

## **Bulgaria**

### **The EU New Member States as Agenda Setters in the Enlarged European Union**

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The publication is a product of the Open Society Institute – Sofia within the European Policies Initiative (EuPI) and the project “The EU New Member States as Agenda Setters in the Enlarged European Union”. This EuPI project has been implemented in close partnership with EUROPEUM Institute for European Policy, with funding provided by the Open Society Institute – Sofia.

**About EuPI**

The European Policy Initiative (EuPI) aims at stimulating and assisting the New Member States from CEE to develop capacity for constructive co-authorship of common European policies at both government and civil society level. As a new priority area of the European Policies and Civic Participation Program of Open Society Institute – Sofia, EuPI will contribute to improving the capacity of New Member States to effectively impact common European policies through quality research, policy recommendations, networking and advocacy. The initiative operates in the ten New Member States from CEE through a network of experts and policy institutes.

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## About the publication

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The objective has been to map the positions and level of activity of the ten new EU Member States on a number of issues on the EU agenda; identifying the factors and drives behind these positions; looking at the level of political and public consensus and the influence of major stakeholders; outlining coalition patterns within the EU and, finally, trying to provide an outlook on possible change of these positions.

The countries have been classified on each of the policy issues as “Policy Takers”, “Policy Killers” or “Policy Drivers”, depending on their particular position and level of activity. In the classification of this study, Policy Takers are those states that usually follow the mainstream in the EU and in general accept whatever is offered from the EU. The Policy Driver is a country that assertively promotes an issue at EU level. A Policy Killer is a country that actively opposes the policy in question.

The research has been carried out by individual researchers in each of the ten new members on the basis of specially designed methodology, developed by EUROPEUM and major input from EuPI/OSI-Sofia. The seven policy areas under research are: I. Internal market/Lisbon Strategy; II. Minority integration and citizenship issues; III. Energy and climate change; IV. Budget review and CAP Health Check; V. EU foreign policy and enlargement; VI. Freedom, Security and Justice; VII. Institutional issues.

The research was carried out primarily in the period September 2008 – December 2009, but there may be references beyond this period. Some positions and circumstances described in the reports may have changed since the information was last made available to the researchers or reached the stage of publication.

The researchers’ findings are published in ten country reports on each of the New Member States: Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia.

The structure of the country reports includes an overview of the country’s performance as an EU member and seven chapters following the seven broad policy areas. Each chapter contains an overview of the position of this country in the area, including the top three national priorities. Then the chapters provide in-depth analyses, information and prognoses on a set of issues (defined as general and specific) within each of the seven policy areas.

A comparative report, based on the ten country reports, was produced to highlight the project’s findings.

The views expressed in the reports are those of the authors and do not necessarily reflect the views of the Open Society Institute – Sofia.

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## **Bulgaria**

**The EU New Member States as Agenda  
Setters in the Enlarged European Union**

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## **Bulgaria as an agenda setter in the EU: an overview**

Bulgaria has recently been having tough love with the EU. Membership and substantive debate has been all but overshadowed by problems within the special monitoring mechanism imposed by the EU. Bulgaria is part of the fifth enlargement and entered with Romania in January 2007. But both countries entered under the condition that they would continue to reform and seriously deliver in such critical areas as judicial reform, and show results in fighting organised crime and corruption under the so-called Cooperation and Verification Mechanism exercised by the European Commission. Regular reports were to register progress and if necessary impose sanctions, and the reports so far have been critical of the government's performance. In 2008, the problems continued to pile up as the EC froze the remaining pre-accession funds, with the risk to cut structural funds too.

These issues diverted attention and efforts from Bulgaria's full-fledged participation in the EU and prevented it from capitalising in the best possible way on membership. This added to the challenge that Bulgaria is, after all, a very young member with less experience and routine in EU decision making.

Despite brief and mostly incidental sparks between Sofia and Brussels because of the EC critiques, Bulgaria's governing coalition remains committed to membership. The "EU consensus" dominates the political spectrum and it is unlikely to change substantially. Substantial Euroscepticism has not taken root so far, even among nationalistic parties. Public opinion continues to be very supportive of membership, and trust in the EU is rising.

Bulgaria has demonstrated activity only on a select set of policies. In most other cases it has been primarily a Policy Taker — despite sometimes having a defined position, it has followed the mainstream.

Bulgaria's primary areas of interest have been energy and climate, the Common Agriculture Policy, the enlargement and Neighbourhood policies, institutional issues, single market. But it has demonstrated varying degrees of activity. Bulgaria can be defined as a Policy Killer or Driver in the energy and climate policies, where it offered, along with other New Member States, changes in the EU provisions to lower restrictions. It has also been very interested in nuclear energy and the external dimension of energy policy, with several big energy projects underway (controversial to some, as they would increase energy dependence on Russian resources). In CAP, Bulgaria has joined the group of new members that pursue changes in the policy to bring higher payments and better conditions, but not a radical overhaul of the system.

Bulgaria's priority in the economic domain has been joining the Euro zone, as the most feasible exit strategy for its currency board, and the case was made even more urgent by the ongoing economic crisis. But so far the Euro zone members and the ECB have been reluctant partners. Bulgaria has resisted harmonisation of taxation and has in general pursued liberal economic policies.

Bulgaria has interests in the enlargement and Neighbourhood policies, as it is an immediate neighbour of the Western Balkans, Turkey and the Black Sea region countries. It has been supportive of enlargement and Neighbourhood policies in general, but not to the extent of being a Policy Driver or Killer, preferring a lower profile role at the backdrop of the complex issues in these regions.

In the short and medium term, there won't be any dramatic departures from the current policy lines, as there has been a relative consensus among political and other stakeholders on the expressed positions: any changes may be in the specific details, not the overall framework. Only some positions on energy policies may be contested, but this depends on too many factors to be predicted in a meaningful way.

Still, the global economic crisis is introducing a strong new element of uncertainty in Bulgaria and the EU and its effects should be taken into account in assessing possible policy changes.

Bulgaria considers itself in the clubs of (a) new and (b) small countries — especially on institutional issues. Bulgaria is increasingly cooperating and siding with the New Member States — on climate and energy, taxation, CAP, enlargement and Neighbourhood policies. The tandem with Romania is also present, as the two countries are bound to follow a similar path — first on accession, then on pursuing a similar

schedule of policies: Schengen, the Euro, transition periods for workers, a similar interest in the Black Sea area. The preferred "big country" partner is Germany, after an intensive period of good relations with the UK in the pre-accession period, when London was a strong supporter and mentor. France's Dominique de Villepin leads a high level advisory board to the Prime Minister, but in the current context this is not exactly conducive to ties with the French government (President Sarkozy is at odds with Mr. Villepin).

## I. Internal market and Lisbon Strategy

(Growth and jobs in EC work plan and policy strategy)

1. Overview
2. General issues:
  - 2.1 Review of merger regulations
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3. Specific issues:
  - 3.1. Free Small Business Act (SBA) (COM(2007) 592)
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### 1. Overview

Bulgaria follows a liberal economic policy for growth and development and at the same time adheres to the general European concept for social protection. In this regard, the EU's Lisbon Strategy is the framework for action of the government and it is not likely to change in substance with the change in government pending in mid-2009.

#### The cornerstones of the national policy have been:

- Retaining prudent macroeconomic stability, also necessitated by the currency board introduced in the country and the policy for entering the Euro zone;
- Improving the business environment for attracting FDI flows and enabling local businesses through less regulation;
- Reducing unemployment and offering the basic level of social protection in line with the EU standards.

