	0.2	2.7	3.9	1.7824	1.7756
	June	0.4	5.3	1.1	14.3	0.2	2.7	3.8	1.8102	1.7906
	July	0.4	5.3	1.1	13.9	0.2	3.0	3.8	1.7690	1.7992
	Aug.	0.4	5.3	1.0	13.2	0.3	3.3	3.9	1.7918	1.7890
	Sep.	0.4	5.2	1.1	13.4	0.3	3.3	3.8	1.6732	1.7076
	Oct.	0.4	5.3	1.1	14.1	0.3	3.3	3.7	1.6475	1.6389
	Nov.	0.4	5.4	1.1	14.1	0.3	3.3	3.7	1.7026	1.6792
	Dec.	0.4	5.2	1.1	13.5	0.3	3.3	3.8	1.6751	1.6703
1999:	Jan.	0.4	5.2	1.1	14.4	0.3	3.3	3.6	1.7181	1.6846
	Feb.	0.4	5.1	1.1	13.7	0.3	3.3	3.5	1.7751	1.7453
	March	0.4	5.0	1.1	14.6	0.3	3.3	3.5	1.8207	1.7973
	April	0.4	4.8	1.1	13.8	0.3	3.3	3.5	1.8456	1.8279
	May	0.4	4.6	1.0	13.3	0.3	3.3	3.4	1.8705	1.8425
	June	0.4	4.5	1.1	13.8	0.3	3.3	3.5	1.8937	1.8847
	July	0.4	4.9	1.0	12.4	0.3	3.3	3.5	1.8289	1.8899
	Aug.	0.4	4.9	1.1	13.8	0.3	3.2	3.5	1.8498	1.8447
	Sep.	0.4	4.8	1.1	13.6	0.3	3.2	3.5	1.8339	1.8631
	Oct.	0.4	4.5	1.1	13.4	0.3	3.2	3.5	1.8711	1.8266
	Nov.	0.4	4.5	1.1	13.5	0.3	3.2	3.5	1.9370	1.8922
	Dec.	0.4	4.6	1.0	12.4	0.3	3.2	3.5	1.9469	1.9356
2000:	Jan.	0.4	4.4	1.0	12.5	0.3	3.2	3.5	1.9976	1.9303
	Feb.	0.3	3.5	0.9	11.9	0.2	2.8	4.3	2.0134	1.9890
	March	0.3	3.3	0.8	9.5	0.3	3.3	4.4	2.0474	2.0276
	April	0.3	3.7	1.1	13.6	0.3	3.1	4.5	2.1528	2.0680
	May	0.3	3.6	1.1	13.8	0.2	2.9	4.7	2.1024	2.1588
	June	0.3	3.7	1.0	12.5	0.3	3.3	4.7	2.0467	2.0608
	July	0.3	3.8	0.9	11.0	0.2	3.0	4.6	2.1160	2.0817
	Aug.	0.3	3.6	1.0	12.7	0.3	3.4	4.6	2.1961	2.1636
	Sep.	0.3	4.0	0.9	11.7	0.3	3.3	4.7	2.2314	2.2469
	Oct.	0.3	4.2	1.0	13.3	0.3	3.2	4.6	2.3237	2.2871
	Nov.	0.4	4.6	0.9	11.2	0.3	3.5	4.8	2.2522	2.2841
	Dec.	0.4	4.7	1.0	12.2	0.3	3.3	4.8	2.1019	2.1745

Sources: Bulgarian National Bank; and staff estimates.

Table A36. Bulgaria: Real Interest Rates and Uncovered Interest Differentials, 1991-2000

		Lev time deposit rate		CPI index	CPI inflation		Real time deposit rate		Annual interest on U.S. dollar deposits 2/	Lev per U.S. dollar Appreciation 3/	Uncovered interest differential 4/		
		Monthly	Annual		Monthly	Annual 1/	Monthly	Annual			Monthly	Annual	
(In percent)													
1991:	March	3.0	42.1	...		45.7	...	6.6	...	6.6	-44.9	-43.6	-99.9
	June	3.1	44.1	...		2.8	...	0.3	3.5	6.2	-2.1	0.4	5.4
	Sep.	3.7	53.8	...		5.9	...	-2.1	-22.6	5.6	-0.3	2.8	39.8
	Dec.	3.9	57.7	...		3.2	...	0.6	7.8	4.6	-5.6	-2.3	-24.2
1992:	March	4.2	64.5	505		4.8	153.6	-0.6	-6.6	4.4	-2.8	1.0	12.7
	June	4.2	64.6	617	22	6.9	87.6	-2.5	-26.1	4.0	0.7	4.7	72.9
	Sep.	3.1	44.9	664	8	2.5	76.2	0.7	8.4	3.3	1.7	4.1	61.9
	Dec.	3.2	45.3	787	19	5.8	79.0	-2.5	-26.4	3.6	-7.6	-0.7	-8.5
1993:	March	3.9	57.4	930	18	5.7	95.2	-1.8	-19.4	4.7	-7.7	1.1	14.1
	June	3.4	49.2	1060	14	4.4	68.3	-1.0	-11.3	4.7	-0.6	3.0	42.4
	Sep.	3.2	45.6	1139	7	2.4	33.5	0.7	9.0	4.7	-4.8	1.5	19.9
	Dec.	3.6	53.6	1290	13	4.2	64.3	-0.6	-6.5	5.1	-14.3	-1.8	-19.3
1994:	March	4.0	60.8	1504	17	7.5	84.7	-1.1	-12.9	5.6	-49.6	-9.0	-67.9
	June	4.2	64.0	2055	37	4.1	249.1	-6.1	-53.0	5.7	21.0	-1.0	-11.8
	Sep.	4.5	69.0	2416	18	11.0	90.9	-1.1	-11.5	5.4	-12.3	-0.1	-0.9
	Dec.	4.6	72.3	2862	18	5.0	97.1	-1.1	-12.6	5.9	-7.3	1.9	24.7
1995:	March	4.7	72.7	3168	11	3.4	50.0	1.0	12.0	5.7	-0.1	3.9	58.8
	June	2.9	41.4	3247	3	0.5	10.4	1.8	23.7	6.2	-2.9	2.8	39.1
	Sep.	1.9	25.3	3461	7	4.8	29.1	-0.4	-4.2	5.9	-3.8	-1.4	-15.7
	Dec.	1.9	25.3	3749	8	2.5	37.7	-0.6	-7.5	6.6	-10.3	-2.5	-26.1
1996:	March	2.6	30.7	4002	7	1.7	29.7	0.3	3.5	5.8	-65.7	-8.7	-66.5
	June	5.0	69.5	5456	36	20.2	245.6	-6.4	-54.8	6.1	-52.8	-47.3	-100.0
	Sep.	5.4	81.4	9355	71	18.7	764.3	-12.2	-79.0	5.6	-69.3	-29.3	-98.4
	Dec.	9.9	348.5	15420	65	26.9	638.1	-3.6	-35.5	4.8	-7.6	-46.7	-99.9
1997:	March	10.9	242.4	85087	452	8.2	92613.2	-37.3	-99.6	4.9	-3.3	-66.2	-100.0
	June	1.5	65.7	87544	3	1.6	12.1	-0.1	47.9	4.8	-3.1	-2.1	-22.0
	Sep.	0.2	3.7	98238	12	4.4	58.6	-3.9	-34.6	3.8	1.3	1.3	16.1
	Dec.	0.3	3.0	100106	2	0.2	7.8	0.1	-4.5	4.1	8.2	8.1	154.5
1998:	March	0.2	2.4	103778	4	0.2	15.5	0.1	-11.3	4.1	-8.1	-8.2	-64.2
	June	0.2	2.7	98880	-5	-3.5	-17.6	3.9	24.6	4.3	-3.9	-4.0	-38.5
	Sep.	0.3	3.7	101643	3	3.2	11.7	-2.9	-7.2	4.0	3.3	3.2	46.1
	Dec.	0.3	3.3	101840	0	0.4	0.8	-0.1	2.5	3.9	-5.8	-5.9	-51.5
1999:	March	0.3	3.2	102540	1	-1.0	2.8	1.3	0.4	3.8	-8.0	-8.0	-63.4
	June	0.3	3.2	100073	-2	-0.9	-9.3	1.2	13.8	3.7	-3.9	-3.9	-37.9
	Sep.	0.3	3.2	105794	6	1.5	24.9	-1.2	-17.4	3.7	3.3	3.2	46.3
	Dec.	0.3	3.2	108928	3	1.3	12.4	-1.1	-8.2	4.1	-5.8	-5.9	-51.6
2000:	March	0.3	3.3	112324	3	-0.6	13.1	0.8	-8.7	4.4	-4.9	-5.0	-45.9
	June	0.3	3.3	111762	-1	0.1	-2.0	0.1	5.4	4.7	0.0	-0.1	-1.0
	Sep.	0.3	3.3	118525	6	2.4	26.5	-2.1	-18.4	4.7	-8.3	-8.4	-65.0
	Dec.	0.3	3.3	121384	2	1.4	10.0	-1.1	-6.1	4.8	6.2	6.0	102.0

Sources: Bulgarian National Bank; and staff estimates.

1/ Change in CPI over previous three months, in monthly and annualized terms.

2/ Annual interest rate on U.S. dollar time deposits, or annual rate on three-month LIBOR when this is not available.

3/ Monthly rate of appreciation in lev per U.S. dollar over previous three-month period.

4/ Differential in return on lev and U.S. dollar time deposits, based on three-month rate of exchange rate appreciation (positive if differential in favor of lev).

