

## External Migration and External Migration Policies in Bulgaria

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by Vesselin Mintchev

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**1**

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Editor

Peter Scherrer

Hans-Böckler-Foundation

Bertha-von-Suttner Platz 1

D-40227 Düsseldorf

Tel. ++ 49-211-77780

Fax ++ 49-211-77784223

eMail : [Peter-Scherrer@boeckler.de](mailto:Peter-Scherrer@boeckler.de)

Associate Editor

Calvin Allen

Society of Telecom Executives

30, St. George's Road

Wimbledon

London SW 19 4BD

Tel. ++ 44-181 971 6025

Fax ++ 44-181 971 6002

eMail: [calvina@stenet.org.uk](mailto:calvina@stenet.org.uk)

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# External Migration and External Migration Policies in Bulgaria<sup>1</sup>

## 1. Introduction

External migration is a new problem for the post-communist countries. One of the consequences of the collapse of the totalitarian regimes in the eastern part of Europe is the increase in the mobility of the population and especially, mostly for political reasons, of minorities in the region. Faced with the growing desire of people to travel, and to look for better living conditions, east European administrations are trying to put these processes under control. Bulgaria is no exception. The Ministry of Labour and Social Care, i.e. the Employment Office, administrates bilateral agreements for labour emigration, licenses intermediary firms for informing and employing those willing to seek moves abroad (Convention No. 181, ILO, 1997) and intermediates in the signing of individual labour contracts between Bulgarian citizens and foreign employers.

A modern regulation is adopted for the issue of labour permits for foreigners to work in Bulgaria. These are mostly managers and specialists in foreign companies investing in the country. The issue of liberal access to the Bulgarian labour market will probably soon be on the agenda. According to estimates, the number of those illegal residing in the country is higher than the number of those who have legalised their stay and there are now over 50 thousand illegal residents in the country. The Convention and Protocol for Refugees (1951 and 1967), ratified by Bulgaria, forms the legal framework of the Bulgarian position regarding refugees from Kosovo.<sup>2</sup>

Against the background of the current problems, this article presents a review of the great migratory movements of Bulgarians in the past and summarises the existing data on the emigration, immigration, and transit flows passing through Bulgaria. The article also provides a detailed examination of the regulation of labour emigration from Bulgaria, as well as of the issues connected with access to the local labour market and the updating of Bulgarian immigration policy. The development of small and medium enterprises is analysed in the context of a possible alternative to emigration pressure.

- 1 This research was undertaken with support from the European Commission's Phare ACE programme under the project *Migration and Rural Development in Albania and Macedonia*, ACE-PHARE P-96-6070-R.
- 2 Earlier this year, when this paper was written, it looked likely that, to avoid the humanitarian catastrophe in Kosovo, Bulgaria would have to have received and provide shelter for a significant number of Kosovan refugees. In this case, the Bulgarian social system, which is presently at a critical stage, would have been faced with further hardship.

## 2. A brief historical review

### 2.1 Emigration from Bulgaria before 1878

The crises in and the collapse of the Ottoman Empire were accompanied by a periodical mass emigration of the Bulgarian population. Bulgarians emigrated to the Danube principalities of the time – Wallachia and Moldavia, to Serbia, Austro-Hungary, and to Russia.

The first mass emigration of Bulgarians was after the Russian-Turkish War in 1768-1774. With the decrees of Catherine II in 1762 and 1763, Bulgarian settlers were granted privileges. This first wave comprised 32 thousand families (about 160 thousand people). The second emigration wave was from 1787-1792 (the *laşi* agreement). It comprised about 60 thousand people. The Bulgarian colonies in Nejin – on the way from Kiev to Moscow – date from this epoch. This is also the time when the Bulgarian colonies in Vienna, Braşov (Transylvania), amongst others, were settled.

During the Russian-Turkish Wars of 1806-1812, 1828-1838 and 1853-1856, the Bulgarian colonies in Wallachia, Moldavia and Russia increased considerably. Bulgarian emigrants were granted privileges and support for their settlements in the two Danube principalities similar to the privileges they had in Russia. In 1861-1863, on the eve of the restoration of the Bulgarian state organisation, there was a new emigration of Bulgarians, this time from the Vidin region in north-west Bulgaria to the Herson and the Caucasus in Russia (for more details, see Kosev et al, 1980).

### 2.2 Mobility of the population during the period 1878-1944

The consolidation of the contemporary Bulgarian state organisation, similar to the ratification of Bulgaria's new neighbouring countries, was realised at the end of the past and at the beginning of the present age and was connected with pressure from the Great Powers and local wars. This predetermined the high mobility of the population.

At the beginning of the 20<sup>th</sup> century, immigration processes were greater than emigration ones with the exception of the Turkish minority whose relative share was constantly decreasing. The emigration of Bulgarian vegetable producers, mainly from the northern Balkans (the Veliko Tarnovo and Sevlievo regions), which was often of a seasonal character, also dates from that time. After the loss of the Inter-Allies War (the Second Balkan War), as well as of the defeat of the Central Powers, which Bulgaria joined in World War I, refugees from Macedonia, Thrace, and Dobruja headed towards the country. Over the period 1912-1929, Bulgaria received more than 55 thousand families, totalling about 250 thousand people (see Table 1).

After 1927, immigration into Bulgaria began to decrease, mainly as a result of the continuing emigration of the Turkish minority. At the same time, Russian immigrants settled in the country. During the Great Depression, Bulgaria was seriously affected by economic emigration.

According to the Mollov-Kafandaris and Kalfov-Politis contracts, in the period 1924-1926 Bulgarians from Western Thrace and Aegean Macedonia were exchanged for Greeks from the Black Sea region, Sakar, etc. According to data provided by the Bulgarian Commission for Population Exchange, after the signing of the Craiova

Agreement in 1940, 61,537 Bulgarians came from Northern Dobruja to Bulgaria. At the same time, the Romanian population from Southern Dobruja (about 50 thousand people), which had been ceded to Bulgaria, emigrated to Romania.

According to estimates, during the period 1878-1945, about 806 thousand people settled in the country and 954 thousand emigrated from it. Those settlers included: 698 thousand Bulgarians; 29 thousand Russians; and 20 thousand Armenians. Among the emigrants, Muslims predominated – Turks, Circassians and Tartars (totalling 574 thousand) – as well as Romanians (84 thousand) and Greeks (62 thousand). Economic emigration from the country during that period is estimated to be about 125 thousand people, i.e. five times lower than the emigration during the most recent 10 years (Bulgarian Geography, 1997).