The government priorities have been singled out in the National Programme for Reforms (February 2007). More exactly, the document is tellingly entitled "The Lisbon Strategy: National Programme for Reforms. *For a Higher Growth and More Working Places (2007-2009)*" and the five goals are: 1) Maintaining macroeconomic stability; 2) Improving infrastructure, particularly transport and energy; 3) Improving the business environment; 4) Improving the quality of human capital; 5) Activating labour supply.

In general, the policy goals have been successfully followed, with an estimate of 6% (7.1% in August 2008) growth in recent years, and 6.51% unemployment. The government has been following the lead of the EU in the internal market and the Lisbon Strategy and sought to implement the adopted policy measures. However, these prescriptions have sometimes been introduced without more detailed impact assessment.

The country has so far been holding relatively well in the background of the global economic crisis, but negative effects on the economy are expected to occur. So far the country has not requested outside help and the financial system is stable, despite growing signs that the spill-over effects of the global crisis are affecting the economy.

The financial system's stability is due mainly to the currency board and the prudent overall policy, which resulted in record budget surpluses for the second year in a row. The real economy, however, is sinking, with real estate and related sectors — construction, construction materials, etc. — hit first, and the chemical sector and the export-related industries such as textiles followed suit. The tourism industry, which is also a major sector, is also expected to suffer. The government response has been lukewarm: at first it denied the crisis will be that hard and then it did announce anti-crisis measures, but most of them were assessed as re-active, e.g. likely to be launched after a crisis occurs.

Among other measures (such as boosting public spending on large infrastructure projects) the government has also unofficially pushed for a quicker path to the Euro zone by requesting accession into the ERMII. This step has been considered critical in maintaining the financial and overall economic stability.

Bulgaria's general policy can be defined as a Policy Taker, with the only exception being taxation, where it is a Policy Killer, along with other Member States.

### Table of national positions

\*please, refer to the methodology disclaimer in the supplements

Issue	Definition and Outlook	National Consensus	EU mainstream
1. Top three priorities	Policy Taker; likely to remain a Policy Taker with the exception of taxation	General Consensus, position not likely to change substantially	Within the mainstream
2.1. Review of merger regulations	Policy Taker; likely to remain a Policy Taker	Consensus on the general policy	Within the mainstream
2.2. Free movement of workers	Policy Taker; possibly a Potential Policy Driver	Consensus on the general policy	In progress
2.3. Strategic review of "Better Regulation"	Policy Taker; likely to remain a Policy Taker	Consensus on the general policy	Within the mainstream
2.4. Free movement of services	Policy Taker; will remain a Policy Taker with slim chances of becoming a Policy Killer in limiting the scope of the policy	Consensus on the general policy	Within the mainstream
2.5. Simplification Rolling Programme	Policy Taker; likely to remain a Policy Taker	Consensus on the general policy	Within the mainstream
2.6. Taxation harmonisation	Policy Killer; likely to remain a Policy Killer	Consensus on the national position	In progress
3.1. Small Business Act	Policy Taker; likely to remain a Policy Taker	Consensus on the general policy	Within the mainstream
3.2. Financial retail services	Policy Taker; likely to remain a Policy Taker	Consensus on the general policy	Within the mainstream

### 2.1. General issues: Review of merger regulations

#### **Definition: Policy Taker**

#### **Outlook: Policy Taker**

Bulgaria supported merger regulations ("Social Policy" chapter of its first Annual Plan (2007) as an EU member), stating that it will participate and support the best decisions in corporate mergers, among an array of other issue concerning the Lisbon agenda such as demographic crisis, globalisation, high technologies, and changes in the standard of living.

The parliament adopted related legislation on 29 November 2007 (State Gazette 104/2007), amending the Commerce Law to take into account Directive 92/101/EEC and Directive 2006/68/EC, which amend Directive 77/91/EEC (the establishment of public limited liability companies, capital maintenance regime, etc.) as well as the Directive 2005/56/EC regarding Cross-Border Mergers of Limited Liability Companies. The merger regulations part of the regulations necessitated substantial changes in the existing legal provisions.

The expert debate on the introduction and development of the EU's merger regulations in Bulgaria registered caution among legislators (Legal Affairs Committee session, 40<sup>th</sup> National Assembly, 19 September 2007) for too much liberalisation. The further liberalisation, however, was welcomed by the business community (e.g. Bulgarian Industrial Association position, 2008) also along the lines of simplification and better regulation package for economic development.

As successive governments have led a liberal economic policy, the "business friendly" provisions of the merger regulations are considered in line with the goals for growth and development within the Lisbon Strategy and hence, with the government's own policy.

The country is a Policy Taker on this issue and is likely to follow EU's lead in the future.

## **2.2. General issues: Free movement of workers across the EU and transitional periods**

**Definition: Policy Taker**

**Outlook: Policy Driver in more flexible rules for labour migration**

The country has high stakes in the free movement of workers issues, as it is a subject of transitional periods in the free movement of workers and access to labour markets. At the same time, the country has been increasingly in need of importing labour from abroad (though this may change with the economic crisis). Upon entry in the EU, Bulgaria has opened its market to all EU nationals, but its citizens received unconditional access only to Poland, the Czech Republic, Finland, Latvia, Lithuania, Estonia, Slovakia, Slovenia, Sweden and Cyprus of the EU-25. The EC is expected to issue a report in early 2009 with recommendations on the regime, and the Member States that still retain limitations have to announce their intentions.

The government has not lobbied for the opening of labour markets (apart from a few lip service statements), as due to rapid economic growth, the labour force shortage in Bulgaria is growing. This brought about proposing policies for retaining and bringing back the labour force to the country.

Both these facts inform Bulgaria's position, which in general is supportive to measures for free movement of workers across the EU. Among these is the support for mobility of the labour force (see Annual Programme 2007) and the Communication "Towards Common Principles of Flexicurity: More and Better Jobs through Flexibility and Security" (July 2007). The country was also supportive to developing a directive for a common approach to labour migrants, the highly qualified labour force, intra-corporate transfers as well as circulation migration.

In early 2008, the Law amending the Employment Promotion Law (State Gazette 26/2008) was passed to address the new situation, created by the membership, including the free movement of persons and labour. The new law takes into consideration the equal status of citizens of EU Member States and their employment opportunities in Bulgaria.

Bulgaria has been quite active in 2007 and 2008 with strategies and measures to attract outside labour force, including active steps in joining EU initiatives (circulation migration), but substantial attempts to influence the transitional periods for Bulgarian citizens have not been registered. Measures to attract Bulgarian citizens back to the country have been started by the government in 2008 (first in Spain) and trade unions have made efforts to conclude agreements with EU counterparts in mutual protection of members.

The country can be considered a Policy Taker on this issue and a Potential Policy Driver on more flexible rules for labour migration.

## **2.3. General issues: Positions on the Strategic review of "Better Regulation" package (COM (2006)689) and ECOFIN conclusions, 22 January 2008; EC Simplification Rolling Programme after screening the acquis**

**Definition: Policy Taker**

**Outlook: Policy Taker**

In the first two years of membership, Bulgaria supported the initiative for Better Regulation, pointing out the beneficial conditions for business, decreasing administrative burdens and helping innovations.

Prior to accession, Bulgaria examined some 360 regimes in the light of better regulation. 192 regimes were singled out for simplification, with 90% changed accordingly. A Law on limiting the administrative regulations and administrative controls on economic activity was adopted in 2004. It was found that these actions have not brought about substantial results and the process will continue.

In 2008 (Annual Programme 2008), the government committed to developing as a priority an integrated national policy for Better Regulation, following the EU's Better Regulation policy. It also supported a more efficient customs regulation (as a specific issue) within the Better Regulation package, leading ultimately to reducing the expenses of European companies.