Table A37. Bulgaria: National Bank Balance Sheet, 1992-2000

	1992	1993	1994	1995	1996	1997				1998				1999				2000				
	Dec.	Dec.	Dec.	Dec.	Dec.	Mar.	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.	
	(In billions of leva)																					
Reserve money	45	53	83	129	247	609	1110	1610	2174	2095	2074	2045	2387	2200	2163	2290	2722	2581	2611	2769	3021	
Currency in circulation	23	28	43	62	126	266	553	967	1314	1285	1416	1463	1742	1567	1479	1687	1957	1824	1875	2110	2374	
DMB reserves (net)	23	24	40	67	121	343	553	642	852	809	655	582	645	634	684	602	764	757	736	659	647	
Required reserves (leva)	6	11	32	48	110	131	192	273	319	328	354	380	310	303	244	338	388	397	312	339	341	
DMBs reserves (FX)	2	1	2	7	0	113	104	123	124	132	134	132	162	195	257	191	179	229	292	178	155	
Excess reserves	4	4	2	1	14	27	54	15	10	6	7	0	0	0	0	0	0	0	0	0	0	
Other	0	1	0	0	0	0	4	1	8	1	3	0	0	0	0	1	0	0	0	0	0	
Net foreign assets	7	-1	-18	-10	-112	121	2372	3398	4880	5439	5577	5052	5425	5052	5035	5382	6151	6318	6619	7442	7862	
Net domestic assets	38	54	100	139	359	488	-1262	-1788	-2706	-3344	-3503	-3007	-3037	-2852	-2872	-3092	-3429	-3737	-4008	-4673	-4841	
Government credit (net)	22	34	41	182	324	975	622	496	489	490	333	316	322	150	153	150	160	161	163	180	173	
Claims on DMBs (FX)	4	10	19	19	113	348	159	160	182	129	117	110	109	104	103	94	94	94	94	90	57	
Claims on DMBs (leva)	15	17	29	24	125	139	153	155	153	154	148	148	148	144	143	139	135	131	131	131	67	
Other items net	-4	-8	11	-86	-204	-974	-2195	-2599	-3530	-4118	-4101	-3581	-3616	-3250	-3270	-3474	-3818	-4122	-4396	-5074	-5139	
	(Percent change from previous year, or previous quarter from 1995 on)																					
Memorandum items:																						
Broad money	53.6	47.6	11.2	10.2	124.5	-45.3	-36.1	-34.9	63.9	-109.4	-234.0	-246.7	-351.5	-145.4	400.5	43.2	-25.8	65.2	45.0	-11.3	-46.5	
Lev money	71.1	58.6	15.9	12.3	52.7	161.4	42.1	5.9	-18.8	-16.4	-21.3	21.5	-44.3	31.6	7.0	11.9	-23.5	46.6	-7.6	0.5	-13.4	
Reserve money	52.7	16.0	19.1	36.5	118.2	146.1	82.4	45.1	35.0	-3.6	-1.0	-1.4	16.7	-7.8	-1.7	5.9	18.8	-5.2	1.1	6.0	9.1	
Contributions to reserve money growth																						
NFA	23.1	-18.1	-10.5	-41.5	989.5	-208.2	1,863.7	43.3	43.6	11.5	2.5	-9.4	7.4	-6.9	-0.4	6.9	14.3	2.7	4.8	12.4	5.6	
NDA	29.7	34.1	29.6	39.0	157.5	35.9	-358.6	41.7	51.4	23.6	4.7	-14.2	1.0	-6.1	0.7	7.7	10.9	9.0	7.3	16.6	3.6	
Reserve money multiplier																						
Broad money	3.5	4.4	4.9	4.5	5.3	5.1	3.6	3.2	2.8	2.6	2.9	3.0	2.7	2.8	2.9	3.0	2.7	2.8	2.9	3.0	2.7	
Lev money	2.6	3.5	3.3	3.3	2.6	1.6	1.4	1.6	1.6	1.6	1.6	1.7	1.7	1.7	1.6	1.7	1.6	1.7	1.7	1.8	1.7	

Sources: Bulgarian National Bank.

Table A38. Bulgaria: Liquidity Ratios and Capital Adequacy of Commercial Banks, 1997-2000

Commercial bank groups		1997	1998	1999				2000			
		Dec.	Dec.	Mar.	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.
Group I 1/	Primary liquidity, percent of deposits	...	...	...	17.8	11.2	14.2	13.2	12.9	9.7	9.0
	Secondary liquidity, percent of deposits	...	...	...	37.2	31.1	33.3	28.8	28.1	22.5	21.9
	Capital base, billions of leva	...	...	...	636.4	645.3	658.1	699.2	697.0	734.2	738.4
	Total risk component, billions of leva	...	...	...	1175.1	1276.4	1299.7	1413.2	1522.3	1698.7	1779.7
	Total capital adequacy, percent	...	...	...	54.2	50.6	50.6	49.5	45.8	43.2	41.5
Group II 2/	Primary liquidity, percent of deposits	...	...	...	17.6	13.7	13.3	13.8	13.0	10.5	10.1
	Secondary liquidity, percent of deposits	...	...	...	53.1	44.7	44.0	38.4	35.6	30.6	31.5
	Capital base, billions of leva	...	...	...	129.9	161.6	176.4	234.4	243.4	248.9	258.4
	Total risk component, billions of leva	...	...	...	520.3	610.3	596.5	729.5	855.6	938.9	942.9
	Total capital adequacy, percent	...	...	...	25.0	26.5	29.6	32.1	28.5	26.5	27.4
Group III 3/	Primary liquidity, percent of deposits	...	...	...	10.5	11.2	18.4	14.2	14.4	11.1	15.5
	Secondary liquidity, percent of deposits	...	...	...	34.6	30.7	33.5	38.4	38.5	39.7	40.5
	Capital base, billions of leva	...	...	...	95.4	105.7	110.2	139.5	143.3	143.8	148.1
	Total risk component, billions of leva	...	...	...	470.4	451.4	504.0	586.6	648.7	732.8	695.2
	Total capital adequacy, percent	...	...	...	20.3	23.4	21.9	23.8	22.1	19.6	21.3
Group IV 4/	Primary liquidity, percent of deposits	...	...	...	17.0	18.7	18.2	14.4	14.6	12.0	16.2
	Secondary liquidity, percent of deposits	...	...	...	48.0	47.4	42.4	33.0	30.9	27.2	28.4
	Capital base, billions of leva	...	...	...	222.9	233.4	237.1	206.4	226.7	226.7	233.2
	Total risk component, billions of leva	...	...	...	434.8	415.4	428.2	395.2	429.4	448.4	448.5
	Total capital adequacy, percent	...	...	...	51.3	56.2	55.4	52.2	52.8	50.6	52.0
Group V 5/	Primary liquidity, percent of deposits	...	...	...	11.2	11.3	15.2	8.8	9.9	7.2	8.3
	Secondary liquidity, percent of deposits	...	...	...	14.5	16.5	16.8	11.8	14.0	11.3	9.1
	Capital base, billions of leva	...	...	...	...	...	...	...	...	...	...
	Total risk component, billions of leva	...	...	...	...	...	...	...	...	...	...
	Total capital adequacy, percent	...	...	...	...	...	...	...	...	...	...
Total for the banking system	Primary liquidity, percent of deposits	22.4	17.1	21.3	16.2	12.4	15.0	13.2	13.0	10.0	10.4
	Secondary liquidity, percent of deposits	57.2	57.4	60.8	39.8	34.3	35.2	31.3	30.6	26.4	26.0
	Capital base, billions of leva	580.8	1002.4	1109.0	1084.6	1146.1	1181.8	1279.5	1310.4	1353.5	1378.0
	Total risk component, billions of leva	2162.0	2728.2	2665.4	2600.7	2753.6	2828.3	3124.5	3456.0	3818.9	3866.2
	Total capital adequacy, percent	26.9	36.7	41.6	41.7	41.6	41.8	41.0	37.9	35.4	35.6

Source: Bulgarian National Bank

1/ Group I includes the following banks: United Bulgarian Bank; DSK Bank; and Bulbank.

2/ Group II includes: Expressbank; Biochim; Hebros Commercial Bank; and Bulgarian Post Bank.

3/ Group III includes: Municipal Bank; First Investment Bank; Raiffeisenbank, Bulgaria; BNP-Dresdnerbank, Sofia; and Central Cooperative Bank.

4/ Group IV includes: Neftinvestbank; Bulgarian-American Credit Bank; Eurobank; Unionbank; Corporate Commercial Bank; Demirbank; Tokuda Credit Express Bank; Rosseximbank; First East International Bank; International Commercial Bank; Teximbank; Bulgaria-Invest; Balkan Universal Bank; Promotional Bank; BRI Bank; and International Bank for Trade and Development.

5/ Group V includes: Hypovereinsbank, Bulgaria, Sofia Branch; ING Bank, Sofia Branch; Xiosbank, Sofia Branch; National Bank of Greece, Sofia Branch; T.C. Ziraat Bank, Sofia Branch; and Ionian and Popular Bank of Greece, Sofia Branch.