**Table 1: Immigration to Bulgaria after the Balkan Wars and World War I**

Years	Families	Refugees
1912	708	3 011
1913	19 851	88 919
1914	3 960	17 597
1915	868	3 759
1916	1 368	6 723
1917	661	2 384
1918	2 580	13 454
1919	3 367	14 786
1920	5 212	24 557
1921	1 312	5 495
1922	1 550	6 877
1923	2 695	11 962
1924	6 197	25 577
1925	4 643	21 123
1926	699	3 062
1927	114	594
1928	35	154
1929	11	49
	209	982
Total	55 940	253 067

*Source:* General Directorate for Refugees; Rapport de M. Rene Charron sur l'etablissement des refuges en Bulgarie du 31 mai 1926 (quoted from Kosev et al, 1980).

## 2.3 External migration after 1944

From the establishment of the orthodox communist regime at the end of the 40s until the beginning of the systemic reforms in 1989, the country practically did not experience external migration. According to data from the International Organisation for Refugees in the 50s in Western Europe and America, there were not more than 8 thou-

sand political emigrants from Bulgaria. Political emigration was most significant in 1948 when the opposition parties were dissolved. In the period 1947-1952, about 2 thousand people demanded political asylum in Yugoslavia, as well as 850 in Australia, 590 in America, etc. During the period 1946-1951, there was a mass emigration of Armenians, mainly to Armenia, of about 8 thousand people. About 32 thousand Jews left for Israel. And, a little bit later, about 4 thousand people, mostly Czechs and Slovaks, and many Russians (5 thousand), also left Bulgaria.

The emigration of the labour force was channelled by bilateral agreements with Libya, Syria and Iraq, as well as in relation to logging in Komi, in the USSR. During this period, the emigration of Bulgarian Turks, regulated by the bilateral inter-governmental agreements of 1949-1951 and 1968-1974, continued. According to the first agreement, over 150 thousand Bulgarian Turks emigrated from the country, and, after the second, another 74 thousand left.

In 1948-49, Bulgaria granted asylum to about 7 thousand immigrants from Greece, who were participants in the civil war. In accordance with bilateral agreements with Vietnam, Nicaragua and Cuba, Bulgaria received workers from these countries (see OCDE/SOPEMI, 1994).

#### 2.4 Ethnic Bulgarians according to censuses in certain countries

According to official data based on censuses in the respective countries, Bulgarians living abroad are most numerous in Ukraine, Moldavia and the former Yugoslavia (Table 2). In recent years, the Bulgarian administration has been making serious efforts to dynamise contacts with the diaspora in those countries. Nevertheless, in view of the serious difficulties in the region, particularly in view of the high expenditures for migration, not more than about 50-100 Bulgarian families from Ukraine and Moldavia have settled in Bulgaria.

**Table 2: Bulgarians residing abroad (in thousands)**

Country	Number
Former USSR	373
including:	
Ukraine	234
Moldavia	90
Central Asia	15
Former Yugoslavia	25
Romania	10
Turkey	0.4-0.5
Former Czechoslovakia	10
Poland	10

*Source:* Presidency of the Republic of Bulgaria, based on censuses in the respective countries (quoted from OCDE/SOPEMI 1994, p. 128).

### 3. Emigration from Bulgaria after the beginning of the systemic changes

#### 3.1 Demographic crisis

The demographic situation is a function of general social and economic development. Bulgaria has the most unfavourable demographic indicators in Europe. In 1997, the population of the country decreased by 0.7%, that is, 58 thousand people (equivalent to the population of an average Bulgarian town, such as Kazanlak). In the period 1995-1997, the number of Bulgarians decreased by 5 to 7 people per thousand. The number of people beneath the age of the active population is decreasing, and that of people over the active population age is increasing. Birth rates in Bulgaria are the lowest in Europe and are accompanied by increasing death rates and a decreasing number of marriages (Totev, 1998). According to the demographic projections of the National Statistical Institute, at the end of the period 1997-2020, between 6,850 million people (the pessimistic scenario with regard to external migration) and 7,370 million people (the optimistic scenario) will be living in Bulgaria – the approximate population of Bulgaria in 1946. One in three Bulgarian citizens will be a pensioner. Bulgaria is a country of both an ageing and an emigrating population. The factors that work in the direction of the ‘decision to emigrate’ are not of a demographic nature; the natural growth of the population is negative. The ageing of the population subsequently restricts emigration from Bulgaria.

#### 3.2 Emigration “pressure”

The propensity to emigrate ensues from the currently difficult economic situation in Bulgaria, from the serious difference in standards between Bulgaria and the economically developed countries, as well as from the closed regime during the last four decades and the great mobility of minorities.

Since 1990, the National Statistical Institute (NSI) has been using the UN classification for an *emigrant* – a person leaving the country permanently or for a period of time in excess of 1 year; and an *immigrant* – an individual entering the country for the purpose of living there for more than 1 year). Nonetheless, there are serious gaps and blanks in the collection of data on external migration (including on potential migration), as well as in the legislative organisation of labour emigration from the country, of Bulgarian citizenship, of the immigration office, etc.

Emigration from Bulgaria is not well measured and documented also because Bulgarian emigrants usually fall under the *Others* item in the statistics of the host countries. There is almost no analysis concerning the effect of the so-called emigration wave since the beginning of the systemic reforms in the economy, as well as of the expected revenues from emigrants.

The beginning of the transition to the market economy and a democratic political arrangement was characterised by a ‘boom’ in the mobility of Bulgarian citizens. During 1986-1992, 476 thousand people left the country. In the period 1990-1996, their number reached 550 thousand (Minkov, 1994; Voynova, 1998). In 1989 alone, over 200 thousand people left the country forever.



This first emigration wave was of an ethnic character and comprised the Bulgarian Turks who left the country for political rather than economic reasons, as a response to the enforced change of their names in 1985. Hence, this emigration flow was directed towards Turkey, and not towards the developed countries. The demographic content of the emigrants reproduced the demographic structure of the regions in Bulgaria from which this population came.

In 1990-1991, another type of emigration could be observed, directed towards the industrialised countries. It was predominated by highly qualified young people. Germany was the most attractive country for Bulgarians from the second emigration wave. After 1991, emigration 'normalised' at a level of about 30-50 thousand a year. Seasonal emigration begun to appear.

One of the phenomena of the second emigration wave that has become a serious problem for post-communist societies was the emigration of scholars and highly qualified specialists – the "brain drain". The relative share of scholars emigrating during 1989-1995 was considerably high in countries like Poland (15.0%) and Estonia (13.8%). It was also high in Bulgaria, where it reached 11.5% of those employed in science, scientific services and higher education. One-third of the scholars and specialists that left the country headed towards the USA; 16% headed for Germany; and 10% went to Canada. Potential emigration from these milieus remains high (Brain Drain from Central and Eastern Europe, 1997).