In 2008, the government adopted a national "Better Regulation Programme 2008-2010" with several goals: 1) removing and alleviating administrative regimes; 2) creating and enhancing an institutional structure for implementing and controlling the better regulation policy; 3) active dialogue with stakeholders; 4) improvement of regulation on municipal level and enhancing the capacity of municipalities for better regulatory practices.

The national programme for better regulation was received well by experts (also World Bank advice from 2007 among them), the business community and is in line with the general policy of the government to lighten the administrative burden of the country's businesses. The general position is that the state should retain fewer regulative functions and the bulk of these should be undertaken by the sectoral organisations.

At the ECOFIN meeting on 12 February 2008, Bulgaria stated its support for the Strategic Review of Better Regulation in the EU as well as for the findings on progress in reducing the administrative burden and the regulatory impact assessment at EU and member state level. The government considered the Strategic Review as a good basis for identifying the areas where further efforts were needed.

Bulgaria's general position has been that the screening will contribute to greater application of Better Regulation instruments at EU level, considering the focus on the updating and strengthening of the permanent programme of the Committee on Simplification. The government also considered that the screening will also register the progress in implementing the Action Programme on Reducing the Administrative Burdens in the EU.

The Bulgarian government focuses on specific issues within the EC Simplification Rolling Programme, including:

- Company law;
- Industrial policy.

The government stated that it will support the improved regulation through simplification of regulatory burdens and administrative costs and take part in any further discussions, especially in regard to the statute of European private company. In industrial policy, the government stated that it will support the development of a regulatory framework for the automotive industry in the light of the Simplification programme.

The country is a Policy Taker on the issue and the position is not likely to change.

#### **2.4. General issues: General views of the free movement of services as enshrined in the current service directive**

##### ***Definition: Policy Taker***

##### ***Outlook: Policy Taker (slim chances of becoming a Policy Killer)***

Bulgaria is supportive of the Services Directive and provided free movement of services. There are concerns on behalf of the expert community, however, that the effects of the Directive's implementation have not been studied well and the government's approach has been reactive.

In the first year of accession (2007) Bulgaria has supported the review of the Lamfalussy framework (e.g. banking, insurance, pension funds) and convergence of oversight, adapting it to current realities. The country is supportive to the integration of retail financial services. It declares the completion of the internal market, including services, as a main priority.

In the second year of membership, Bulgaria reiterated that the initiatives in the common market and especially those in services will allow for creating a stronger internal market with a more stable, innovative and competitive base, furthering the potential for development of European economies.

The Services Directive's impact is considered to be very beneficial for Bulgaria as services are the biggest sector in the country (see also the findings of the Impact Assessment of Bulgaria's Ministry of Economy and Energy, March 2008). The key results will be more competition, better practices, development of market niches and provision of more and more quality services — in the EU as well in the national market.

The main effects of the implementation of the Services Directive are expected to be in the economic as well as in the social realm: economic growth, more consumer choices and more working places. On the downside, the Directive is expected to have a sizable burden on the implementing public administrations, but the benefits will be more transparency and efficiency in the administrations' work.

The government is taking the necessary steps for the implementation of the Directive's provisions. The results of the screening of existing legislation and notifications of the new one are pending in late 2008 and 2009.

Support to the Directive's goals will continue, as the current government (and possibly the next one) is following a policy of diminishing regulatory burdens and better public services for business.

However, experts caution that government's take on the Services Directive has been superficial and the real consequences of the Directive in Bulgaria are still not studied well. The concern is that the Directive provides for more general rules and in Bulgaria's context, interest groups might take advantage of and limit access of competitors by demanding more regulation on the grounds of "EU practices". The other concern is that in the course of the Directive's implementation, some businesses might call for special treatment to protect themselves from outside competition.

Bulgaria is a Policy Taker on this issue. In case there are negative effects on economic life from implementing the Directive, interest groups might influence the government to revise its position.

## **2.5. General issue: Positions on taxation harmonisation**

**Definition: Policy Killer**

**Outlook: Policy Killer**

Bulgaria maintains a cautious position on taxation harmonisation.

The government has declared (Annual Programme 2007) that it will continue to take part in the discussions regarding a common consolidated corporate tax base to reduce unfair tax competition until a mutually acceptable solution is found. This was a diplomatic statement to avoid criticism of uncooperative behaviour.

However, Bulgaria has one of the lowest corporate taxes in the EU, as a way to boost competitiveness and catch up with the rest of the EU. Supporting a common tax base would be counterproductive for the country and contradictory to its current policies.

In regard to VAT policies, the government (AP 2007) agreed with diverse VAT levels — for example, decreased in some member states as that would not hurt internal market competition. Bulgaria also supported the modernisation of VAT legislation in taxing financial and insurance services in a draft of a Council directive. However, the country does not agree with maximising the reach of reduced VAT and is likely to join the group of countries (Austria, Denmark, Estonia, Finland, Germany and Latvia), which support the rationalisation, limitation and even gradual abolishment of reduced levels of VAT (Position at the Economic and Financial Council of the European Union of 12-13 September 2008 in Nice). The opposing group calls for subsidiarity and insists on retaining the national decisions on the issue.

Pursuing the national interest in regard to corporate taxation, the proposal for a common EU approach was killed twice at both the EU and national levels:

- by the Bulgarian government at ECOFIN meeting on 5 June 2007;
- by the European Affairs Committee to the National Parliament (7 February 2008) with a consensus of all members of the Committee.

The reasons of both the government and the parliamentary committee for overturning the proposal were the potential decrease in budget revenues that would follow a potential decrease in corporate taxation.

In fact, a new law amending the existing law on corporate taxation (State Gazette 13 December 2007) further decreased the tax dividend from 7% to 5%.

Therefore, there is a consensus in the country on this issue and Bulgaria can be qualified as a Policy Killer. The position is unlikely to change with a change of

government, and the country will be a Potential Policy Killer if there is a push for harmonisation on the EU level.

### **3.1. Specific issues: Small Business Act (SBA) (COM(2007) 592)**

#### **Definition: Policy Taker**

#### **Outlook: Policy Taker**

Bulgaria supports the policies for small and medium-sized enterprises aimed at creating growth and employment.

The government has adopted the European Charter for Small Enterprises and developed a National Strategy for the Development of Small and Medium Enterprises 2007-2013 with the respective action plan. Many SME-friendly initiatives were included in the Operational Programme "Competitiveness" for 2007-2013.

In relation to this, the Bulgarian Bank for Development Act was adopted in April 2008 (State Gazette 43, 29 April 2008) with the purpose *inter alia* to promote the economic, export and technological potential of small and medium-sized enterprises.

The government has stated it will adopt the ten principles of the SBA, along with the four legislative changes, which will assist small businesses in areas like access to finance, training in entrepreneurship, access to public procurement, to innovation, etc.

The position of the government (Position at the Council on Competition (internal market, industry and research) of 25-26 September 2008 in Brussels) positively assessed the SBA and urged for unity on the issue.

Also in regard to the Small Business Act for Europe (SBA), the government noted its recommendation for implementation through a regulation of a new Statute for a European Private Company, which would facilitate the start up of new undertakings in all Member States on basis of uniform rules. SME-focused changes are envisaged also in the General Block Exemption Regulation on State Aids, which would make it easier for enterprises to participate in EU and Member State-financed programmes. Debates are also pending on two directives concerning reduced VAT rates for locally supplied services and introduction of stricter rules regulating late payments among SMEs.

Bulgaria is a Policy Taker on this issue and is likely to remain a Policy Taker.