Table A39. Bulgaria: Quality of Credit Portfolio of Commercial Banks, 1997-2000

Commercial bank groups		1997	1998	1999				2000			
		Dec.	Dec.	March	Jun.	Sep.	Dec.	March	Jun.	Sep.	Dec.
(In percent of loans)											
Group I 1/	Total (in billions of leva)	...	...	...	1955.2	2.2	2239.1	2972.4	2992.1	3724.9	3618.1
	Standard (in percent)	...	...	...	94.4	93.8	94.4	95.2	95.9	96.7	97.0
	Watch (in percent)	...	...	...	2.4	2.1	2.6	2.3	1.3	1.2	1.0
	Substandard (in percent)	...	...	...	1.0	2.2	0.8	0.7	0.7	0.6	0.5
	Doubtful (in percent)	...	...	...	0.1	0.1	0.4	0.6	0.9	0.4	0.5
	Loss (in percent)	...	...	...	2.1	1.8	1.8	1.1	1.3	1.1	1.0
	Provisions (in percent)	...	...	...	5.9	5.6	5.6	4.2	4.4	4.3	4.0
Group II 2/	Total (in billions of leva)	...	...	...	985.3	1.2	1111.4	1553.2	1541.2	1796.8	1651.9
	Standard (in percent)	...	...	...	61.7	66.1	68.4	74.8	76.0	80.0	84.6
	Watch (in percent)	...	...	...	6.3	5.4	4.8	4.5	3.3	2.7	3.2
	Substandard (in percent)	...	...	...	3.9	0.7	1.0	0.7	0.8	0.3	0.8
	Doubtful (in percent)	...	...	...	1.3	2.6	1.4	2.3	2.2	1.5	0.8
	Loss (in percent)	...	...	...	26.7	25.3	24.4	17.7	17.7	15.5	10.6
	Provisions (in percent)	...	...	...	27.2	23.6	23.3	18.7	18.9	17.5	12.5
Group III 3/	Total (in billions of leva)	...	...	...	688.0	0.7	699.5	727.5	774.2	950.1	881.2
	Standard (in percent)	...	...	...	89.5	89.2	90.7	90.1	88.7	90.3	90.5
	Watch (in percent)	...	...	...	7.2	6.4	5.4	5.8	6.6	5.4	6.0
	Substandard (in percent)	...	...	...	1.4	2.0	0.9	0.7	0.7	0.9	0.5
	Doubtful (in percent)	...	...	...	0.5	0.7	0.5	0.8	1.4	1.5	0.9
	Loss (in percent)	...	...	...	1.4	1.7	2.6	2.6	2.7	2.0	2.1
	Provisions (in percent)	...	...	...	5.4	5.2	5.4	6.0	5.9	5.6	5.6
Group IV 4/	Total (in billions of leva)	...	...	...	451.9	0.5	554.8	556.1	579.5	597.3	551.9
	Standard (in percent)	...	...	...	70.6	74.3	81.8	86.8	87.4	81.2	80.3
	Watch (in percent)	...	...	...	9.0	7.3	4.2	4.7	4.7	8.9	10.1
	Substandard (in percent)	...	...	...	10.4	8.5	5.7	2.2	2.0	2.9	2.2
	Doubtful (in percent)	...	...	...	4.5	5.0	3.4	3.3	2.7	3.1	3.5
	Loss (in percent)	...	...	...	5.5	5.0	4.9	3.0	3.2	4.0	3.9
	Provisions (in percent)	...	...	...	15.9	14.0	10.9	6.4	7.1	8.9	8.8
Group V 5/	Total (in billions of leva)	...	...	...	347.8	0.4	436.9	531.6	460.6	557.3	692.1
	Standard (in percent)	...	...	...	84.1	88.5	87.6	89.4	89.1	95.4	92.5
	Watch (in percent)	...	...	...	2.1	1.1	10.8	8.7	8.0	2.0	1.6
	Substandard (in percent)	...	...	...	13.9	10.4	0.7	1.1	2.0	1.6	5.1
	Doubtful (in percent)	...	...	...	0.0	0.0	0.0	0.0	0.0	0.4	0.2
	Loss (in percent)	...	...	...	0.0	0.0	0.9	0.8	0.9	0.7	0.6
	Provisions (in percent)	...	...	...	9.1	7.3	4.9	2.3	4.1	2.8	4.1
Total	Total (in billions of leva)	3806.0	5945.9	5903.0	4428.1	4.9	5041.7	6341.0	6347.6	7626.3	7395.1
	Standard (in percent)	78.8	86.6	86.6	83.1	84.4	86.2	88.4	88.9	90.6	91.8
	Watch (in percent)	3.7	3.6	4.1	4.7	3.9	4.4	4.0	3.2	2.7	2.8
	Substandard (in percent)	2.7	1.9	2.2	3.7	3.1	1.4	0.9	0.9	0.8	1.2
	Doubtful (in percent)	2.0	0.6	0.7	0.9	1.2	0.9	1.2	1.4	1.0	0.8
	Loss (in percent)	12.9	7.3	6.5	7.7	7.5	7.2	5.5	5.6	4.8	3.4
	Provisions (in percent)	...	...	...	11.8	10.7	10.0	8.0	8.3	7.8	6.5

Source: Bulgarian National Bank

1/ Group I includes the following banks: United Bulgarian Bank; DSK Bank; and Bulbank.

2/ Group II includes: Expressbank; Biochim; Hebros Commercial Bank; and Bulgarian Post

3/ Group III includes: Municipal Bank; First Investment Bank Sofia Branch; and Ionian and Popular Bank of Greece, Sofia Branch.

4/ Group IV includes: Nefinvestbank; Bulgarian-American Credit Bank; Eurobank; Unionbank; Corporate Commercial Bank; Demirbank; Tokuda Credit Express Bank; Rosseximbank; First East International Bank; International Commercial Bank; Teximbank; Bulgaria-Invest; Balkan Universal Bank; Promotional Bank; BRI Bank; and International Bank for Trade and Development.

5/ Group V includes: Hypovereinsbank, Bulgaria, Sofia Branch; ING Bank, Sofia Branch; Xiosbank, Sofia Branch; National Bank of Greece, Sofia Branch; T.C. Ziraat Bank, Sofia Branch; and Ionian and Popular Bank of Greece, Sofia Branch.

Table A40. Bulgaria: Consolidated Income Statement of the Banking System, 2000

	1999				2000			
	Mar.	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.
	(in thousands of leva, cumulative)							
Interest Income	106,654	215,227	328,895	450,759	127,147	269,568	427,476	600,982
on Banks and Other Financial Institutions	28,093	46,971	72,840	103,705	35,064	78,274	133,657	193,142
on Loans and Advances to Non-Financial Institutions and other Clients	67,658	141,747	216,639	295,611	81,416	169,906	261,699	367,608
Income on Investment Securities	10,903	26,509	39,416	51,443	10,667	21,388	32,120	40,232
Interest Expense	35,365	62,572	96,684	129,761	40,831	86,609	135,616	186,539
on Deposits by Banks and Other Financial In:	7,070	9,859	14,003	18,101	6,677	15,213	23,509	32,102
on Deposits by Non-Financial Institutions and Other Clients	25,423	50,289	77,585	104,870	31,314	64,969	101,280	138,615
on Borrowings	2,872	2,424	5,096	6,790	2,840	6,427	10,827	15,822
Net Interest Income	71,289	152,655	232,211	320,998	86,316	182,959	291,860	414,443
Net Interest and Trading and Revaluation Incom	105,963	215,320	324,699	434,989	141,714	256,953	471,808	681,816
Of which: Trading and Revaluation Profit/Lc	43,081	62,948	87,942	123,912	66,509	92,316	283,006	332,007
Less: Provisions for Credit Losses	8,408	283	-4,546	9,921	11,111	18,322	103,058	64,634
Operating Income/Loss Before Tax and Extraor	55,457	129,638	184,963	211,568	81,323	142,246	296,798	403,178
Other Non-Interest Income	36,026	97,850	140,166	170,836	35,433	90,709	141,178	190,321
Operating Income Before Expenses	141,989	313,171	464,865	605,825	177,147	347,662	612,986	872,137
Overhead Expenses	86,532	183,533	279,902	394,257	95,824	205,416	316,188	468,959
Net Profit/Loss	71,707	130,610	170,057	207,030	70,837	121,916	238,811	282,701
Revaluation Extraordinary Gain/Loss	50,575	59,320	49,338	74,744	21,601	26,808	53,303	14,285
Profit/Loss Before Taxation	106,032	188,958	234,301	286,312	102,924	169,054	350,101	417,463

Source: Bulgarian National Bank.

Table A41. Balance Sheet of the Deposit Money Banks, 2000

	1999				2000			
	March	June	September	December	March	June	September	December
(In thousands of leva)								
Assets								
Cash in vault and funds in current account with BNB	716,974	873,696	708,838	916,831	871,569	864,897	751,164	736,961
Due from Banks and Other Financial Institutions	2,409,058	2,255,153	2,689,696	2,649,764	3,342,187	3,188,322	4,223,983	3,895,202
Securities in Trading Portfolio	1,010,274	1,036,106	985,665	968,286	1,063,517	1,117,736	1,167,447	1,061,816
Securities in Investment Portfolio	558,369	556,090	594,809	649,819	608,368	594,620	515,721	436,999
Loans Extended to the Budget	165,096	121,385	4,211	3,518	4,370	7,507	5,619	3,445
Loans Extended to State Enterprises	324,391	254,455	274,183	292,296	244,273	201,676	130,318	117,034
Loans Extended to Private Enterprises	1,113,063	1,261,257	1,407,607	1,627,921	1,717,416	1,878,921	2,111,145	2,332,882
Loans Extended to Individuals and Households	467,550	485,849	499,532	495,285	507,715	544,639	560,411	568,893
Loans Extended to Non-financial Institutions and Other Clients	2,070,100	2,122,946	2,185,533	2,419,020	2,473,774	2,632,743	2,807,493	3,022,254
Earning Assets	6,047,802	5,970,296	6,455,703	6,686,889	7,487,846	7,533,421	8,714,644	8,416,271
Assets for Resale	19,040	23,991	24,428	24,140	12,823	12,282	14,936	8,483
Interest Receivable and Other Assets	315,883	282,418	258,567	204,107	220,525	206,907	214,439	205,058
Fixed Assets	330,366	333,295	338,321	353,544	351,981	369,254	379,047	406,747
Total Assets	7,430,065	7,483,696	7,785,857	8,185,511	8,944,744	8,986,761	10,074,230	9,773,520
Of Which Pledged Assets	262,231	278,487	249,249	263,405	283,275	304,243	558,966	517,871
Liabilities and Capital								
Deposits by Banks	377,900	372,573	379,732	453,665	535,554	507,985	737,278	583,591
Deposits by Other Financial Institutions	162,489	146,365	151,715	167,851	168,000	177,074	125,812	142,921
Deposits by Non-financial Institutions and Other Clients	4,808,419	4,883,544	5,207,840	5,490,645	5,896,406	5,952,667	6,643,183	6,389,689
Total Deposits	5,348,808	5,402,482	5,739,287	6,112,161	6,599,960	6,637,726	7,506,273	7,116,201
Short Term Attracted Funds	66,153	39,572	32,914	63,422	56,077	85,106	130,432	199,735
Interest Payable and Other Liabilities	700,839	748,139	645,503	555,808	713,287	629,498	751,125	684,622
Long-Term Attracted Funds	163,941	155,880	169,075	170,910	186,147	201,878	222,095	272,800
Subordinated Debt								
Total Liabilities	6,279,740	6,346,073	6,586,779	6,902,301	7,555,471	7,554,208	8,609,925	8,273,358
Capital	808,132	776,770	833,080	894,582	1,009,300	1,042,600	1,072,128	1,105,289
Reserves	342,193	360,853	365,998	388,628	379,973	389,953	392,177	394,873
Capital and Reserves	1,150,325	1,137,623	1,199,078	1,283,210	1,389,273	1,432,553	1,464,305	1,500,162
Total Liabilities and Own Funds	7,430,065	7,483,696	7,785,857	8,185,511	8,944,744	8,986,761	10,074,230	9,773,520
Credit Substitutes	470,319	513,872	519,406	636,144	616,660	634,480	734,339	761,774
Derivatives	1,009,475	881,970	592,797	495,074	906,362	679,785	408,699	377,175
Off-Balance Sheet Liabilities	1,479,794	1,395,842	1,112,203	1,131,218	1,523,022	1,314,265	1,143,038	1,138,949

Source: Bulgarian National Bank.