The National Statistical Institute provides data on the number of 'outgoings' from the country. In 1996 and 1997, the Ministry of the Interior registered over 3 million 'outgoings' per year. Predominating were the visits of Bulgarian citizens to adjacent countries – former Yugoslavia saw about 1/3 of all outgoings; Turkey, 17%; and Romania, 15% (see Tables 3 and 4). In nine-tenths of all cases, 'tourism' was specified as the motive for travelling. This data indicates the potential amount of the so-called 'suitcase' (cross-border) trade, in which a significant number of Bulgarian citizens are engaged. At the same time, as of 31<sup>st</sup> December 1997, only 34,212 Bulgarians declared that they lived abroad. They were most numerous in Germany (about 9 thousand), as well as in the former USSR (3,500); France (2,900); Austria (2,700); and the Czech Republic (2,300) (see Table 5).

**Table 3: Bulgarian visitors abroad by country and purpose of visit in 1996**

Country	Tourism	As guests	Professional	Total
Austria	23 771	970	735	25 534
Belgium	5 767	361	359	6 537
Canada	1 729	9	8	1 746
Cyprus	16 348	4 667	56	21 155
Czech Rep.	9 667	305	225	10 223
Denmark	2 302	132	160	2 598
Finland	1 689	38	54	1 785
France	23 148	1 586	979	25 994
Germany	50 010	4 432	5 558	69 581
Greece	274 178	27 370	27 730	1 226
Hungary	11 984	897	337	13 283
Israel	16 110	2 356	267	18 803
Italy	23 946	3 959	466	28 541
Netherlands	3 817	867	513	5 283
Poland	15 059	797	285	16 225
Romania	292 883	90 811	1 750	385 444
Slovakia	640	169	13	828
Spain	6 664	1 994	53	8 806
Sweden	2 808	158	365	3 346
Switzerland	16 532	393	638	17 762
Tunisia	4 847	88	66	5 003
Turkey	410 480	182 485	2 472	597 474
USA	16 549	403	601	17 597
Former USSR	38 224	9 669	700	49 916
United Kingdom	23 480	5 695	821	27 154
Former Yugosla- via	967 347	245 926	18 588	1 233 795
Others	92 439	14 206	1 781	109 516
Total	2 353 457	597 373	39 346	3 006 292

Source: National Statistical Institute

**Table 4: Bulgarian visitors abroad by country and purpose of visit in 1997**

Country	Private	Professional	Total
Austria	38 242	1 288	39 530
Belgium	7 123	516	7 639
Canada	927	934	1 861
Cyprus	14 044	536	14 580
Czech Rep.	37 531	855	38 386
Denmark	1 0863	218	2 081
Finland	1537	174	1711
France	22 229	1 505	23 734
Germany	67 338	7 677	75 015
Greece	254 996	3 213	258 209
Hungary	18 434	376	18 810
Israel	10 428	1 537	11 965
Italy	3 959	466	28 541
Macedonia	234 665	235 779	1 114
Netherlands	7 155	413	7 568
Poland	17 337	587	17 924
Russia	47 720	1 119	48 839
Romania	463 411	3 024	466 435
Slovakia	1 683	99	1 782
Spain	7 240	506	7 746
Sweden	2 507	882	3 389
Switzerland	14 575	1 146	15 721
Tunisia	4 813	151	4 964
Turkey	508 201	4 083	512 284
Ukraine	15 106	634	15 740
USA	13 340	3 311	16 651
Former USSR	9 669	700	49 916
United Kingdom	22 287	1 526	23 813
Yugoslavia	1 105 801	3 872	1 109 673
Others	60 471	2 603	63 074
Total	3 013 579	45 430	3 059 009

Source: National Institute of Statistics

**Table 5: Bulgarian citizens permanently residing abroad as of 31<sup>st</sup> December 1997**

Country of residence	Number
Albania	22
Austria	2 700
Belgium	873
Croatia	22
Cyprus	125
Czech Rep.	2 399
Denmark	299
Finland	311
France	2 930
Germany	9 053
Greece	1 262
Hungary	646
Iceland	3
Ireland	1
Italy	1 343
Luxembourg	6
Macedonia	19
Netherlands	685
Norway	332
ex-URSS	3 549
Poland	805
Portugal	141
Romania	290
Russian Federation	2
Slovak Rep.	61
Spain	794
Sweden	1 689
Switzerland	1 027
Turkey	1 466
Ukraine	9
United Kingdom	554
Yugoslavia	794
Total	34 212

Source: Ministry of the Interior

### 3.3 Regulation of labour emigration

The Bulgarian administration is trying to regulate and organise labour emigration. The opportunities for so called 'employment abroad' are the following:

#### 3.3.1 Bilateral agreements

Some intergovernmental agreements have been signed through the intermediation of the National Office on Employment. This institution administrates the following agreements with Germany:

- Agreement of 12<sup>th</sup> March 1991 on the employment of workers from Bulgarian enterprises fulfilling contracts in Germany;
- Agreement of 4<sup>th</sup> February 1992 on the employment of workers for the improvement of their professional and language qualifications;
- Agreement of 15<sup>th</sup> September 1992 on seasonal employment – up to 3 months per calendar year.

The agreement of 12<sup>th</sup> March 1991 was discontinued by a decision of the German government on 21<sup>st</sup> July 1997. It had mostly referred to construction firms – sub-contractors of German investors. According to its terms, a yearly quota of 2 thousand was granted for Bulgarian workers. As even this rather restricted quota was not fulfilled, the regulation that a firm could not use more than 3% of the quota was discarded.

The agreement of 4<sup>th</sup> February 1992 is related to individual labour contracts between Bulgarian citizens and German employers. It enables people in professions deficient in the German labour market to enrich their professional and linguistic qualifications by working in Germany for 12 months with a possible extension for 6 months. This again refers to construction workers, professions connected with the hotel and restaurant business, and nurses.

The agreement on seasonal employment deals with the cases of individually-requested specialists and workers that have already worked in Germany. It refers to employment for up to three months per calendar year.

On 15<sup>th</sup> April 1995 an agreement was also signed concerning the exchange of trainees with Switzerland. This agreement enables Bulgarian citizens to improve their professional and language skills by working for 12 to 16 months in the country. There are age restrictions on the candidates, as well as requirements for the necessary level of proficiency in the required language.

There is no data available from the National Office on Employment on the number of Bulgarians that have been guaranteed employment or who have improved their qualifications within the framework of these agreements.

Agreements with Greece, France, the Czech Republic, Lebanon, Kuwait, Libya, Qatar and South Africa are in the process of preparation.

#### 3.3.2 Labour intermediation and individual contracting with foreign employers

Another opportunity for employment abroad is through the use of firms licensed by the 'Labour Intermediation' division of the National Office on Employment which functions as an information and employment intermediary (According to the ILO's Convention No. 181).

With the Decree of the Council of Ministers (DCM) No. 110 as early as of 1991 (*For an Urgent Solution to the Problem of Unemployment*), Decree No. 1 became effective, regulating the licensing of intermediary firms. This decree was in force during the period 1991-1995. A total of about 360 licenses, for a one-year duration, were issued during that period.