### **3.2. Financial retail services (SEC(2007)1520)**

#### **Definition: Policy Taker**

#### **Outlook: Policy Taker**

Since 2007, Bulgaria has been supporting the initiative for an integrated European market for financial services for the period 2005–2015. It also supports the further integration of the financial retail services.

The government considers that these initiatives will ensure effective, integrated and safe markets for these services (the initiative was also backed by Meglena Kuneva, European Commissioner for Consumer Affairs, from Bulgaria).

The Commission's Green Paper on Financial Services (COM (2007) 226 final) has been reviewed by and consulted with other stakeholders (e.g. the Committee for the Protection of Competition), which supported the paper, with a suggestion of further consultation with consumers. There was also a warning about the impact of SEPA — Single European Payment Area, which if implemented without enough safeguards might impede competition and raise costs for consumers.

The country is a Policy Taker on the issue and is not likely to change its stand.

## II. Minority integration and citizenship issues

1. Overview
2. General Issues:
  - 2.1. The emerging European Roma Strategy
  - 2.2. Other minorities' integration issues
3. Specific issues:
  - 3.1. Formulation of action plans to improve housing conditions, create possibilities for employment and guarantee affordable health care and education for Roma;
  - 3.2. Institutionalisation of European policy on Roma by establishment of a Roma Unit within the EC;
  - 3.3. Position and policies related to Commission Communication COM(2008) 420 final from 2 July 2008 on Non-discrimination and Equal Opportunities: A Renewed Commitment and also Community Instruments and Policies for Roma Inclusion, Staff working document accompanying Commission Communication COM(2008) 420.

### 1. Overview

Bulgaria is home to some 28 different ethnic communities and the inter-ethnic relations are regulated on the basis of the concept of guaranteeing individual rights rather than providing group, collective rights. This policy is underpinned by the understanding that safeguarding individual rights is the more appropriate approach as a collective approach brings about further encapsulation of ethnic minorities. This may, first, bring about the infringement of the rights of other groups within the larger group – such as women, children, etc.; and second, the encapsulation of ethnic groups may lead to further fragmentation of the society as a whole.

The preference of individual vs. group rights informs and guides Bulgaria's policy towards minorities and is respectively determining its current and future position on EU level. To prevent political cleavages along ethnic lines, the Bulgarian Constitution even prohibits the establishment of parties on an ethnic basis (though in practice they do exist).

#### The three policy priorities for Bulgaria are:

- Continue the policy of individual rights protection and non-discrimination as the optimal possible solution for addressing minority issues;
- Invest efforts and resources for the integration of minorities, with a special focus on the Roma minority by addressing their basic social issues such as housing, healthcare and education;
- Support and capitalise on EU aid and a common EU approach as long as it does not contradict Bulgaria's own conceptual approach.

Of an estimate of 28 ethnic groups in Bulgaria, the Roma and Turkish community are the minorities with special significance, but each one is a markedly different case. As the Turkish minority has managed to project a very strong and extremely influential political representation through its party, the Movement for Rights and Freedoms, there are no outstanding social issues or ethnic grievances (at least at the surface) at the time being within the obscure, but apparently still functioning "Bulgarian ethnic model".

The situation of the Roma minority is the real challenge for the Bulgarian state and society as a whole. The diverse Roma communities officially make up about 4.7% of the total population (370 908 people) according to the last census in 2001. Other estimates provide a higher number between 426 000 and 650 000-700 000, depending on whether it is a case of ascribed or prescribed identity – i.e. whether the population defined itself as Roma or others consider it to be Roma.

Roma are traditionally the poorest and most vulnerable group and the hardships of transition hit them harder. They suffer from ghettoisation, higher levels of illiteracy, poorer health, higher unemployment rates and poorer health conditions. They are often victims of prejudice and hidden discrimination. The Roma communities themselves have to fight stereotypes about their work ethos, petty crime, and gender and youth discrimination within the community.

The Bulgarian government, numerous national and international NGOs and the EU have recognised the critical challenge of Roma integration. So far, there are two policy streams: governmental and NGO-driven. The EU's contribution and influence are

reflected mainly in setting desired goals, related legislation (but not focused directly on Roma) and providing limited funding.

Anti-discrimination legislation and basic social inclusion legislation have been introduced, but the implementation of integration programmes has been criticised for its piecemeal character, low normative status and shortage of funding lines.

As far as public opinion is concerned, the public does not support special measures for the community as a whole (see for example "What Policy for the Roma in Bulgaria?" a national deliberative poll from April 2007). This creates a bottleneck for Roma policies, as the preferential treatment of a single community is viewed as unjust to the rest of people in need. In the political domain, the prevailing paradigm is that of individual rights and solutions based on a more liberal approach. There are some differences in the mainstream political parties, with influences also from the wider European political parties that determine a left-right cleavage, but the general policy approach has been basically similar (the extreme nationalist Ataka party is an exception).

Assessed from viewpoint of a potential EU common policy, the Bulgarian government is a Policy Taker (with due respect to its activity in the Decade of Roma Inclusion).

### Table of national positions

\*please, refer to the methodology disclaimer in the supplements

Issue	Definition and Outlook	National Consensus	EU mainstream
1. Top three priorities	Policy Taker; likely to remain a Policy Taker	Fragile consensus of mainstream parties and players	Within the EU mainstream
2.1. 2.2. General Issues: The emerging European Roma Strategy	Policy Taker; likely to remain a Policy Taker, but may also become Policy Killer	In progress	In progress
2.2. General issues: Other minorities' integration issues (if applicable)	Policy Taker; likely to remain a Policy Taker	Fragile consensus on the general policy	In progress
3.1. Specific issues: Formulation of action plans to improve housing conditions, create possibilities for employment and guarantee affordable health care and education for Roma;	Policy Driver (on national level); likely to remain a Policy Driver (on national level);	Consensus on the general policy; NGOs advocate for deeper and more effective policies	In progress
3.2. Special issues: Institutionalisation of European policy on Roma by establishment of a Roma Unit within the EC	Policy Taker; likely to remain a Policy Taker	In progress	In progress
3.3. Position and policies related to Commission Communication COM(2008) 420 final from 2.7.2008 on Non-discrimination and equal opportunities: A renewed commitment and also Community Instruments and Policies for Roma Inclusion, Staff working document accompanying Commission Communication COM(2008) 420.	Policy Taker; likely to remain a Policy Taker	In progress	In progress

## **2.2. General Issues: The emerging European Roma Strategy**

**Definition: Policy Taker**

**Outlook: Policy Taker; may become Policy Killer if the Strategy implies collective rights**

Bulgaria supports the elaboration of a European Strategy for Roma Inclusion. The government proposal is to assess its own national legislation and programmes, especially within the Decade of Roma Inclusion, and propose necessary improvements. The government also proposes similar procedures to take place in the other Member States participating in the Decade. The EU-level dialogue should include and take into consideration the lessons learnt in the areas of education, housing, employment and participation, as well as gender equality and anti-discrimination as horizontal issues (Bulgaria's Letter of Support to the "Call for European Roma Policy").

Bulgaria is one of the participating and leading countries in the Decade of Roma Inclusion 2005–2015, the 10-year initiative of CEE countries and NGOs (with a key role of the Soros network). Successive governments have adopted a set of documents and measures aimed at fighting discrimination, improving living conditions of Roma and facilitating their integration.

Bulgaria considers that its legislation in the area of non-discrimination covers and even exceeds the standards of the European Union (Bulgarian position at the 2 October 2008 Employment, Social Policy, Health and Consumer Affairs Council) and the legal protection of human rights is progressing considerably (interview with human rights activists).