Table A42. Bulgaria: Summary Balance of Payments, 1996-2000 1/

	1996	1997	1998	1999	2000 2/ Jan-Nov.
	(In millions of U.S. dollars)				
Current account balance	164	1,046	-61	-685	-560
Trade balance 3/	122	321	-381	-1,081	-1,052
Exports 3/	4,689	4,809	4,193	4,006	4,382
Imports 3/	4,567	4,488	4,574	5,087	5,434
Services balance	-62	489	89	96	234
Receipts	2,100	2,413	2,095	2,054	2,313
Of which: Interest	143	158	255	224	264
Payments	2,162	1,924	2,005	1,958	2,079
Of which: Interest	480	440	530	480	483
Transfers, net	104	237	230	300	258
Capital account balance	-887	156	-33	731	711
Foreign direct investment, net	137	507	537	789	816
Portfolio investment, net	-129	133	-142	-199	-126
Medium- and long-term financial capital, net	-184	-206	115	352	143
Disbursements	190	164	597	708	564
Amortization	374	370	482	356	421
Short-term trade credits, net 4/	306	141	9	79	59
Other short-term capital, net 5/	990	-167	-44	-88	-54
Other Capital and Errors and omissions, net	-2,008	-251	-508	-202	-127
Overall balance	-724	1,203	-95	46	151
Financing	724	-1,203	94	-46	-151
Change in BNB gross foreign assets (increase:-)	751	-1,640	-461	-208	-403
Exceptional financing net	81	40	426	0	116
Use of Fund credit, net	-108	397	129	162	136
Financing gap	0	0	0	0	0
Memorandum items:					
Total medium- and long-term external debt	8,570	8,557	9,276	9,609	...
Gross official reserves (including gold)	793	2468	3,056	3,222	...
(in months of imports of GNFS)	1.6	5.3	6.1	5.9	...
(excluding gold, in months of imports of GNFS)	1.0	4.6	5.4	5.3	...
Current account balance	1.7	10.3	-0.5	-5.6	-5.1
Capital account balance	-9.0	1.5	-0.3	6.0	6.4
Overall balance	-7.4	11.9	-0.8	0.4	1.4
Total medium- and long-term external debt	87	84	76	78	...
Total external debt service (including to IMF)	0.0	0.0	0.0	...	...

Sources: Data provided by the Bulgarian authorities; and staff calculations.

1/ Data for 1995-97 based on export and import transactions recorded at date goods cross the border. Data for 1998-99 based on export and import transactions recorded at date goods clear customs.

2/ Preliminary.

3/ Customs basis.

4/ Includes the value of repayments made by Russia in the form of gas provided to Bulgaria under the Jamburg agreement in 1996-97.

5/ Includes the discrepancy between settlements and customs data in the trade account, clearing account transactions, changes in net foreign assets of deposit money banks, other short-term capital flows, and errors and omissions.

Table A43. Bulgaria: Current Account, 1995-2000 1/

	1995	1996	1997	1998	1999	2000 Jan-Nov
(In millions of U.S. dollars)						
Current account balance	-198	164	1,046	-61	-685	-560
Trade balance	37	122	321	-381	-1,081	-1,052
Exports of goods, f.o.b.	4,967	4,689	4,809	4,193	4,006	4,382
Imports of goods, f.o.b.	4,930	4,567	4,488	4,574	5,087	5,434
Services and Income balance	-367	-62	489	89	96	234
Receipts	1,921	2,100	2,413	2,095	2,054	2,313
Payments	2,288	2,162	1,924	2,005	1,958	2,079
Of which:						
Transport, net						
Receipts	-142	-50	62	-78	-127	-86
Payments	473	506	590	452	522	583
Travel, net						
Receipts	615	556	528	530	649	670
Payments	294	407	708	447	405	512
Interest, net						
Receipts	833	874	1,093	966	932	1,012
Payments	539	468	385	519	526	500
Other services, net						
Receipts	-432	-337	-282	-275	-256	-220
Payments	150	143	158	255	224	264
Transfer income, net						
Receipts	582	480	440	530	480	483
Payments	-87	-82	0	-5	74	27
Receipts	465	577	572	422	377	453
Payments	552	658	572	427	303	426
Transfer income, net	132	104	237	230	300	258
Receipts	257	232	276	262	329	314
Payments	125	127	39	32	29	55
(In percent of GDP)						
Memorandum items:						
Current account balance	-1.5	1.7	10.3	-0.5	-5.5	-5.1
Trade balance	0.3	1.2	3.2	-3.1	-8.7	-9.5
Services balance	-2.8	-0.6	4.8	0.7	0.8	2.1
Net transfer income	1.0	1.1	2.3	1.9	2.4	2.3
GDP (in billions of U.S. dollars)	13.105	9.831	10.146	12.255	12.404	11.052

Sources: Data provided by the Bulgarian authorities; and staff calculations.

1/ Data for 1995-97 based on export and import transactions recorded at date goods cross the border. Data for 1998-99 based on export and import transactions recorded at date goods clear customs.

2/ Preliminary data.

Table A44. Bulgaria: Trade Volumes and Prices, 1996-99

(Percentage changes in U.S. dollar indices, 1991=100)

	1996	1997	1998	1999
Export value	167	172	142	135
Export price	114	108	98	98
Export volume	146	159	146	139
Import value	179	176	168	185
Import price	83	79	68	69
Import volume	217	223	247	268
Terms of trade	139	136	143	141
Export value	-5.6	2.8	-17.4	-4.7
Export price 1/	-0.4	-5.6	-9.6	0.0
Export volume	-5.2	8.9	-8.6	-4.7
Import value	-8.7	-1.6	-4.5	10.0
Import price 2/	3.0	-4.2	-14.0	1.7
Import volume	-11.4	2.7	11.1	8.2
Terms of trade	-3.4	-1.5	5.1	-1.6
Memorandum items:				
Exports of goods:				
Volume growth in Bulgaria's export markets 3/	6.2	8.5	3.0	0.1
Volume growth in Bulgaria's exports	-5.2	8.9	-8.6	-4.7
Change in Bulgaria's market share	-10.7	0.4	-11.3	-4.8
Imports of goods:				
Real GDP growth in Bulgaria	-10.9	-6.9	3.5	2.4
Volume growth in Bulgaria's imports	-11.4	2.7	11.1	8.2
Change in foreign suppliers' share of Bulgarian mar	-0.6	10.3	7.3	5.7

Sources: Data provided by the Bulgarian authorities; IMF *World Economic Outlook*; and IMF staff estimates.

1/ Bulgarian export-weighted average change in non-fuel commodities prices, export unit values for manufactured goods of industrialized economies, and fuel commodities' price, all in U.S. dollar terms.

2/ Bulgarian import-weighted average change in non-fuel commodities prices, export unit values for manufactured goods of industrialized economies, and fuel commodities' prices, all in U.S. dollar terms.

3/ Bulgarian export-weighted average change in partners' (all countries) real imports of goods (including oil) in U.S. dollar

Table A45. Bulgaria: Exchange Rates, 1996-2000

	Nominal exchange rates 1/		Real effective exchange rates 2/	
	BGL:DM	BGL:US\$	CPI-basis	ULC-basis
1996	0.1174	0.1779	86.1	82.5
1997	0.9673	1.6810	105.1	84.5
1998	1.0000	1.7667	122.7	115.6
1999 3/	1.0000	0.8994	118.7	127.5
1996				
March	0.0527	0.0779	100.2	121.1
June	0.0937	0.1431	76.1	84.7
September	0.1492	0.2246	80.9	82.4
December	0.2972	0.4612	64.3	54.3
1997				
January	0.4355	0.6986	62.4	42.8
February	1.4255	2.3872	64.4	35.3
March	0.9783	1.6601	104.0	86.5
April	0.9025	1.5441	111.0	91.8
May	0.8998	1.5326	117.1	87.3
June	0.9659	1.6684	108.8	99.7
July	1.0000	1.7881	107.4	77.7
August	1.0000	1.8442	111.9	83.6
September	1.0000	1.7919	117.2	99.0
October	1.0000	1.7512	118.5	95.9
November	1.0000	1.7311	119.0	105.4
December	1.0000	1.7748	119.0	107.6
1998				
January	1.0000	1.8157	120.1	99.6
February	1.0000	1.8149	121.8	99.3
March	1.0000	1.8267	122.0	114.9
April	1.0000	1.8182	122.8	113.2
May	1.0000	1.7749	124.4	112.7
June	1.0000	1.7906	120.9	119.3
July	1.0000	1.7992	119.6	109.4
August	1.0000	1.7890	118.6	116.9
September	1.0000	1.7459	125.7	139.4
October	1.0000	1.6475	127.9	126.8
November	1.0000	1.7026	125.1	114.3
December	1.0000	1.6751	124.2	121.2
1999				
January	1.0000	1.6846	122.3	121.3
February	1.0000	1.7453	120.6	117.3
March	1.0000	1.7973	118.7	138.3
April	1.0000	1.8279	117.3	128.4
May	1.0000	1.8425	115.3	138.3
June	1.0000	1.8847	112.9	125.9
July	1.0000	1.8899	116.7	126.3
August	1.0000	1.8447	119.0	121.5
September	1.0000	1.8631	119.6	130.5
October	1.0000	1.8266	121.4	118.0
November	1.0000	1.8922	120.2	113.7
December	1.0000	1.9356	120.7	122.3
2000				
January	1.0000	1.9303	124.5	89.2
February	1.0000	1.9890	123.4	83.6
March	1.0000	2.0276	121.1	96.4
April	1.0000	2.0680	118.6	97.5
May	1.0000	2.1588	117.1	96.3
June	1.0000	2.0608	118.6	100.7
July	1.0000	2.0817	118.4	90.4
August	1.0000	2.1636	119.9	85.9
September	1.0000	2.2469	120.3	97.5
October	1.0000	2.2871	120.6	
November	1.0000	2.2841	117.3	
December	1.0000	2.1745	120.4	

Sources: Data provided by the Bulgarian authorities; and IMF staff calculations.