Following the adoption on 14 August 1995 of a new normative act – Decree No. 5 – the Bulgarian administration has tried to restrict the activity of intermediary firms, many of whom were actually so called “labour pyramids”, taking fees from candidates for work abroad which were comparatively high by Bulgarian standards, without fulfilling their engagements. Under Decree No. 5, which remained in force for 60 days after the adoption of the *Law on the Protection of the Unemployed and the Encouragement of Employment* (which became effective on 1<sup>st</sup> January 1998), only 17 intermediary firms were licensed (see Table 6), as well as 17 firms for labour intermediation concerning the employment of naval staff.

**Table 6: Licensed firms for labour intermediation after Decree No. 5 (Firms for the employment of naval staff excluded) as of 31<sup>st</sup> December 1997**

Countries	Israel	Cyprus	Czech Republic	Libya
Number of firms	11	3	1	2
Area of specialisation required	Constructors	–	Medical Staff	–
Pay	The lowest salary for the country	As contracted in industry agreements	–	–
Term of contracting	12 months	–	–	–
Possibility of changing the employer	No	No	–	–

*Source:* Prepared by the author on the basis of data from the National Office on Employment

The *Law on the Protection of the Unemployed and the Encouragement of Employment* adopts the principle that the intermediary is not allowed to contract labour conditions less favourable than those for local citizens with an analogous qualification.

The latest regulation on information and employment intermediation, adopted under DCM No. 103, has been in force since May 1998. There is a continuing trend for labour intermediation firms to operate mainly in Mediterranean countries. Firms operating in Israel still remain the most numerous – although in 1998 and at the beginning of 1999 their number decreased twice and they are presently 5. With Greece and Cyprus there are another five firms working, while Libya has 3 and Turkey and Lebanon have one each. Labour intermediaries working in Israel offer jobs for construction workers and those in Greece and Cyprus offer mainly seasonal jobs, while those licensed for Libya contract medical and technical-engineering staff.

There is also the possibility for an individual to sign contracts for work abroad. The legalisation of individual labour contracts is carried out through the National Office on Employment.

In spite of the efforts of the administration, in most cases labour emigration is, if not illegal – ‘tourism’ – then surely semi-legal, even in the cases covered by inter-governmental agreements and licensed intermediaries.

### 3.4. Factors behind emigration

The economic crisis of the transition and its consequences, as well as the near 10-year conflict in former Yugoslavia, are among the most important factors increasing the propensity to emigrate from Bulgaria. In the period 1989-1999, there emerged in Bulgaria a variation of so-called “peripheral capitalism” (Prebish, 1981), with the heterogeneity and instability characteristic of this type of society. However, unlike most Latin-American countries, to which this definition refers, Bulgaria is confronted with an unprecedented demographic crisis. The comparatively high educational qualifications and professional experience of the labour force correlate positively with the propensity to emigrate.

In this situation, the intensifying income gap between Bulgaria and EU countries, increasing unemployment (exceeding the level of 20%, according to data provided by the trade unions) and the educational qualifications of the labour force all appear to be permanent factors for emigration.

It can hardly be claimed that transportation expenditures and visas restrict emigration. They orient it towards geographically-close countries and modify the mechanisms of the decision to emigrate. New factors emerge, which bring about an increase in emigration. In the purely psychological aspect, there has been a restoration of the tradition of Bulgarian emigration from before World War II. During the past 10-year period, networks have been established which service emigration – official ones, under the labour emigration agreements and the licensed labour intermediation firms – and semi-official ones – the different travel agencies, agencies for visa services, etc. Networks of relatives and friends have also come into being, especially in the countries adjacent to Bulgaria, to save on certain types of expenditures and on time for the new emigrants. The official and unofficial labour markets in the adjacent countries which, unlike those in Northern Europe, are considerably more flexible, create their own mechanisms for adapting to the supply of different categories of the Bulgarian labour force.

### 3.5. Effects

According to one of the few estimates of the effect of emigration on the economy, in 1986-1992 the amount of human resource that the country exported amounted to 19.6 million years of life (41 years of age was the average for those who left the country), as well as 11.4 million years of labour (Minkov, 1994; see Table 7).

**Table 7: Life and labour potential of emigrants in the period 1986-1992**

Number of emigrants	Years of life	Years of Labour
Total – 476 000	19 628 316	11 391 821
Men – 262 893	10 110 222	6 578 805
Women – 213 107	9 518 094	4 813 016

Source: Minkov (1994): “La migration internationale en Bulgarie”, *Revue Européenne des Migrations Internationales*, Vol. 10, No. 2.

There are almost no analyses concerning remittances from emigrants. The country's balance of payments does not provide any picture. Generally, ethnic emigration is connected with negative remittances. During the mass emigration of the Bulgarian Turks in 1989-1990, the deposits at the State Savings Bank decreased by about 800 million Bulgarian leva at the official exchange rate of BGL 1.2 per USD 1 (on the black market, one dollar was exchanged for 3-4 leva). This is an indirect indicator of the amount of negative transfers from the first emigration wave. In March 1990, Bulgaria was forced to declare a moratorium on its external debt service. After 4 years, the debt was reduced and payments on it resumed. Transfers from the second wave of young and qualified Bulgarian citizens to the developed industrial countries, as well as from seasonal emigrants to the adjacent countries, amounted to approximately USD 350-400 million per year, that is about 11% of Bulgarian exports in 1998.

Transfers from emigrants are one of the factors for the re-direction of external Bulgarian demand from industrial equipment towards consumption goods – second-hand automobiles and household appliances. During 1997-1998, there was a slow-down in the dynamics of the import of these goods, but they maintained their top position on the list of Bulgarian imports. The re-orientation of imports towards consumer goods has had an unfavourable influence on the rates and nature of the structural reforms in Bulgaria.

The impact of emigration on the labour market and the social sphere is not simple. On the one hand it eases the pressure on the labour market, but on the other, the emigration of highly qualified workers increases unemployment amongst the unqualified categories of the labour force. Emigration restrains the growth of social payments. At the same time, in the medium- and long-term perspective, the effects are very unfavourable – insurance is paid by fewer employees and by fewer employers. The National Insurance Institute of Bulgaria is already confronted with serious financial problems.

#### **4. Immigration and immigration policy**

Immigration in Bulgaria remains limited. Even with a liberalised visa and frontier regime, following the beginning of the systemic changes, Bulgaria does not have the problems of other countries who are recipients of immigration.



#### 4.1 The status of foreign citizens

The status and residence of foreigners in Bulgaria is regulated by the *Law on the Residence of Foreigners* of 1972, amended in 1979, 1987, 1988, 1989, 1994, 1997 and 1998, as well as by the *Law on Bulgarian Citizenship*, the *Trade Law* and the *Law on Foreign Investment*, as the last-named is liberal also with regard to access to the Bulgarian labour market.