A European Roma Strategy has been promoted by the NGO community, most notably by the Soros network. As for the EU institutions, the European Council on 14 December 2007 called on Member States to improve conditions and integration of Roma and invited the Commission to review existing measures and suggest new ones. The European Parliament, with a resolution on 31 January 2008 ("A European Strategy on the Roma") urged the development and adoption of such a strategy.

Bulgaria's position is that minority integration policies should be pursued on the basis of individual rights provision and protection and not collective rights. This thinking suggests a very cautious approach to further institutionalisation of minority issues. The rationale behind it is to avoid group or collective rights treatment, and Bulgaria's government makes it very clear that it will not support any measures that suggest the recognition of Roma as a special minority with a transnational character (see Bulgaria's Letter of Support to the "Call for European Roma Policy"). Despite the slight differences in the left and right side of the political space (the centre-right are much more strongly opposed to a group-based approach), there is a national consensus on the position and it is not likely to change.

## **2.3. General issues: Other minorities' integration issues (if applicable)**

**Definition: Policy Taker**

**Outlook: Policy Taker**

During the transition period and in the run-up to EU accession, Bulgaria has managed to regulate the inter-ethnic relations in the country as part of the democratisation process (and covering the Copenhagen political criteria for EU membership) as well as to avoid a post-Yugoslav conflict scenario, which developed in the neighbouring Western Balkans.

Roma are the main issue of minority integration in Bulgaria and among the remaining more than 25 ethnic groups, only the Turkish minority (and Bulgarian Muslim minority) represents a special case.

There are no special, direct government policies directed towards the Turkish community, as despite the fact that the minority faces serious social issues (low incomes, poverty, etc.) it does not suffer from the "dependency trap" as the Roma do.

At the same time, there have been considerable funds and policies earmarked especially for the economic niches and areas populated by the Turkish minority, such as subsidies for the tobacco industry, infrastructure development, etc. These measures have been promoted both to help indirectly alleviate the emergence of social and ethnic tensions, as well as to reflect the extraordinary political influence of the Turkish minority party.

The specifics of the Turkish minority case are conditioned on the fact that the group has a very influential political representation and maintains a very strong sense of identity and communal solidarity. The fact that the "mother state", Turkey, is a neighbouring state injects a strong geopolitical element: the behaviour of the Turkish minority and its treatment by the state is viewed through the lens of bilateral relations.

The strong political representation of the Turkish minority has been assessed both as having vast benefits for the integration of the minority and for inter-ethnic relations in the country, as well as having negative effects in the longer term on the Turkish community.

The positive effects of the immense influence of the Turkish minority party, Movement for Rights and Freedoms, have been that potential ethnic grievances are channelled into the political domain. It has also led to substantial representation in central and local administrations, which has also provided for considerable access to resources.

The negative effects of the MRF's activities are conditioned on the fact that it's a leadership type of party with a tight, monopolistic control over the Turkish community. This brings about distortions in community's own development and representation. The substantial control over government and municipal resources, with alleged widespread misuse of these resources, motivates a backlash among the majority of citizens and may be exploited for political ends.

### **3.1. Specific issues: Formulation of action plans to improve housing conditions, create possibilities for employment and guarantee affordable health care and education for Roma;**

**Definition: n.a. (national level only)**

**Outlook: n.a. (national level only)**

Successive governments have formulated a series of documents that provide for alleviating the basic social problems of Roma and helping their integration into society. These policies had an "EU component" to the extent to which the EU demands equal treatment, anti-discrimination and most of all social cohesion.

As rights in Bulgaria are exercised on an individual and not on a collective basis, the general policy approach is to address problems of Roma within the framework of a vulnerable groups policy approach. The rationale behind it is that this prevents the encapsulation of the group and thus helps its integration into the broader society. This also prevents public opinion backlash, with the general public suspicious to preferential treatment of the minority as a whole, as not every member of it is in need of state aid or special measures. The general policy approach is "mainstreaming", that is, specifying Roma/vulnerable groups components in other policies, which also helps to better target the policies and solutions.

The first of the recent so-called "Roma strategies" is the 1999 Framework Programme for Equal Integration of Roma in Bulgarian Society. The programme had eight priority areas, including the protection against discrimination, economic development, health care, territorial development of Roma neighbourhoods, education and protection of Roma culture, Roma presence in national media, Roma women. The programme is carried out on the basis of short-term plans (with two of them carried out so far) and it does not have specifically earmarked funds in the national budget.

A series of more targeted strategies and policies followed, such as the Strategy for Educational Integration of Children and Students from the Ethnic Minorities of 2004, the 2005 Health Strategy Concerning People in Disadvantaged Position, Belonging to Ethnic Minorities, the 2006 National Programme for Improvement of Living Conditions on Roma. The Joint Social Inclusion Memorandum of 2005, signed between the government and the EC, also targets vulnerable groups including the Roma.

The more comprehensive framework is the National Action Plan: Decade of Roma Inclusion 2005–2015, the national response to the ten-year Europe-wide programme. The "Roma Decade" was launched in 2005 by several CEE governments, with the critical role of the Soros network of non-governmental organisations.

The most recent governmental policies are developed within the framework of the Operational Programme, "Development of Human Resources", with corresponding minor

funding from the Operational Programmes, "Regional Development" and the National Plan for Development of Rural Regions.

A new Framework Strategy for Roma Integration, which will streamline all efforts in this area, is expected to be adopted soon.

**3.2. Special issues: Institutionalisation of European policy on Roma by establishment of a Roma Unit within the EC (which will look at ways to effectively use the different EU funds to more directly target prioritised Roma policies and create, evaluate and help the implementation of the European Roma Strategy);**

***Definition: Policy Taker***

***Outlook: Policy Taker***

Bulgaria is supportive towards elaborating EU-level measures in integrating the Roma communities, including a consensus-based European Strategy for Roma Inclusion. Bulgaria is likely to support a Roma Unit within the EC, as long as institutionalisation and EU policies do not entail a breach of the national concept for minority integration, i.e. based on individual and not collective rights.

Bulgaria will also try to take into consideration majority public opinion, which is hostile to preferential treatment of any ethnic group. Therefore, the preferred policy is the format of social inclusion, and addressing the issues will continue to be in terms of treating the problems within the framework of problems: affecting "vulnerable groups", not "ethnic groups".

**3.3. Position and policies related to Commission Communication COM(2008) 420 final from 2.7.2008 on Non-discrimination and equal opportunities: A renewed commitment and also Community Instruments and Policies for Roma Inclusion, Staff working document accompanying Commission Communication COM(2008) 420.**

***Definition: Policy Taker***

***Outlook: Policy Taker***

Bulgaria has stated its support for the EC's proposal for a Council directive on non-discrimination and equal treatment (Employment, Social Policy, Healthcare and Consumer Issues Council, 2 October 2008). The government considers that the directive is in line with the Lisbon Strategy goals currently in action and it will extend the reach of non-discrimination provisions to areas other than employment. The government further considers that the current anti-discrimination legislation in Bulgaria far exceeds the proposed measures, and it called for wide support for the EC proposal. This view is substantiated by human rights NGOs (personal interviews), which consider the legal framework and court decisions encouraging in fighting discrimination. The Commission (in the Community Instruments and Policies for Roma Inclusion, Staff working document accompanying Commission Communication COM(2008) 420) also praises Bulgaria for considerably improving legal measures (together with Romania and Hungary) in transposing the respective EU legislation.

Bulgaria is, in practice, implementing the proposals by the Commission (on Staff Working documents accompanying COM(2008) 420) to make use of the Structural Funds as set out in Bulgaria's Operational Programme strategies, mainstreaming of Roma policies in social inclusion, healthcare, employment and education.

As long as the Commission's document is a useful nomenclature of existing measures and does not propose a far-reaching and more ambitious strategy on Roma inclusion, the Bulgarian government's policy is very much in line with the EU's policy.