1/ Period average data.

2/ Indices, 1995 = 100.

3/ 1998 averages through November and October, respectively, for the real effective exchange rate on CPI-basis and ULC-basis.

Table A46. Bulgaria: Commodity Composition of Exports, 1996-2000 1/

	1996	1997	1998	1999	2000 Jan.-Nov. 2/
	(In percent of total)				
Exports, f.o.b.	100.0	100.0	100.0	100.0	100.0
Metal products	17.9	21.4	19.5	16.3	20.3
Of which: Iron and steel products (72,73)	9.1	11.6	11.1	8.1	9.4
Copper products (74)	5.4	5.9	4.9	4.3	7.1
Zinc products (79)	1.4	1.7	1.6	1.8	1.7
Chemical products	19.7	18.4	14.8	12.4	13.1
Of which: Organic and inorganic chemicals (28, 29)	5.5	6.1	4.9	3.9	4.5
Fertilizers (31)	5.7	3.6	1.9	0.9	1.8
Plastic products (39)	2.5	2.5	2.3	2.1	2.0
Pharmaceutical products (30)	2.1	2.5	1.9	1.5	1.4
Essential oils, perfumes, toiletries (33)	2.0	1.9	2.0	2.0	1.8
Rubber products (40)	1.1	0.9	1.1	1.1	0.8
Textiles	15.0	16.4	20.2	23.8	23.4
Of which: Clothing and accessories (61, 62)	5.9	7.3	10.6	14.4	14.6
Footwear, etc (64)	2.3	2.5	2.7	2.8	2.5
Machinery and equipment	14.9	14.4	15.8	14.7	11.3
Of which: Nuclear reactors, boilers, machinery, etc (84)	5.9	5.3	6.2	6.6	5.8
Electrical machines, equipment, etc (85)	3.8	3.5	3.2	3.2	3.3
Ships and boats (89)	1.7	1.6	1.9	0.2	0.2
Optical instruments and appliances (90)	0.4	0.3	0.5	0.5	0.5
Animal and vegetable products	18.8	14.1	16.2	15.8	10.2
Of which: Tobacco products (24)	5.4	3.4	2.6	2.5	1.6
Beverages, etc (22)	3.8	3.0	3.4	2.3	1.6
Cereals (10)	0.1	0.3	2.1	2.4	1.7
Fruit and vegetables (07, 08)	1.1	0.8	1.4	1.2	0.7
Mineral products	9.2	10.6	8.3	11.6	16.8
Of which: Mineral fuels, oils and products, etc (27)	6.6	7.7	6.3	8.9	14.6
Wood, paper, earthenware, glass, etc	4.6	4.8	5.2	5.4	4.8
Of which: Wood products (44)	1.6	1.6	2.0	2.5	2.0

Source: Data provided by the Bulgarian authorities.

1/ Exports recorded according to the date at which goods cross the border.

2/ Preliminary data.

Table A47. Bulgaria: Direction of Trade, 1996-2000 1/

(In percent of total)

	1996		1997		1998		1999		2000 Jan-Nov 2/	
	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports
Developed countries	53.0	42.9	58.9	47.4	64.0	56.0	66.3	59.1	68.2	53.7
Of which:										
Austria	1.1	2.5	1.1	2.5	1.7	2.8	1.7	3.0	1.5	2.3
Belgium	1.5	1.2	1.6	1.2	3.6	1.8	4.4	1.7	6.0	1.3
France	2.7	3.2	2.8	3.3	3.4	4.5	4.5	5.2	4.8	4.9
Germany	9.4	11.6	9.6	11.9	10.6	13.9	9.9	14.9	9.2	13.9
Greece	7.1	3.7	8.3	4.1	8.8	5.9	8.6	5.7	7.8	4.9
Italy	10.4	6.3	11.9	7.3	13.1	7.7	13.9	8.4	14.7	8.5
Japan	0.5	0.6	0.7	0.7	0.8	0.8	0.6	1.2	0.4	1.0
Netherlands	1.7	1.8	1.5	1.9	1.9	2.1	2.1	2.0	1.8	1.7
Spain	2.4	0.5	2.7	0.5	2.9	1.1	2.7	1.4	2.1	1.5
Turkey	8.0	1.6	9.1	2.0	8.0	2.6	7.3	3.0	10.3	3.3
United States	2.4	2.5	2.7	3.8	2.6	4.0	3.7	3.5	3.9	3.0
United Kingdom	3.0	2.0	2.7	2.6	2.6	2.4	2.5	2.4	2.4	2.1
Developing countries	47.0	57.1	41.1	52.6	36.0	44.0	33.7	40.9	31.8	46.3
Of which:										
Czech Republic	0.5	1.3	0.4	1.3	0.4	1.9	0.4	1.8	0.4	1.9
Hungary	0.5	0.6	0.5	0.9	0.8	0.8	0.6	0.9	0.6	0.9
Macedonia	2.5	0.6	1.7	0.5	1.8	0.7	2.6	0.5	2.3	0.4
Poland	0.6	0.7	0.6	1.2	1.3	0.9	0.7	1.4	0.6	1.4
Romania	1.5	1.4	1.3	0.9	1.2	1.2	1.4	1.3	1.7	3.5
Russia	9.6	33.8	7.8	28.4	5.3	20.0	4.7	20.1	2.5	24.0
Serbia/Montenegro	4.2	0.8	2.1	0.7	1.8	0.7	4.1	0.3	7.6	0.4
Ukraine	3.3	2.1	2.9	3.5	2.6	3.5	1.7	2.6	1.2	2.9
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Memorandum items:										
European Union	40.2	35.2	43.9	38.0	50.5	45.4	52.1	48.4	51.6	44.3
CEFTA members 3/	3.5	4.5	3.3	5.0	4.9	5.6	4.4	6.4	3.8	8.7

Source: Data provided by the Bulgarian authorities.

1/ Imports and exports recorded according to the date at which goods cross the border.

2/ Preliminary data.

3/ Includes Czech Republic, Hungary, Poland, Romania, Slovak Republic, and Slovenia.

Table A48. Bulgaria: Commodity Composition of Imports, 1996-2000 1/

	1996	1997	1998	1999	2000 Jan.-Nov. 2/	Percentage Change	
						1996-2000	1998-2000
	(In percent of total)				(In percent)		
Imports, c.i.f.	100.0	100.0	100.0	100.0	100.0	...	...
Metal products	5.0	5.8	6.1	5.3	6.1	1.1	0.0
Of which: Iron and steel products (72,73)	2.8	3.4	3.8	3.1	3.6	0.8	-0.2
Aluminium products (76)	1.2	1.3	1.2	1.1	1.3	0.1	0.1
Chemical products	11.9	11.9	14.6	12.3	11.4	-0.6	-3.3
Of which: Organic and inorganic chemicals (28, 29)	3.4	3.7	4.2	1.5	1.5	-1.9	-2.7
Plastic products (39)	2.1	2.1	2.6	2.9	3.0	0.9	0.5
Pharmaceutical products (30)	1.5	1.6	2.0	2.0	1.9	0.4	-0.2
Miscellaneous chemical products (38)	1.7	1.4	1.7	1.4	1.2	-0.5	-0.4
Rubber products (40)	0.9	1.0	1.3	1.2	0.8	-0.1	-0.5
Textiles, leather, clothing, footwear, etc	11.8	14.5	15.3	14.4	14.2	2.4	-1.1
Of which: Clothing and accessories (61, 62)	1.3	1.9	2.7	2.8	2.6	1.4	0.0
Synthetic and artificial fibers (54, 55)	2.8	3.3	3.4	3.3	3.2	0.4	-0.2
Cotton (52)	1.8	2.4	2.2	1.8	1.8	0.0	-0.4
Wool, etc (51)	0.9	1.2	1.2	1.0	1.1	0.2	0.0
Machines, transport facilities, appliances, and tools	19.6	18.3	23.5	31.3	27.7	8.1	4.2
Of which: Nuclear reactors, boilers, machinery, etc (84)	8.4	9.2	9.9	13.0	11.3	2.9	1.4
Electrical machines, equipment, etc (85)	3.9	4.0	5.3	6.8	5.6	1.7	0.3
Automobile transport (87)	3.1	2.6	4.9	8.3	6.9	3.7	2.0
Optical instruments and appliances (90)	1.8	1.6	2.0	1.9	1.5	-0.3	-0.5
Animal and vegetable products, food, drinks, tobacco, etc	8.1	8.2	7.6	6.2	5.4	-2.7	-2.2
Of which: Sugar products (17)	2.1	2.1	1.2	1.0	0.8	-1.3	-0.4
Mineral products and fuels	39.4	37.3	28.4	26.4	31.2	-8.2	2.7
Of which: Mineral fuels, oils and products, etc (27)	34.7	31.2	21.7	21.6	26.7	-8.0	5.0
Ores, slag, and ash (26)	2.3	3.3	4.0	3.0	3.2	0.9	-0.8
Wood, paper, earthenware, and glass products	4.3	4.0	4.5	4.2	4.1	-0.2	-0.4
Of which: Paper and cardboard products (48)	2.3	2.0	2.5	2.3	2.3	-0.1	-0.3

Source: Data provided by the Bulgarian authorities.