In the legislation, two categories of foreigners willing to settle in the country are set out:

- permanently residing;
- temporarily residing.

According to the data provided by the Ministry of the Interior at the end of 1992, there were about 28 thousand foreigners permanently residing in the country. Most of them were from the former USSR, Yugoslavia and other eastern Europe countries. Among the temporary residents there were over 12 thousand people with illegal documents (OCDE/SOPEMI, 1994).

The data for the period 1996-1997 indicates that permanent residents in the country increased from 36 915 people in 1996 to 38 710 people in 1997, while temporary residents went up from 13 727 to 14 143 people. In 1997, most numerous among the foreigners permanently residing in Bulgaria were the citizens of Russia (10,568), and the Ukraine (2,207). Among temporarily residing foreigners, the most numerous were those from Greece (3,456) and Turkey (1,154). In recent years the number of immigrants from China and Armenia, who find their niches in the service sector, has increased (see Table 8).

**Table 8: Permanently and temporarily resident foreign citizens in the Republic of Bulgaria**

Country of citizenship	1996		1997	
	Permanently Residing	Temporarily Residing	Permanently Residing	Temporarily Residing
Afghanistan	99	254	204	218
Albania	48	129	49	156
Algeria	49	61	66	55
Andorra	1	0	1	0
Angola	6	36	6	23
Argentina	14	1	15	0
Armenia	85	572	216	747
Australia	19	20	20	9
Austria	31	25	33	29
Azerbaijan	1	3	9	0
Bahamas	2	0	1	0

**Table 8: Permanently and temporarily resident foreign citizens in the Republic of Bulgaria**

Bahrain	1	2	1	3
Bangladesh	17	43	19	55
Belgium	26	20	28	12
Belarus	37	31	121	21
Belize	1	0	1	0
Benin	16	2	17	1
Bolivia	2	0	2	0
Bosnia and Herzegovina	4	22	7	27
Brazil	3	6	4	7
Burundi	0	0	0	2
Cambodia	9	5	7	8
Cameroon	0	1	1	1
Canada	17	16	19	13
Cape Verde	1	0	1	0
Chile	27	1	26	1
China	14	689	18	933
Colombia	12	4	13	5
Congo	4	17	7	21
Costa Rica	6	0	6	0
Croatia	8	22	16	25
Cuba	168	1	168	2
Cyprus	62	90	64	125
Czech Rep.	63	10	93	16
Czechoslovakia	785	1	763	0
Denmark	8	14	9	9
Dominica	1	0	1	0
Dominican Rep.	1	2	1	4
Ecuador	8	0	7	0
Egypt	35	37	43	34
El Salvador	3	0	3	0
Estonia	2	2	5	1
Ethiopia	16	24	37	32
Fiji	0	0	0	1
Finland	24	9	25	6
France	71	70	81	81
Georgia	15	62	34	74
Germany	857	217	898	215
Ghana	5	3	6	1

**Table 8: Permanently and temporarily resident foreign citizens in the Republic of Bulgaria**

Greece	476	3 752	543	3 456
Guatemala	1	0	1	0
Gibraltar	1	0	1	0
Guinea	4	19	6	13
Haiti	1	0	1	0
Honduras	0	0	0	1
Hong Kong	1	1	1	1
Hungary	187	15	185	8
Iceland	1	0	1	0
India	75	77	36	127
Indonesia	2	2	2	5
Iran	141	104	160	126
Iraq	173	288	188	317
Ireland	4	11	4	10
Israel	4	11	4	10
Italy	149	219	169	200
Japan	20	51	21	69
Jordan	213	123	236	120
Kazakhstan	74	20	139	45
Kenya	1	2	1	3
Kyrgystan	2	3	6	3
Korea, Democratic Rep.	7	8	6	7
Korea (South)	0	20	1	32
Kuwait	7	6	7	3
Latvia	4	2	7	6
Lebanon	292	549	330	533
Liberia	0	7	1	14
Libya	10	103	13	131
Lithuania	11	1	25	3
Luxembourg	2	0	2	0
Macedonia	95	425	187	462
Madagascar	0	1	0	0
Mali	1	1	1	1
Malta	0	3	0	0
Mauritania	1	0	1	1
Mexico	13	3	13	3
Moldavia	312	162	622	126
Mongolia	10	3	9	8

**Table 8: Permanently and temporarily resident foreign citizens in the Republic of Bulgaria**

Morocco	35	47	40	30
Mozambique	5	0	5	0
Nepal	1	1	1	0
Netherlands	33	36	42	34
New Zealand	2	1	2	0
Nicaragua	60	7	60	4
Niger	0	0	0	0
Nigeria	69	53	74	39
Norway	20	6	24	4
Oman	0	0	0	0
CIC (ex-URSS)	21 161	76	12 797	19
Pakistan	12	30	15	26
Palestine	2	4	4	4
Panama	3	0	3	0
Panama's channel zone	1	0	1	0
Paraguay	0	0	0	1
Peru	16	7	17	5
Philippines	1	10	3	10
Poland	1 344	31	1 391	42
Portugal	13	9	13	4
Qatar	0	0	0	0
Romania	200	31	209	34
Russian Federation	3 388	833	10 568	919
Rwanda	0	1	2	0
San Marino	1	0	1	0
Sao Tome and Principe	1	0	1	0
Saudi Arabia	1	1	1	3
Senegal	0	3	0	4
Serbia	60	32	216	36
Seychelles	4	0	3	0
Sierra Leone	2	2	2	0
Singapore	2	2	2	1
Slovak Rep.	0	0	11	9
Slovenia	2	14	10	5
South Africa	3	0	3	2
Spain	18	14	24	14
Sri Lanka	3	2	3	6
Sudan	30	51	42	40

**Table 8: Permanently and temporarily resident foreign citizens in the Republic of Bulgaria**

Swaziland	0	0	0	0
Syria	656	946	745	921
Tadjikistan	12	3	25	0
Tanzania	16	15	17	13
Thailand	0	0	0	0
Togo	1	1	2	0
Tunisia	28	55	32	36
Turkey	279	849	337	1 154
Turkmenistan	7	3	24	2
Uganda	0	0	0	0
Ukraine	847	473	2 207	470
United Arab Emirates	1	2	1	0
United Kingdom	85	131	103	126
USA	91	243	100	308
US Virgin Islands	0	0	0	0
Uruguay	7	0	7	0
Uzbekistan	17	20	47	12
Venezuela	2	2	2	2
Vietnam	282	206	292	216
Yemen	57	78	63	62
Yugoslavia	1 155	417	942	357
Zaire	6	32	26	12
Zambia	0	3	0	2
Zimbabwe	2	4	3	3
Non citizenship	1 879	250	1 930	212
Total	36 915	254	38 710	14 143

Source: Ministry of the Interior

#### 4.2. Job licences

A Bulgarian employer (including a foreign enterprise based in the country) can employ a temporarily resident foreigner on the basis of a labour contract and with permission from the National Office on Employment, given the following restrictive conditions:

- there is no Bulgarian candidate (or permanently resident foreigner) with analogous qualifications for the same position;
- the contract can not exceed three years, although facilities to extend this term are provided;

- the employer should ensure the preparation of a Bulgarian citizen for the same position;
- not more than 10 foreigners can be employed simultaneously.