The country is one of the initiators and participants in the Decade of Roma Inclusion and will continue to support measures for Roma inclusion, including EU-level measures, as long as these measures do not suggest collective, group rights.

### III. Energy and climate

1. Overview
2. General issues:
  - 2.1. Strategic energy review (2007) and positions towards 2010-2014 energy action plan
  - 2.2. The post-Kyoto/post-2012 proposals — the global dimension
  - 2.3. Commitment to meet the benchmarks for greenhouse emissions
  - 2.4. Strategy and commitment to increase the share of renewable sources
  - 2.5. Strategy towards nuclear energy
  - 2.6. Implementation of the revised Emission Trading Scheme
  - 2.7. External dimension of energy security
3. Specific issues:
  - 3.1. Liberalisation of the energy market — 3<sup>rd</sup> energy package (unbundling)
  - 3.2. Common rules for the internal market in electricity (COM(2007) 508), cross border exchanges in electricity (COM(2007) 531), common rules for the internal market in gas (COM(2007) 529), access conditions to the gas transition network
  - 3.3. Establishment of the Agency for Co-operation of Energy Regulators (COM(2007) 503)

#### 1. Overview

There are two facts that should be taken into consideration before analyzing Bulgaria's energy and climate policy.

First, as a rule, the official Bulgarian policy priorities follow the EU priorities. In the case of energy and climate, there are very strong influences on decision making that have caused Bulgaria's diversion from the "European mainstream". This is not to say that Bulgaria is a unique maverick, but it belongs to a group of countries that would rather pursue their own interests than subdue them to some majority decision. These countries consider that following the "mainstream" and accepting a restrictive common position might harm the considerable economic and political interests in the country. The energy sector in the country is substantial and is very well connected politically. Furthermore, energy policy can easily become a matter of public concern, and therefore instrumentally used in politics. For example, closing down the reactors of the Kozloduy nuclear power plant was raised as matter of national priority and pride and (mis)used as a basis for Eurosceptic political platforms.

Second, there is a very substantial foreign and domestic political dimension, given the scale of Russia's presence in Bulgaria's energy sector and the general controversy surrounding Russia's role in the energy (in)dependence of the EU as a whole. Hence, this factor adds to the lack of political, public and expert consensus on many of the energy projects involving Russia's participation.

In general, the country's policy has been to support and capitalise on EU common policies and at the same time actively promote specific national interests and agenda as defined in the analysis below. The priorities that the state pursues have been defined by the previous and current governments and include:

- Achieve security of supply, energy efficiency and competitive prices;
- Multiply energy imports and production by implementing several big projects in gas, oil and nuclear energy, and consolidate the state companies in the sector in order to boost competitiveness on regional and European scale (underway since September 2008);
- Ensure bigger concessions for the country in the greenhouse emission limitations and trading schemes.

In a nutshell, while Bulgaria has in general had the propensity (both as a candidate and then as a full member) to follow the European mainstream, energy policy is a sector where the national government has held a substantial number of positions that deviate from the EU mainstream, and has entered into coalitions to defend its stand along these lines.

The energy and climate package witnessed a powerful coalition of New Member States, united by the 20 May 2008 Declaration of seven Member States (and the so-called "Hungarian" and "Polish" proposals) that pitted new vs. old Member States.

The gas crisis of 2009 was a turning point in many respects, prompting many decision makers to reconsider their past and current policies and actions. They may become more active in seeking common EU solutions for energy independence, at least in the gas sector. The proposed alternative projects, as of January 2009, rely on solidarity between EU members and envisage cooperation and direct inter-connections with EU members Greece and Romania, in addition to the renewed commitment to the larger Nabucco project. Bulgaria will organise an energy conference in Sofia in April 2009 (besides similar energy conferences in Prague under the Czech Presidency) by bringing local and global players in the sector, which may shed a new light on the mid- and long-term plans of the state.

The national positions reflect the weight of the considerable energy sector and the influence of energy businesses in the country's foreign and domestic policies. Depending on the specific issue, Bulgaria's actions have often been that of a Policy Driver or Killer.

### Table of national positions

\*please, refer to the methodology disclaimer in the supplements

Issue	Definition and Outlook	National Consensus	EU mainstream
1. Top three priorities	Policy Driver/Killer	No consensus, strong interests, position not likely to change	Deviates from the mainstream
2.1. Strategic Review	Policy Taker; Potential Policy Driver	In progress	In progress
2.2. Post-Kyoto	Policy Driver; possibly a Potential Policy Driver	Consensus on the general policy	In progress
2.3. Greenhouse emissions	Policy Taker; likely to become a Potential Policy Driver	Consensus on the general policy	Deviates from the mainstream in coalition with other NMS
2.4. Renewables	Policy Killer; possibly Potential Policy Driver	Consensus on the general policy	Deviates from the mainstream
2.5. Nuclear energy	Policy Driver; likely to remain a Policy Driver	No consensus, strong interests	Deviates from the mainstream
2.6. Emissions Trade	Policy Driver; likely to remain a Policy Driver	Consensus on the general policy	Within the mainstream
2.7. External Dimension	Policy Killer; likely to remain a Policy Killer	No consensus, strong interests	Deviates from the mainstream
3.1. 3 <sup>rd</sup> Energy Package	Policy Killer; possibly Policy Driver	Consensus on the general policy	Deviates from the mainstream
3.2. Common rules	Policy Taker; likely to become a Potential Policy Killer	In progress	Likely to deviate
3.3. Regulator's Cooperation	Policy Taker; likely to remain a Policy Taker	Consensus on the general policy	Within the mainstream

### 2.1. General issues: Strategic energy review (2007) and positions towards 2010-2014 energy action plan

**Definition: Policy Taker**

**Outlook: Policy Driver on the use of nuclear energy and emissions targets.**

In general, Bulgaria supports the Strategic Energy Review but the Bulgarian debate on the issue is still underway. The country has developed a concept for its national energy strategy and approval for the draft National Energy Strategy is pending.

The national positions on the specific issues are presented in the text below. The country's positions may evolve until the National Energy Strategy is finally adopted.

Changes in positions might be expected with the new global economic situation, enhancing the arguments for promoting nuclear energy and lowering emissions targets.

The country's position in this case may be described as a Policy Taker, but may evolve to Policy Driver in the use of nuclear energy and emissions targets. Once taken, a policy decision is unlikely to change in the short- and mid-term as the stakes behind energy policies, including political and economic interests, are substantial.

## **2.2 General issues: The post-Kyoto/post-2012 proposals – the global dimension**

### ***Definition: Policy Driver***

### ***Outlook: Policy Driver, pushing for lower limits for emerging economies***

A major factor informing the national position is the fact that the 2008-2012 quota on afforded greenhouse emissions was seen as a government failure to withstand national economic interests vis-à-vis Brussels. The government requested nearly 68 million (67.6) tonnes and received about 42.3 million tonnes. This was seen as a major handicap for the industry and the foreign investments in the country, despite that the government had claimed the country had an abundance of greenhouse emissions to trade from 1989 up to now.

Bulgaria in general supports the continuation of a Kyoto-related policy, pointing out the need of developing such a programme especially for the energy sector with a respective long-term investment policy. As stated in the 2007 Annual Programme, the country adheres to the ambitious goal of limiting greenhouse emissions, but considers as a main challenge re-negotiation in revisiting the Directive 2003/87/EC, concerning EU's greenhouse Emission Trading Scheme to include new sectors as deforestation, ship fuels and air transport.