1/ Imports recorded according to the date at which goods cross the border.

2/ Preliminary data.

Table A49. Bulgaria: Economic Classification of Imports, 1996-2000 1/

	1996	1997	1998	1999	2000 Jan-Nov. 2/	Percentage Change	
						1996-2000	1998-2000
	(In percent of total)				(In percent)		
Imports, c.i.f.	100.0	100.0	100.0	100.0	100.0	...	...
Consumption goods	9.7	10.4	14.6	17.1	15.2	5.5	0.6
Of which:							
Food, beverages, and tobacco	2.2	2.8	3.9	3.0	2.7	0.5	-1.2
Clothing and footwear	1.5	2.1	3.1	2.6	2.2	0.7	-0.9
Furniture and household appliances	1.7	1.4	1.8	3.1	3.0	1.3	1.2
Medicines and cosmetics	2.0	1.9	2.7	3.2	2.9	1.0	0.2
Automobiles	0.7	0.6	1.0	2.6	2.2	1.5	1.2
Capital goods	18.0	17.4	21.6	27.1	24.6	6.6	3.0
Of which:							
Machines and equipment	6.1	7.2	7.8	10.8	9.4	3.3	1.6
Electrical machines	2.2	2.4	3.3	3.8	2.9	0.7	-0.4
Vehicles	2.1	1.8	3.5	5.5	4.9	2.9	1.4
Spare parts and equipment	3.1	2.9	3.6	3.8	3.2	0.1	-0.4
Fuels	35.0	31.9	23.3	22.4	27.2	-7.8	3.9
Of which:							
Crude oil	18.1	15.6	10.1	13.3	16.3	-1.8	6.2
Coal	3.6	3.4	3.2	2.1	2.2	-1.4	-1.0
Natural gas	10.8	9.8	6.5	4.7	5.6	-5.1	-0.9
Other intermediate goods	37.3	40.2	40.4	33.4	33.0	-4.3	-7.4
Of which:							
Ores	2.3	3.2	4.0	3.0	3.2	0.9	-0.8
Iron and steel	1.9	2.2	2.4	1.7	2.1	0.1	-0.3
Textiles	8.2	9.9	10.0	9.0	9.1	0.9	-0.9
Chemicals	5.1	5.1	5.7	2.9	2.7	-2.4	-3.0
Plastics and rubber	3.3	3.2	3.8	4.0	3.7	0.4	-0.1
Wood products	2.7	2.4	2.8	2.5	2.4	-0.3	-0.4
Cereals and others intermediate food products	4.8	4.9	2.4	2.1	1.8	-3.0	-0.6

Source: Data provided by the Bulgarian authorities.

1/ Imports recorded according to the date at which goods cross the border.

2/ Preliminary data.

Table A50. Bulgaria: Tourism Indicators, 1996-2000

	1996	1997	1998	1999	1999	2000
			1/		Jan.-Sep. 1/	Jan.-Sep.1/
	(In thousands)					
Total foreign visitors 2/	2,795	2,980	2,029	1,719	1,425	1,603
Of which, visitors from:	(In percent of total)					
BRO	775	798	...	...	...	...
Former SFRY	1,093	650	...	...	...	...
Germany	118	219	194	224	210	266
Greece	92	169	314	336	237	257
Macedonia	...	...	185	261	225	174
Romania	96	132	62	31	28	28
Russia	...	...	188	75	67	122
Scandinavian countries	37	69	57	67	63	86
United Kingdom	39	77	79	63	56	55
Other countries	545	866	593	662	539	615
check	2,795	2,980	2,029	1,719	1,425	1,603
BRO	27.7	26.8	...	...	...	...
Former SFRY	39.1	21.8	...	...	...	...
Germany	4.2	7.3	9.6	13.0	14.7	16.6
Greece	3.3	5.7	15.5	19.5	16.6	16.0
Macedonia	...	...	9.1	15.2	15.8	10.9
Romania	3.4	4.4	3.1	1.8	2.0	1.7
Russia	...	...	9.3	4.4	4.7	7.6
Scandinavian countries	1.3	2.3	2.8	3.9	4.4	5.4
United Kingdom	1.4	2.6	3.9	3.7	3.9	3.4
Other countries	19.5	29.1	29.2	38.5	37.8	38.4
	(Annual percent change)					
Total foreign visitors 2/	-19.4	6.6	-31.9	-15.3	-39.8	12.5
Of which, visitors from:						
BRO	50.8	3.0	...	...	...	...
Former SFRY	-41.4	-40.5	...	...	...	...
Germany	-39.5	85.6	-11.4	15.5	19.3	26.7
Greece	-40.3	83.7	85.8	7.0	92.7	8.4
Macedonia	...	...	...	41.1	-5.5	-22.7
Romania	-20.0	37.5	-53.0	-50.0	-74.1	0.0
Russia	...	...	...	-60.1	-78.0	82.1
Scandinavian countries	-19.6	86.5	-17.4	17.5	10.5	36.5
United Kingdom	-18.8	97.4	2.6	-20.3	-12.5	-1.8
Memorandum items:						
Travel receipts 3/	389	369	966	932	766	905
Average number of nights per visit	7.6	8.0	8.3	8.2	8.2	8.5
Average expenditure per visitor 4/	161	168	510	542	537	565

Source: Data provided by the Bulgarian authorities.

1/ These numbers are based on a revised methodology for estimating tourism receipts.

2/ Includes visitors for both tourism and business purposes, and excludes transit visitors.

3/ Balance of payments data, in millions of U.S. dollars.

4/ Per visit, in U.S. dollars, excluding airfares, as estimated by the Ministry of Trade and Tourism.

Table A51. Bulgaria: Capital Account, 1996-2000

(In millions of U.S. dollars)

	1996	1997	1998	1999	2000 Jan.-Nov.
Capital account balance	-887	156	-33	731	711
Foreign direct investment, net	137	507	537	789	816
Portfolio investment, net	-129	133	-142	-199	-126
Medium- and long-term financial capital	-184	-206	115	352	143
Disbursements	190	164	597	708	564
Official project finance	73	117	140	149	...
World Bank project finance (govt guaranteed)	23	67	53	50	...
EIB/EBRD/other project finance (govt guarantee)	50	50	87	99	...
Official policy-based lending (excluding IMF)	81	40	439	268	...
World Bank	30	40	143	170	...
EU	51	0	293	40	...
G-24 (including JEXIM)	0	0	3	57	...
Private disbursements	37	6	18	291	160
Amortization	374	370	482	356	421
Official creditors	105	241	386	243	265
Former CMEA creditors	6	0	73	0	0
World Bank, EIB, EBRD	14	26	43	53	70
Paris Club	76	52	98	164	154
EU	0	154	162	0	0
G-24 (incl. JEXIM)	9	8	11	26	41
Private creditors	270	129	96	113	156
London Club (Brady bonds)	0	0	0	0	0
o/w Privately placed bonds	270	129	96	113	143
Private debtors	0	0	0	0	13
Bulgarian commercial banks	71	69	0	0	0
Other private debtors	10	15	8	24	24
Short-term trade credits	306	141	9	79	59
Gas credits, net	306	141	9	0	0
Other trade credits, net	0	0	0	79	59
Other short-term capital	990	-167	-44	-88	-54
Change in DMBs' net foreign assets (increase: -)	13	-457	-10	-67	...
Change in DMBs' gross foreign assets (increase: -)	68	-436	53	0	...
Change in DMBs' gross foreign liabilities (increase: -)	-55	-21	-54	0	...
Change in clearing account balances, net	-1	24	-195	0	...
Short-term loans, net	-59	-19	27	0	...
Other sectors' deposits, net 2/	41	15	128	-21	...
Other short-term capital, net 3/	-1,016	256	5	0	...
Errors and omissions, net	-2,008	-251	-508	-202	-127
			(In percent of GDP)		
Memorandum items:					
Capital account balance	-9.0	1.5	-0.3	6.0	6.4
Foreign direct investment, net	1.4	5.0	4.4	6.4	7.4
Portfolio investment, net	-1.3	1.3	-1.2	-1.6	-1.1
Disbursements	1.9	1.6	4.9	5.8	5.1
Amortization (excl. IMF)	3.8	3.6	3.9	2.9	3.8
Short-term trade credits	3.1	1.4	0.1	0.6	0.5
Other short-term capital	10.1	-1.6	-0.4	-0.7	-0.5
Errors and omissions, net	-20.4	-2.5	-4.1	-1.6	-1.1
GDP (in billions of U.S. dollars)	9.831	10.146	12.255	12.3	11.1

Sources: Data provided by the Bulgarian authorities; and staff estimates.

1/ Preliminary data.

Table A52. Bulgaria: Direct and Portfolio Investment, 1996-2000

(In millions of U.S. dollars)

	1996	1997	1998	1999	2000 Jan.-Nov.
Inward direct investment 1/	109	505	537	806	817
Privatization purchases	36	340	214	227	328
Direct (non-privatization) purchases	73	152	290	249	259
Reinvested earnings	...	0	50	-21	26
Other changes in ownership by non-residents	...	13	-17	351	204
Inward portfolio investment	-122	146	-112	8	-69
Equity securities	2	52	19	2	18
Debt securities	-124	94	-131	6	-87
Brady bonds	...	-21	21	-1	-93
Bulbank bonds	...	-51	-53	-36	0
Government securities	...	58	-48	23	1
Zunk bonds	...	109	-81	5	4
Other portfolio investment by non-residents	...	...	30	14	1
Memorandum items:					
Inward direct investment	1.1	5.0	4.4	7.9	6.7
Inward portfolio investment	-1.2	1.4	-0.9	0.1	-0.6

Source: Data provided by the Bulgarian authorities.