(Decree on the arrangement and conditions for issue of labour permits for foreigners in the Republic of Bulgaria, adopted with DCM No. 267 of 31 December 1992).

Over the period September 1994–31 December 1995, 396 labour permits for foreigners were issued. American citizens received 100 labour permits and English ones 23; in addition to 78 Macedonians, 23 Ukrainians, 22 Russians, 17 Greeks, 14 French, 10 Turks, and 14 Italians, amongst others (Dimitrov, 1996). As of the end of 1997, the number of issued permits was 956, while there were 65 refusals. In 1997, 120 permits were issued and the terms of another 102 were extended. Refusals for the same year were just 5. Predominant were the permits for American, Ukrainian and Macedonian citizens, chiefly for managerial, technical-engineering and teaching staff (*Labour Market*, No. 4, 1998).

#### 4.3 Transit immigration and 'suitcase' traders

One of the sources of immigration in Bulgaria, as well as everywhere else, is transit migration. Bulgaria is situated at a crossroads. In 1993, the country was transited by about 5.1 million people. Most numerous were Turkish and Romanian citizens, totalling more than one-half of all transit passengers, including 1.372 million Turks and 1.367 million Romanians, while there were 1.153 million citizens from the former Yugoslavia and 661 thousand from the former USSR. The bulk were in search of work in the West, or were 'suitcase' traders. Transit emigrants, who are potential immigrants in Bulgaria, initially remain in the country only for a short period of time in search of ways to continue their way towards Western Europe – such are the intentions of more than half of them. Still, about 13% of transit immigrants intend to remain in the country for about a year. This poses the question of the financing of their stay in Bulgaria. About 40% intend to live on their savings, 20% by working and 19% rely on friends, other foreigners, etc. (IOM, 1994).

The so-called 'suitcase' trade is a specific form of transit migration and one very widespread in the post-totalitarian societies. According to a research survey in 1993, 'suitcase' traders were 14% of transit immigrants. Their commercial purposes stood higher than their migratory ones – 86% of them stated that they would return to their country. 40% of 'suitcase' traders in Bulgaria are citizens of CIS (mainly Russia) or the former Yugoslavia. This 'business' is practised by citizens of Poland, Hungary and the Czech Republic, as well as by those from Romania, the Georgian Republic, and others. Italian and Spanish citizens are also engaged in the 'suitcase' trade. 'Suitcase' traders from Nigeria and other African countries use Sofia ('Balkan' Bulgarian Airlines), as well as the capitals of other Balkan countries, as transit points on their way to and from Russia.

These type of immigrants usually remain in the country for one night – 46% of all cases. Most of them (60%) travel by bus. Unlike the rest of the transit immigrants, they are very well-informed, mainly informally, about conditions in the country. This is the youngest group of transit visitors – 87% are under the age of 35; 53% are not

married; and 2/3 are men. As a whole, 'suitcase' traders find the conditions in the country good – 80% of those asked think so. As regards the attitude of local people towards them, 53% find Bulgarian people tolerant (IOM, 1994).

Foreigners transiting the country and the 'suitcase' traders, as well as the Bulgarian 'suitcase' traders, service the emerging small and medium enterprises (SMEs) sector in Bulgaria and in the other central and eastern Europe countries.

#### 4.4 Illegal foreign residents in Bulgaria

According to different estimates, which remain rather approximate, the number of illegal residents in Bulgaria varies between 30 and 50 thousand people (IOM, 1994), i.e. about 3% of employees in the country. They find their niches in the unofficial economy. The number of illegal residents is most probably higher than that of legally resident foreigners in the country. The administration has reacted to this situation: with Decree No. 57 of 19 February 1998 there was adopted the *Programme for the Counteraction of Illegal Migration and the Illegal Stay of Foreigners in Bulgaria* (Voynova, 1998).

Still, in 1991-1992, attempts at illegal border crossings increased manifold. The number of violations was 839 in 1991 and 848 in 1992, involving, respectively, 3,166 and 2,170 people (see Table 9). Most numerous were violators from Romania, followed by Bulgarian citizens. Chief among the motives of the trespassers are: the restrictive visa regime; the search for better living conditions; and the desire to travel. The trafficking of transit immigrants with invalid documents is under the control of criminal networks whose centres after the war in Yugoslavia have moved from the western border – Bregovo, Tran, Sofia – to the southern one. The tariff varies from several hundred to 4 thousand US dollars (IOM, 1994). This makes it necessary for Bulgaria to seek active co-ordination with the countries from the Budapest group to restrict illegal migration traffic.

**Table 9: Illegal border crossing by attempts and number of violators**

	1989	1990	1991	1992	1993*
	<i>Total</i>				
Attempted cases	194	325	839	848	472
Violators	457	910	3 166	2 170	1 227
	<i>To Bulgaria</i>				
Attempted cases	73	118	127	189	101
Violators	157	211	251	430	170
	<i>From Bulgaria</i>				
Attempted cases	121	207	712	659	371
Violators	300	699	915	1 740	1 057

Source: Ministry of the Interior of Bulgaria, Border Armed Forces Department: IOM (1994), Transition migration in Bulgaria, p. 18)

\* – First half only

## **5. Refugees and asylum-seekers**

The state policy for granting asylum and on the issues concerning refugees is determined by the normative acts adopted in the period 1992-1994. Bulgaria ratified the Geneva Convention on Refugees of 1951 (and the 1967 Protocol). In 1993, the National Territorial Asylum and Refugee Office was established to examine petitions for asylum and grant refugee status.

According to information from the UNHCR, Bulgaria hosts 460 recognised refugees and about 3 thousand registered asylum-seekers. Most of the refugees and asylum-seekers are from Afghanistan, Iran, Iraq, former Yugoslavia, Armenia and Ethiopia. Many are former students or graduates in Bulgaria who have not been able to return because of political changes in their home countries.

Asylum-seekers are housed in private accommodation funded by the government and the UNHCR. In summer 1998, a reception centre was opened in Banya, housing up to 70 people. The government is making efforts to access loans from the European Union PHARE programme to build two new transit centres at Sofia International Airport and on the border with Turkey at Kapitan Andreevo, as well as for a housing project for recognised refugees.

There are four transit centres in border areas managed by the Future Foundation, where asylum-seekers awaiting transfer to Sofia for a determination of their status can receive food, accommodation and medical assistance.