In 2008 the government defended a more articulate position, in which it insists on a more differentiated approach in drawing up post-Kyoto plans. More specifically, the government proposes that:

- National social and economic specifics should be taken into consideration so that they allow for achieving the national goals for development and sustainable growth;
- Accounting for the starting year for the first period when determining Bulgaria's individual commitments for post-Kyoto after 2012 (i.e. this means a more beneficial treatment is requested by choosing an earlier period when there were less emissions due to industries' collapse in the early 1990s).

The position has been developed on the basis of the concerns that stricter environmental rules might limit Bulgaria's economic growth, infringe on its competitiveness and drive away investors. Furthermore, Bulgaria's significant energy sector has also requested laxer rules, as defined in Bulgaria's position on the greenhouse Emission Trading Scheme. This position has been informally expressed by strong industrial and energy lobbies and in general has been the dominant political position. As the issue will affect the whole national economy, taking an opposite position might be akin to political suicide.

In fact, as far as EC suggestions go, Bulgaria's stand (and presumably that of other Member States too) has been partially addressed by taking into consideration the national level of economic development, that is, by compensating with extra quotas those countries with a lower level of development.

The stand can be described as that of a Policy Driver and is likely to remain a Policy Driver.

## **2.3. General issues: Commitment to meet the benchmarks for greenhouse emissions**

### ***Definition: Policy Driver***

### ***Outlook: Policy Driver to push for concessions favouring the national economy***

As noted above, a major factor informing the national position is the fact that the 2008-2012 quotas on afforded greenhouse emissions were seen as a government failure to withstand national economic interests vis-à-vis Brussels.

Bulgaria has stated it supports the role of the EU in the global hydrocarbon market to be implemented through the fourth amendment of the directive for trade in emissions, supporting also in principle its extension to other sectors.

The trade in greenhouse emissions has been a subject of a parliamentary hearing in March 2007 by the opposition, questioning the government's policies. Then, in April 2008, the Bulgarian parliament's European Affairs Committee discussed and supported the project of amending Directive 2003/87/EC on a European scheme for greenhouse emissions.

The new concept for the Energy Strategy of the Republic of Bulgaria, announced in June 2008, sets out the national goals — within the EU policies — until 2020. In essence, the strategy copies the EU policies with few proposals on the Bulgarian side to take into account national interests.

The goal for greenhouse emissions is a 20% decrease (based on the year 1990) or 14% (with a base year of 2005; the goals can reach 30% if a new global agreement is reached). The goals will include:

- An estimate of 10% decrease in emissions from sources outside the trading scheme (agriculture, transport, buildings, dumps);
- An estimate of 21% decrease for all other installations (industries, energy sector, and aviation).

In that way, Bulgaria would receive the most significant rise in quotas — 20% — in comparison to 2007.

Bulgaria, as part of the 7-member coalition of New Member States (Bulgaria, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia), supports the Hungarian and Polish proposals vs. the EC proposals to accept 1988 (in the case of Bulgaria) as a basis for assessing the emissions with a 18% target, and respectively the Polish proposal for additional action for changing the rules.

Bulgaria's stand can be described as a Policy Driver and will be a Policy Driver in the future.

#### **2.4. General issues: Strategy and commitment to increase the share of renewable sources**

##### ***Definition: Policy Killer***

##### ***Outlook: Policy Driver, to redefine the definitions and rules for renewable sources***

Bulgaria is supportive of increasing the share of renewable energy sources and the creation of market mechanisms for promoting the use of renewable sources, including the use of biofuels in transportation.

The government is apparently concerned that stricter limitations might impede economic development. It also insists on considering nuclear energy as an equal (or similar) contribution to climate goals, as nuclear energy generation does not emit greenhouse gas.

In its 2008 Annual Programme, the government adopted a more detailed stand, setting out its own terms for a future EU policy and legislation. It said it will insist that when determining the national goals the following will be taken into consideration:

- the existing economic potential of renewable sources;
- the individual levels of economic development of the country in question;
- the already-achieved contribution by other emission-free technologies such as nuclear technology;
- retaining flexibility so that different states can determine their priorities within the common EU policy.

Bulgaria's Law on Promotion of Using Renewable Energy Sources, Alternative Energy Sources and Biofuels was adopted in June 2007. It introduces Directive 2001/77/EC for electricity generation from renewable sources and Directive 2003/30/EC for promoting the use of biofuels and other renewable sources in transport.

Bulgaria has also adopted the necessary by-laws for implementing the law in the beginning of 2008 (accompanied by hearings in the parliament). The state Energy Efficiency Agency has also developed a series of short- and long-term strategies for the use of renewables and biofuels.

Bulgaria's electricity production (2005 data) from renewable sources was 9.4% of the overall consumption. The goal set for the country by the EC is 16% by 2020. The national strategy is to increase the production of hydro-power plants as the most suitable for the country.

The country's position in this case may be described as that of Policy Driver or Policy Killer (depending on the viewpoint), but there is unlikely to be a consensus in the EU.

## **2.5. General issues: Strategy towards nuclear energy**

### ***Definition: Policy Driver***

### ***Outlook: Policy Driver***

Bulgaria is a nuclear energy producer and in addition to the existing Kozloduy , it is currently building a nuclear power plant at Belene. This informs its position in the EU debate on nuclear energy. It should be noted that the country's energy and nuclear policies have been the areas with the best articulated and protected interests in the package of EU-related policies.

Bulgaria, in both of its Annual Programmes (AP) of 2007 and 2008 since becoming a member of the EU, has supported the use and development of nuclear energy.

In more concrete terms, the 2007 AP offers the following points:

- Nuclear energy is strategically important as part of the policy for limiting harmful emissions;
- Nuclear energy is a key to offering competitive energy prices for consumers;
- Nuclear energy will guarantee energy security, including lowering the need for energy imports;
- The government stated that it will defend the right of every EU member to define the combination of energy sources used;
- The government supported the adoption of community legislation in nuclear energy, which would be obligatory for every country that uses nuclear energy.

The 2008 Annual Programme is not as explicit in the defence of nuclear energy. Bulgaria stated, however, that it will defend the position, in relation to the upcoming EC communication on renewable sources, that nuclear energy production be considered as a contribution to non-greenhouse-emitting technologies.

According to 2006 data, nuclear-generated electricity accounted for 42.6% of the overall production in the country, making the country **a major exporter for the Balkans**.

The nuclear energy has been elevated to a key political issue as the closing down of Kozloduy reactors was a pre-condition for accession. Many parties see this as a convenient (though populist) issue to exploit. Even Bulgarian MEPs have often raised the issue of re-opening the reactors, despite the tacit understanding that this is impossible. In short, there will be minor opposition (smaller centre-right parties, environmental groups and independent experts) to the project, but it cannot change the policy. A potential change of government will not change the stance either. The so-called "energy lobby" is very well connected and represented in the political parties and the financial stakes are very high. For example, even before the official start of the construction of a second nuclear power plant at Belene, some 200 million leva (EUR 102.3 million) has been spent in preparations.

The gas crisis of January 2009 provided additional arguments for the proponents of nuclear energy to raise the issue of re-opening the closed reactors of the Kozloduy nuclear power plant, despite awareness that this would immensely strain relations between Sofia and Brussels as well as Sofia and several Member States.

Given these facts, the country's position can be described as that of a Policy Driver, which promotes the development of nuclear energy.

## **2.6. General issues: Implementation of the revised Emission Trading Scheme**

### ***Definition: Policy Driver***

### ***Outlook: Policy Driver***

The formation of the national position has been influenced to a great extent by the fact that the 2008-2012 quota on afforded greenhouse emissions was seen as a government failure to withstand national economic interests vis-à-vis Brussels (see also point 2.2. above for emissions quota - 68 million tonnes requested vs afforded 42 million tonnes). This was criticized as a major challenge for industry (especially metallurgy and cement production) and foreign investments in the country, despite claims that there are available greenhouse emissions to trade with, a quantity left from the period from 1989 up to now.