1/ Measured on a balance of payments basis.

Table A53. Bulgaria: Foreign Direct Investment by Sector and Country of Origin, 1996-2000 1/

(In millions of U.S. dollars)

	1996	1997	1998	1999 (Jan-Nov)	2000 2/ (Jan-Nov)
Foreign direct investment by sector:					
Industry	172	458	311	373	128
Trade	32	46	177	134	85
Finance	15	64	72	60	451
Tourism	23	6	18	0	0
Telecommunications	1	4	23	7	8
Transportation	5	3	6	2	6
Construction	1	6	6	49	23
Agriculture	1	5	0	2	4
Other sectors	5	44	6	110	112
Total	256	636	620	736	817
Foreign direct investment by country of origin:					
Belgium	1	264	31	3	18
Germany	53	31	56	46	23
United States	21	47	39	49	44
Greece	15	16	3	10	90
Netherlands	46	11	41	88	28
Cyprus	8	21	109	101	25
United Kingdom	7	16	59	36	13
Switzerland	23	31	7	10	11
Spain	0	50	57	0	1
Korea	22	23	2	2	7
Luxembourg	7	10	24	3	0
France	7	1	3	78	18
Austria	12	12	47	76	40
Turkey	0	12	23	30	23
Other countries	32	311	111	203	475
Total	256	636	620	736	817
Memorandum items:					
Foreign direct investment inflow (BoP basis) 3/	109	505	537	736	817
(In percent of GDP)	1.1	5.0	4.4	6.0	6.6
Foreign direct investment stock (BoP basis) 3/ 4/	441	946	1,483	2,219	3,037
(In percent of GDP)	4.5	9.3	12.1	18.1	24.7

Sources: Data provided by the Bulgarian authorities; and staff estimates.

1/ As measured by the Bulgarian Foreign Investment Agency on the basis of contracted amounts and using nominal values for any amounts to be paid in the form of securities such as Zunk bonds.

2/ Preliminary estimates.

3/ As measured in the balance of payments on the basis of amounts remitted and using market values for any amounts paid in the form of securities such as Zunk bonds.

4/ Stock calculated from 1991.

Table A54. Bulgaria: External Debt Stock, 1996-2000 1/

	1996	1997	1998	1999	2000
Total external debt	9,602	9,760	10,274	10,204	10,371
Of which: Total public external debt 2/	9,397	9,527	9,946	9,403	9,230
Medium- and long-term debt 3/	8,570	8,557	9,276	9,609	9,699
Of which: Public medium- and long-term debt	8,480	8,494	9,137	9,202	9,123
London club	4,984	4,977	4,977	4,977	4,976
Paris club	1,035	878	1,045	815	600
IFIs, EU, G24, ex IMF	1,324	1,231	1,604	1,918	1,958
IMF	585	936	1,115	1,249	1,322
Other MLT public (IIB, IBEC, GDR, Pol, Rus CBs)	553	471	396	243	266
Official creditors	3,924	4,039	4,544	4,045	3,940
International financial institutions	2,078	2,587	2,850	2,486	2,574
IMF	585	936	1,115	1,249	1,322
World Bank	456	540	712	897	916
Former CMEA institutions	835	858	707	0	0
IIBM	620	641	707	0	0
IBEC	215	218	0	0	0
EIB and EBRD	203	252	316	341	336
EIB	118	165	206	229	222
EBRD	84	87	110	113	114
Other multilateral creditors (EU)	496	286	422	402	428
EU	496	286	422	402	428
Bilateral creditors	1,350	1,166	1,273	1,157	938
Paris Club	1,035	878	1,045	815	600
G-24 (incl. JEXIM)	170	152	151	275	270
JEXIM	78	62	62	119	146
Other G-24	92	90	90	156	125
Former GDR 4/	64	56	0	0	0
Poland	82	80	74	63	59
Other	0	0	3	3	8
Private creditors	5,366	5,144	5,184	5,486	5,667
London Club 5/	4,984	4,977	4,977	4,977	4,976
Other private bond-holders	147	81	35	27	26
Russian commercial banks					
Debt of Bulgarian commercial banks	156	1	14	46	93
Other private medium- and long-term debt	79	85	158	435	573
Short-term debt	1,031	1,203	999	595	672
Non-resident deposits with commercial banks	83	85	99	130	174
Non-resident holdings of government securities	15	194	79	96	100
Leva denominated securities	0.0	178.1	61.3	77.2	80.9
Non-leva denominated securities	15	16	17	18	19
Other private short-term debt	32	85	118	296	398
Memorandum items:					
Total external debt	98	96	84	83	85
Total public external debt	96	94	81	77	75
Medium- and long-term debt	87	84	76	78	79
Public medium- and long-term debt	86	84	75	75	74
Medium- and long-term debt to official creditors	40	40	37	33	32
Medium- and long-term debt to private creditors	55	51	42	45	46
Short-term debt	10	12	8	5	5

Sources: Data provided by the Bulgarian authorities; and staff estimates.

1/ Valued at end-period exchange rates.

2/ Public medium- and long-term debt plus non-resident holdings of government securities.

3/ Including principal and interest arrears.

4/ Included in Paris Club III from April 1998.

5/ In the form of Brady bonds from 1994.

Table A55. Bulgaria: External Debt Service, 1996-2000 1/

	1996	1997	1998	1999	2000 Est.
(In millions of U.S. dollars)					
Total debt service	1,079	897	1,194	960	1,101
Interest	480	440	530	480	555
Official creditors	179	158	240	195	192
IMF	30	31	45	44	62
World bank, EIB, EBRD	37	41	51	57	66
World bank (govt contracted)	29	30	35	31	37
EIB, EBRD, WB (govt guarant)	8	12	27	26	29
Former CMEA creditors	0	0	65	20	0
EU	22	18	12	12	14
Paris Club	81	61	60	51	41
G-24 (incl. JEXIM)	9	7	7	8	6
JEXIM	4	3	3	4	4
Other G24	5	4	5	5	2
Other	0	0	0	2	3
Private creditors	301	282	290	286	363
London Club	262	267	267	259	281
Privately placed bonds	26	8	14	6	8
Private debtors	13	8	9	21	74
Bulgarian commercial banks	12	3	1	1	5
Other private debtors	1	5	7	20	69
Amortization 2/	599	458	665	480	546
Official creditors	329	328	568	367	403
IMF	225	88	183	124	139
World bank, EIB, EBRD	14	26	43	53	70
World bank (govt contracted)	13	15	21	22	22
EIB, EBRD, WB (govt guarant)	1	11	22	31	49
Former CMEA creditors	6	0	73	0	0
EU	0	154	162	0	0
Paris Club	76	52	98	164	154
G-24 (incl. JEXIM)	9	8	11	26	41
JEXIM	9	8	7	8	9
Other G24	0	0	3	18	32
Other	0	0	0	0	0
Private creditors	270	129	96	113	143
London Club	0	0	0	0	0
Privately placed bonds	197	51	53	35	0
Other private creditors 3/	0	0	0	2	13
Private debtors	73	78	44	76	130
Bulgarian commercial banks	31	19	0	0	1
Other private debtors	42	59	43	76	129
(In percent of GDP)					
Total debt service	11.0	8.8	9.7	7.8	9.0
Interest	4.9	4.3	4.3	3.9	4.5
Amortization	6.1	4.5	5.4	3.9	4.5
(In percent of exports of goods and nonfactor services)					
Total debt service	17.1	14.2	20.0	16.8	18.4
Interest	7.6	6.9	8.9	8.4	9.3
Amortization	9.5	7.2	11.1	8.4	9.1
GDP (bn \$)	9,831	10,146	12,255	12,250	12,255
Exports of goods and NFS (m \$)	6,294	6,330	5,981	5,712	5,981

Sources: Data provided by the BNB, MoF; and staff estimates.

1/ On an accrual basis.

2/ Including repurchases to the IMF.

3/ Include private creditors that have extended loans which are government - guaranteed.

Table A56. Bulgaria: Currency Composition of External Debt, 1997-2000

(In percent of medium- and long-term debt; end of period)

	1997	1998	1999	2000
Total	100.0	100.0	100.0	100
U.S. dollars	71.6	70.4	65.5	65.6
Deutsche marks	4.8	7.0	5.7	5.8
ECU	4.2	4.0		
SDRs	10.8	10.8	13.8	13.6
Japanese yen	4.8	3.9	4.1	3.4
Austrian schillings	1.6	1.5	1.1	0.8
Swiss francs	1.1	1.0	0.6	0.4
French francs	0.5	0.5	0.3	0.2
Pounds sterling	0.3	0.2	0.2	0.1
Euro	...	...	8.3	9.8
Other currencies	0.4	0.7	0.4	0.2

Source: Data provided by the Bulgarian authorities.

Table A57. Bulgaria: Clearing Account Balances with Former CMEA Partners, 1996-2000 1/

(In millions of transferable rubles)

	1995	1996	1997	1998	1999	2000
Total	-37.1	-5.5	-495.6	67.4	67.4	89.4
Poland	-125.1	-119.3	-18.2	0.0	0.0	0.0
Hungary	-85.9	-84.9	-37.8	0.0	0.0	0.0
Former CSFR	0.0	0.0	0.0	0.0	0.0	0.0
GDR	-531.9	-507.1	-507.1	0.0	0.0	0.0
Romania	-22.0	-22.0	-22.0	-22.0	-22.0	0.0
Cuba	91.8	91.8	91.8	91.8	91.8	91.8
Mongolia	-2.4	-2.4	-2.4	-2.4	-2.4	-2.4
BRO 2/	638.4	638.4	0.0	0.0	0.0	0.0

Source: Data provided by the Bulgarian authorities.