The UNHCR, through local NGOs, provides assistance to all registered asylum-seekers and refugees. Since September 1996, the UNHCR has facilitated the integration of refugees, providing assistance for vocational and language training, and employment counselling.

The UNHCR's legal and material assistance to asylum-seekers is implemented by the Bulgarian Red Cross, the Bulgarian Helsinki Committee, the Help the Needy Foundation based in Plovdiv, the Future Foundation and the Nova Zagora Foundation. The Office also assists the government in developing asylum legislation and trains officials involved in refugee matters.

In 1998, border police began to conduct preliminary interviews with those seeking asylum upon arrival at the border. The National Bureau for Territorial Asylum and Refugees gives on-the-job training at each border post to the border police with help from the UNHCR.

Bulgaria has yet to establish a refugee law. Determination of status is carried out under DCM No. 208 of 24 October 1993. However, during spring 1999, the National Assembly was debating a new refugee bill.

## **6. The development of small and medium enterprises (SMEs) – a possible alternative for a 'softening' of emigration pressures**

The propensity to emigrate is expected to decrease with the progress of the systemic changes and the restructuring of the economy. Efforts towards the development of the SME sector are an important aspect of the structural reforms. They 'legalise' the 'rehabilitation' of small and medium enterprises, which date in the developed countries from the 1970s.



In Bulgaria, according to the *Law on Small and Medium Enterprises*, the so-called very small or micro-companies are considered to be those with up to 9 employees; small ones are those with less than 49 people; and medium ones are based on employing up to 100 people.

The dynamics of SMEs depend on the demographic situation in the country. The demographic crisis restrains their development. On the other hand, according to expectations, the increased attention on, and efforts for the creation of, a favourable environment for small and medium enterprises will work in the direction of a decrease in the propensity to emigrate.

SMEs depend to a large extent on the scale of transit migration and the so-called 'suitcase' trade. Moreover, they presuppose an increase in transit and seasonal migration which, however, restrains permanent emigration.

The typology and motivation of SMEs depend also on the condition of the large enterprises. The economic crisis and especially the physical liquidation of large production capacities, which is an emerging problem all over Bulgaria, such as *Stomana-Pernik* and *Kremikovtsi* in ferrous metallurgy, *Vidachim* in the rubber industry and others, restrict the efforts aimed at the dynamisation of SMEs.

There are typologies for small and medium enterprises that account for their competitiveness in international markets, their growth potential, etc. With regard to the situation in the transition economies, of interest are the classifications regarding the positions of the so-called 'double' (dual) structure of the economy, with the two poles of small and large enterprises, and accounting for the relations between them (Bernard and Ravix, 1991).

According to these classifications, enterprises are distinguished as:

- dominating or dominated
- 'price makers' or 'price takers'

Small and medium enterprises are usually 'dominated' and are 'price takers'.

Regarding these positions, SMEs can be determined also as:

- tolerated – such as those that have already established themselves in a certain market and which are 'supported' by the large enterprises in order to maintain entrance barriers and reject new competitors
- subordinate enterprises are the sub-supplying ones (sub-contractors)
- independent enterprises are those that have managed to operate in the longer period necessary to the large firms for the "production-client" cycle.

In Bulgaria, research allowing for a high-quality characterisation and typology of the SME sector is still very rare. In most of the existing works, the emphasis is on the analysis of the so-called 'amount structure' of the enterprises, as well as the share of private enterprise in the total number of enterprises (Dimitrov, 1997).

SMEs in Bulgaria can be characterised with regard to their dependency on transit migration and the 'suitcase' trade; as well as with regard to their dependence on their relations with large enterprises.

The 'suitcase' SMEs are rather 'price takers', but independent, i.e. they are outside the networks of the large enterprises. And SMEs which are in contact with the large state enterprises are, paradoxical as it may seem, 'dominating', i.e. they deter-

mine the 'entrance' price and the 'exit' price of the large state companies, and, along with this, they are 'tolerated'. Both categories of enterprise create unofficial networks, in the sense of being "on the edge of the law". With the so-called 'suitcase' enterprises, this is not necessarily a negative phenomenon and the flexibility of the state administration is simply a necessity for them. The second form of enterprise is actually a type of spontaneous privatisation through de-capitalisation.

In 1997, the number of small enterprises with up to 49 employees increased by about 10 thousand in comparison with 1996. Unlike EU member countries (and also especially the south European countries) (see the European Observatory for SMEs Report, 1996), and in spite of the increase in the number of SMEs, medium- and large enterprises – 100-499 employees – still predominate in Bulgaria.

In 1996, taking into account the 'very small' enterprises and the smallest category of 'small' firms, the number of those employed in private enterprises is larger than the number of the employed in state-owned enterprises. With the next category of small enterprises (20-49 people), the number of employees in the two sectors is approximately equal. With medium enterprises, the state (and public) sector predominates. The average number of private companies as a whole is smaller than the average number of state (and public) companies.

**Table 10: Very small, small and medium enterprises in Bulgaria in 1996**

	Very small		Small		Medium	
	0-9	10-19	20-49	10-49	50-99	100-499
Number of enterprises (in thousands)	153	6.5	6.5	13	3.8	3.8
Including private ones (in thousands)	151	5	3.3	8.3	1.1	0.7
Employees (in thousands)	265	89	208	297	273	772
Including employees in the private sector (in thousands)	257	67	101	168	79	129
Average amount in one enterprise	2	14	32	23	70	200
Average amount in one enterprise in the private sector	2	13	30	20	68	180

*Source:* Calculations of the author based on data from the National Statistical Institute.

In 1997, there were 189 thousand SMEs in Bulgaria, employing about 909 thousand people. The average number of people working in such an enterprise is about 5 people. Under equal conditions, an increase in the number of SMEs by 8-10 thousand per year would create an environment for the 'softening' of emigration pressures, and, probably, for the re-integration of a part of the people that have left the country. That there are BGL 4.28 million in fixed assets per person employed (that is, DM 4,280), indicates the approximate parameters of the resource endowments of a contingent programme for the development of SMEs. At the same time, receipts from sales per employee amount to BGL 19.24 million (DM 19,240) on an average basis.

There are considerable differences in the capital endowments and profitability of enterprises from different sectors, as well as between enterprises from different groups (see Table 11), let alone the differences in profitability between SMEs in Western Europe and in Bulgaria. In Bulgaria, paradoxical as it may seem, the most profitable enterprises in 1997 were large enterprises in the extraction industries (100-199 employees), with sales per employee amounting to BGL 106.6 million and in which fixed assets per employee amounted to BGL 80.3 million. Next come the large commercial companies with sales per employee of BGL 68.9 million, and micro-financial companies (0-9 people) with BGL 21.1 million. Outside finance, micro-companies have advantages in sectors such as agriculture and forestry, where sales per employee reach BGL 18.2 million, and in construction (BGL 19.7 million).