1/ End of period. A minus sign indicates a Bulgarian liability.

2/ Baltics, Russia, and other countries of the former Soviet Union.

Table A58. Bulgaria: Convertible Currency Position with Developing Countries 1996–2000 1/

(In millions of U.S. dollars)

	Claims of Bulgaria					Claims on Bulgaria					Balance 2/				
	1996	1997	1998	1999	2000	1996	1997	1998	1999	2000	1996	1997	1998	1999	2000
Afghanistan	45.3	42.4	43.1	44.1	44.9	0.1	0.1	0.1	0.1	0.1	45.2	42.3	43.0	44.0	44.8
Algeria	34.5	33.4	34.0	32.2	29.0	0.0	0.0	0.0	0.0	0.0	34.5	33.4	34.0	32.2	29.0
Angola	88.3	89.6	92.7	94.8	96.9	0.0	0.0	0.0	0.0	0.0	88.3	89.6	92.7	94.8	96.9
Bangladesh	0.3	0.3	0.3	0.3	0.3	0.0	0.0	0.0	0.0	0.0	0.3	0.3	0.3	0.3	0.3
Congo	1.3	1.3	1.3	1.3	1.3	0.0	0.0	0.0	0.0	0.0	1.3	1.3	1.3	1.3	1.3
Egypt	0.3	0.3	0.3	0.3	0.3	0.0	0.0	0.0	0.0	0.0	0.3	0.3	0.3	0.3	0.3
Ethiopia	55.6	55.8	55.9	56.1	56.1	0.6	0.6	0.6	0.6	0.6	55.0	55.2	55.3	55.5	55.5
Ghana	0.0	0.0	0.0	0.0	0.0	8.6	8.6	8.6	8.6	2.1	-8.6	(8.6)	(8.6)	(8.6)	(2.1)
Guinea	9.9	10.1	10.4	10.6	10.9	0.0	0.0	0.0	0.0	0.0	9.9	10.1	10.4	10.6	10.9
Guyana	0.9	1.0	1.0	1.0	1.1	0.0	0.0	0.0	0.0	0.0	0.9	1.0	1.0	1.0	1.1
India	0.2	0.2	0.2	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.2	0.2	0.2	0.1	0.1
Indonesia	0.4	0.3	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.3	0.1	0.0	0.0
Iran	0.6	0.6	0.6	0.7	0.7	0.0	0.0	0.0	0.0	0.0	0.6	0.6	0.6	0.7	0.7
Iraq	1,358.1	1,389.0	1,419.1	1,447.2	1,476.9	0.0	0.0	0.0	0.0	0.0	1,358.1	1,389.0	1,419.1	1,447.2	1,476.9
Libya	51.1	51.5	52.1	52.6	53.1	0.0	0.0	0.0	0.0	0.0	51.1	51.5	52.1	52.6	53.1
Nicaragua	228.4	230.2	232.3	237.9	239.1	0.0	0.0	0.0	0.0	0.0	228.4	230.2	232.3	237.9	239.1
Nigeria	38.8	38.8	38.8	35.6	31.3	0.0	0.0	0.0	0.0	0.0	38.8	38.8	38.8	35.6	31.3
Mozambique	33.3	32.0	33.6	34.4	41.3	0.0	0.0	0.0	0.0	0.0	33.3	32.0	33.6	34.4	41.3
Pakistan	0.0	0.1	0.1	0.0	0.0	0.3	0.0	0.0	0.0	0.0	-0.3	0.1	0.1	0.0	0.0
Peru	0.3	0.3	0.3	0.3	0.3	0.0	0.0	0.0	0.0	0.0	0.3	0.3	0.3	0.3	0.3
Somalia	7.7	7.7	7.9	8.0	8.1	0.0	0.0	0.0	0.0	0.0	7.7	7.7	7.9	8.0	8.1
Syria	78.4	78.6	78.9	82.6	82.7	0.0	0.0	0.0	0.0	0.0	78.4	78.6	78.9	82.6	82.7
Tanzania	22.3	25.5	26.5	27.3	27.3	0.3	0.0	0.3	0.3	0.3	22.0	25.5	26.2	27.0	27.0
Tunisia	0.2	0.2	0.2	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.2	0.2	0.1	0.0
Yemen	86.8	93.0	94.4	95.4	95.4	0.0	0.0	0.0	0.0	0.0	86.8	93.0	94.4	95.4	95.4
Zambia	4.5	5.2	5.5	5.7	5.7	0.0	0.0	0.0	0.0	0.0	4.5	5.2	5.5	5.7	5.7
Total	2,147.6	2,187.4	2,229.7	2,268.7	2,302.8	9.9	9.6	9.6	9.6	3.1	2,137.6	2,177.8	2,220.1	2,259.1	2,299.7

Source: Data provided by the Bulgarian authorities.

1/ Government credits and clearing and barter arrangements; end of period.

2/ A negative sign indicates a net debtor position of Bulgaria.

Table A59. Bulgaria: Trade Arrangements

(As at January 1, 2001)

A. Multilateral Trade Arrangements	
EU	Agreement on the reciprocal establishment of tariff quotas for certain wines (November 1993) Association (Europe) Agreement (February 1995)
EFTA (July 1993)	
WTO (December 1996)	Annex 1A: Multilateral Agreements on Trade in Goods Annex 1B: General Agreement on Trade in Services Annex 1C: Agreement on Trade-Related Aspects of Intellectual Property Rights Annex 2: Understanding on Rules and Procedures Governing the Settlement of Disputes Annex 3: Trade Policy Review Mechanism Annex 4: Agreement on Trade in Civil Aircraft
CEFTA (January 1999)	
B. Bilateral Trade Agreements	
Free Trade Agreements	
Turkey (January 1999) Macedonia (January 2000)	
	Bilateral agreements that provide for MFN treatment 1/
Albania (August 1994)	Korea DPR (June 1993)
Algeria (January 1978)	Kuwait (May 1978)
Angola (1976)	Kyrgyz Republic (February 1995)
Argentina (May 1971)	Lebanon (July 1998)
Armenia (December 1998)	Libya (February 1971)
Australia (December 1974)	Lithuania (April 1996)
Azerbaijan (February 1996)	Macedonia (May 1999)
Bangladesh (February 1974)	Madagascar (April 1984)
Belarus (April 1996)	Mexico (May 1978)
Benin (1978)	Moldova (January 1995)
Bolivia (June 1971)	Mongolia (May 1991)
Brazil (September 1993)	Morocco (May 1996)
Canada (May 1990)	Mozambique (November 1977)
Chile (November 1968)	New Zealand (November 1967)
People's Republic of China (October 1990)	Pakistan (May 1998)
Democratic Republic of Congo (September 1988)	Peru (March 1969)
Republic of Congo (November 1970)	Romania (January 1991)
Costa Rica (July 1971)	Russia (October 1991)
Cote d'Ivoire (February 1968)	Senegal (August 1970)
Croatia (July 1993)	Serbia/Montenegro (January 1996)
Cuba (November 1998)	Slovenia (April 1994)
Cyprus (April 1996)	Singapore (May 1966)
Ecuador (June 1971)	Sudan (June 1970)
Egypt (March 1998)	Syria (February 1998)
El Salvador (September 1974)	Tajikistan (September 1997)
Ethiopia (February 1977)	Tanzania (November 1977)
Georgia (May 1996)	Thailand (March 1970)
Ghana (June 1975)	Tunisia (July 1995)
Greece (December 1991)	Turkey (December 1994)
Guinea (October 1976)	Ukraine (January 1996)
Hungary (April 1991)	Uruguay (August 1998)
India (December 1996)	USA (November 1991)
Indonesia (May 1968)	Uzbekistan (September 1998)
Japan (February 1970)	Venezuela (September 1998)
Kazakhstan (February 1994)	Vietnam (March 1993)
Kenya (September 1998)	Yemen (April 1964)
Korea (July 1994)	Zambia (August 1974)
	Other Trade Agreements
Bangladesh (February 1974)	Nepal (October 1969)
China (October 1990)	Rwanda (April 1983)
Jordan (July 1977)	USA (July 1998)
Malaysia (June 1971)	Zimbabwe (August 1980)

Source: Information provided by the Bulgarian authorities.

1/ In addition to these countries, as a WTO member, Bulgaria has extended MFN status to all other WTO members.

Table A60. Bulgaria: Import Tariffs, 1995-2001 1/

(In percent unless otherwise indicated)

	1995	1996	1997	1998	1999	2000	2001
All products:							
Minimum MFN tariff rate	5	5	0	0	0	0	0
Maximum MFN tariff rate	55	55	120	110	74	74	74
Simple average MFN tariff rate 2	17.4	17.2	16.8	18.1	15.2	13.76	12.44
Number of tariff lines 2/	9,180	9,273	9,374	10,901	10,765	10,538	10,499
Industrial products:							
Minimum MFN tariff rate	5	5	0	0	0	0	0
Maximum MFN tariff rate	40	40	40	40	35	30	30
Simple average MFN tariff rate	16.4	16.1	15.5	15.3	12.6	10.99	10
Number of tariff lines 2/	8,147	8,229	8,320	8,392	8,254	8,130	8,112
Agricultural products:							
Minimum MFN tariff rate	5	5	0	0	0	0	0
Maximum MFN tariff rate	55	55	120	110	74	74	74
Simple average MFN tariff rate	25.4	26.2	27.6	27.5	24.6	24.0	21.93
Number of tariff lines 2/	1,034	1,044	1,054	2,509	2,511	2,408	2,387
Memorandum item:							
Import surcharge 3/	1	5	4	2	0	0	0

Sources: Data provided by the Bulgarian authorities; and staff estimates.

1/ Applied ad valorem tariffs as at 1 January each year.

2/ This item is estimated for 1995.

3/ The 5 percent rate became effective on 1 June 1996, while the 4 percent and 2 percent rates became effective on 1 July 1997 and 1998, respectively. The import surcharge has been abolished as of January 1, 1999.