**Table 11: Small and medium non-financial enterprises in 1997 by size groups and activities**

BRANCH	size group	Number of enterprises	Number of employees	Fixed Assets per employee	Receipts from sales per employee
				(thousand BGL)	
Agriculture, forestry, hunting, fishing	0-9	4 304	9 857	4 280	18 196
	10-49	1 925	44 694	3 913	9 665
	50-99	486	33 188	3 318	8 513
	100-199	248	34 801	2 450	8 386
Extraction industry	0-9	64	170	18 728	18 244
	10-49	34	822	4 545	8 373
	50-99	17	1 287	5 204	8 610
	100-199	17	2 349	80 276	106 573
Processing industry	0-9	19 154	42 594	2 022	10 498
	10-49	3 054	66 306	4 794	11 347
	50-99	894	63 689	5 624	10 462
	100-199	688	97 293	6 335	10 206
Production and distribution of electricity, gas, and water	0-9	54	125	2 690	10 115
	10-49	20	411	10 870	10 203
	50-99	10	787	13 595	6 782
	100-199	11	1 638	17 467	16 197
Construction	0-9	6 498	14 858	4 223	19 796
	10-49	1 149	24 472	1 886	9 205
	50-99	242	17 070	6 357	9 922
	100-199	173	24 144	2 387	7 021
Trade, repair of automobiles and household appliances	0-9	93 618	156 608	1 137	29 767

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	10-49	3 127	59 784	4 462	65 032
	50-99	314	21 499	6 152	29 682
	100-199	144	19 355	4 900	68 855
Hotels, hostels and public catering	0-9	17 130	28 399	3 917	8 532
	10-49	355	6 402	5 183	44 249
	50-99	51	3 520	13 919	5 571
	100-199	40	5 592	14 872	6 616
Transportation and communication travel and tourism agencies	0-9	12 495	19 366	19 366	14 263
	10-49	416	8 686	5 266	17 536
	50-99	93	7 097	12 464	15 274
	100-199	105	14 616	6 769	14 646
Finance, credit, insurances**	0-9	651	1 165	2 305	21 096
	10-49	22	392	8 954	9 279
	50-99	1	87	1 656	5 916
	100-199	1	108	323	2 304
Land and property transactions, leasing activities	0-9	16 138	25 712	3 311	16 899
	10-49	676	13 729	5 514	6 777
	50-99	112	7 816	13 811	6 194
	100-199	49	7 091	3 940	2 996
Education	0-9	1 057	1 546	451	3 405
	10-49	27	526	3 025	4 045
	50-99	4	301	2 033	4 118
	100-199	2	248	1 510	7 412
Health services and veterinary activities	0-9	584	931	1 193	4 962
	10-49	19	322	1 862	3 519
	100-199	1	114	4 912	1 907
Other services and activities of non-government organisations	0-9	2 427	3 908	1 209	4 277
	10-49	194	4 209	3 815	4 336
	50-99	46	3 177	3 260	11 742
	100-199	41	5 765	2 616	3 756
Other branches – corrective	10-49	1	45		
	100-199	1	132		
Total – small and medium enterprises		188 986	908 807	4 280	19 240

\*\* Firms are from the private sector – single entry accounting; institutional sector “5” – households.

\*\*\* Excluding the financial sector, the government management sector, and non-commercial organisations servicing households.

All these facts indicate at least two things. Firstly, in the near future the 'amount structure' of enterprises in Bulgaria will approximate that of the south European countries who are members of the EU – Greece and Portugal. In this sense, there are considerable potential opportunities for an increase in the role of SMEs.

And, secondly, in view of the fact that, in 1997, the 'good' enterprises in Bulgaria were enterprises in the extraction industry, it can be expected that there are significant reserves for an increase in the profitability of small enterprises. Programmes for re-integration, through the creation of a favourable environment for small and medium enterprises, as well as through the attraction of emigrants' funds, would work further in this direction.

## **7. Conclusion**

After the fall of the Berlin Wall, considerable changes occurred in the mechanical movement of the Bulgarian population. During the period 1989-1997, over 650 thousand people emigrated from the country permanently. According to data from 1994, for the period 1986-1992, Bulgaria exported 19.6 million years of 'life' and 11.4 million years of 'labour'. Bulgarian emigrants headed for the countries adjacent to Bulgaria – Turkey (ethnic emigration) and Greece (where seasonal emigration prevails) – as well as for Germany. The ethnic emigration ensued from political motives and reproduced the demographic and educational structure of the regions with mixed populations. The so-called 'second emigration wave' – from 1990-1992 – consisted mainly of young and educated people. The motives for emigration were economic – the difference in standards between the developed industrial countries and Bulgaria, and educational qualifications, both worked in the direction of a decision to emigrate.

In recent years, external migration (according to expert estimations) has stabilised at a rate of about 30-50 thousand people per year. This means that about one-half of the yearly decrease in the population in Bulgaria is a result of external migration.

The only effect of the restraining of emigration through visas and other restrictions is the increase in the price of emigration, which, as can be seen, Bulgarian citizens are ready to pay.

Against the background of this extremely serious situation is expected an intensification of the work of the Bulgarian administration on the implementation of a systematic emigration policy.

On the other hand, we should not underestimate the fact that Bulgaria, particularly its local labour markets, are confronted with increasing immigration pressure. Over half of the 100 thousand foreigners residing in Bulgaria are illegal immigrants in the country. It would be appropriate to start taking systematic measures connected with the integration of immigrants and establishing the optimal balance between their integration and policies aimed at the protection of the local labour markets. The circle of people receiving job licenses should not be closed within the framework of the management of foreign companies and their representation agencies.

All these facts show that the macroeconomic and social policy of the Bulgarian government should take into account the external mobility of the population.

In spite of the negative ‘charge’ of emigration, which actually is a form of the exclusion and disintegration of a part of the Bulgarian population, it does not necessarily have negative effects:

- emigration eases the labour market, and reduces unemployment. It also restrains the increase in expenditure on unemployment and can therefore be used as an argument for their increase. Certainly, the other side of the coin is the “blood drain” from the social and pension systems;
- approximate estimates indicate that transfers from emigrants exceed USD 350-400 million a year. Owing to the nature of emigration and the lack of a systematic policy concerning emigration issues, no measures have yet been taken to ease emigration transfers. They are not recorded in the balance of payments of the country, even though they concern sums exceeding twice the Bulgarian trade deficit of 1998;
- accounting for the transfers from emigrants should be kept in mind when analysing the resources of which the currency board disposes, as well as the social endurance of the reforms.

The attraction and guarantee of the savings of Bulgarian emigrants should be among the priorities for macroeconomic policy, and pragmatic measures are necessary for the reduction of expenses concerning the realisation of remittances. As a whole, a priority of this – and any other Bulgarian government – should be the efforts, including unconventional ones, for the creation of a favourable environment for the development of small and medium enterprises, which should assist with the re-integration of emigrants.

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