Bulgaria has stated it supports the role of the EU in the global hydrocarbon market to be implemented through the fourth amendment of the Directive for trade in emissions, supporting also in principle its extension to other sectors.

The trade in greenhouse emissions has been a subject of a parliamentary hearing in March 2007 by the opposition, questioning government's policies. Then, in April 2008 the Bulgarian parliament's European Affairs Committee discussed and supported in the project of amending Directive 2003/87/EC on a European scheme for greenhouse emissions. The precise issue has been the real or perceived failure of the government to renegotiate more beneficial conditions for industry.

According to the proposed new rules for the Emission Trading Scheme, there are no national goals as there will be a common EU ceiling for emissions. It will then be distributed among Member States — 90% proportionally among all and the remaining 10% among the less-developed countries (including Bulgaria). In that way, Bulgaria will receive an additional ceiling of 53% (38% more than the base national goal), with only Latvia having more — 56%.

The new scheme has caused concerns, especially for coal power plants, because their production costs will be burdened by the requirement to buy emission licenses from 2013 onwards. This will negatively impact the energy prices, producers, coal mining industry — also vis-à-vis regional non-EU competition.

The Bulgarian proposal to alleviate the effects is that the approach to electricity producers should be similar to those of industry installations, with free licenses at 80% on the 2013 basis, and gradually decreasing until 2020.

The general policy — to acquire the best possible conditions for the national economy— is largely a consensus position. The position is also shared by other EU members and the country can be described as a Policy Driver in the EU.

## **2.7. General issues: External dimension of energy security**

### ***Definition: Policy Killer***

### ***Outlook: Policy Killer***

This issue is a matter of contention between the Bulgarian government and critically-minded experts and politicians. Formally, the government did not breach any EU rules, but in practice the recently signed energy projects with the Russian Federation have been viewed as an encroachment on the EU's energy independence. There are concerns that the three projects — in nuclear energy, oil and gas transit — might increase dependence on Russia and torpedo EU-backed projects such as Nabucco.

The official stance of the government is that it supports the development and implementation of a coordinated External Energy Policy of the European Union which would guarantee supply and better conditions for the delivery, transit and prices of imports as well as sustainable energy production and consumption (as defined in both Annual Programmes 2007 and 2008). The government position also conceded that the external dimension of energy security includes diversification of sources and routes, coordinated dialogue with the producing countries and consumers of energy resources, as well as transit countries (Position at the European Council of 15-16 October 2008).

In late 2006, the government signed a secret new agreement with Gazprom, which apparently included new pricing and transit provisions. In May 2007, the parliament ratified the agreement between the governments of Bulgaria, Greece and Russia for building the Burgas-Alexandroupolis pipeline. In February 2008, the government announced plans for the Belene Nuclear Power Plant and participation in the South Stream gas pipeline.

Besides these projects, the country is also part of two other big projects:

- The AMBO (Albania-Macedonia-Bulgaria Oil pipeline), planned to carry oil from east to west, and promoted by the US since the mid-1990s. An inter-governmental agreement has been ratified by the parliament in May 2007 (one day after the agreement with Russia). The AMBO has very slim chances of success;
- Nabucco, the EU's own project for transiting gas from east to west.

Bulgaria is also a party to the Energy Community, an agreement between the EU and the Southeast European states in the sector, which provides for adopting EU standards in national energy policies. Bulgaria pointed out that the Energy Community is a good model of an integrated energy market and emphasised the significance of the Southeast European-Black Sea regions, which link Europe with the strategic routes of the Caucasus and Central Asia.

The Russia-sponsored projects are very divisive, both within the country as well as at European level. In the country, the governing coalition (the Bulgarian Socialist Party, the Movement for Rights and Freedoms and the National Movement for Stability and Progress) are staunch supporters. So is the country's President, who was formerly a BSP leader. Moreover, the powerful energy lobbies in the country are very well connected and represented at all levels of government.

The political opposition is vocal (walking out of the first voting on the Burgas-Alexandroupolis pipeline agreement), but with diminishing significance it has no chances of reversing any of these decisions. The major arguments of the opposition have been that these projects make Bulgaria all but fully dependent on Russia's energy, and will therefore increase the energy dependence of the EU as a whole. As concerns future developments, the largest opposition party, GERB, had organised protest activities on a local level against the Burgas-Alexandroupolis pipeline, on environmental grounds. Once in power, however, it is very unlikely that it will question the projects. Independent experts and environmental organisations might continue to challenge the projects, but it is unlikely to change policies, provided the high stakes for the energy interests within and outside the country.

The gravity of these energy issues in the political and public debate goes as far as having these as a potential basis for Euroscepticism. For example, the issue of the Kozloduy nuclear power plant has been turned over for years as a matter of national pride and as the closure of four reactors was a pre-condition for EU accession talks.

Despite the fact that neither the EC nor other Member States have ever openly criticised the government's policies, there are unofficial views that these Russia-sponsored projects hurt the EU's own policies and the aspiration for a common position. Bulgaria's official position is that such projects are in fact a contribution to enhancing the energy security of the EU.

As concerns business interests at EU level, many powerful and well-connected companies — German Siemens, French Arreva, Italian Eni, etc. — have received substantial sub-contracts for these projects, which have ensured the support and allegedly the backing of their governments.

Bulgaria is planning a major international energy security conference to be held under the aegis of the Bulgarian President in April 2009. The conference will be aimed at accommodating divergent international views on Bulgaria's energy policy.

The position of the country may well be described as a Policy Killer in relation to the EU's external dimension of energy policy, but the effects of the January 2009 gas crisis are yet to be revealed fully. The shock of the authorities was considerable, and even staunch proponents of energy cooperation with Russia have questioned the full dependence. Consequently, some (although not complete) change in policies might be

witnessed as early as 2009. The proposed changes are so far only in the gas sector and envisage the building of alternative routes for the import of energy from alternative sources. Two of the proposed projects are inter-connections to the gas systems of fellow EU members Greece and Romania, falling into the EU recent policy to inter-connect the European systems. There is another proposal to build a LNG terminal in Greece to be operated jointly by Bulgaria and Romania.

### **3.1. Specific issues: Liberalisation of the energy market – 3<sup>rd</sup> energy package (unbundling)**

**Definition: Policy Killer**

**Outlook: Policy Driver**

In 2007 Bulgaria supported the implementation of the then-existing legislation in EU's electricity and gas market and the goals it pursued: offering an effective, liberalised internal market, and guaranteeing access of consumers to competitive prices.

In 2008 it switched to a more articulated position to defend the government policies vis-à-vis the further liberalisation of the energy market as proposed in the upcoming 3<sup>rd</sup> energy package.

Bulgaria has joined a group of nine Member States (Germany and France were against the proposal and the UK and the Netherlands were in favour), which were against the proposed EC model, especially in the part of "ownership unbundling". The government position (Position at the Transport, Telecommunications and Energy Council of 3 December 2008) was based on the difficulties and costs of the expected restructuring of the national electricity and gas companies as well as serious doubts about the economic soundness of the EC proposal.

Bulgaria's government stated that independence of network operators, fair access of new players, transparency and indiscriminate use of sensitive business information should not be achieved by separating ownership and operation of a network but rather by a rigorous regulation, including:

- Access to networks;
- Setting tariffs;
- Accounting;
- Management of overloads;
- Network capacity;
- Transparency of information;
- Approval of investment plans of transit operators by a regulatory body.

This position is not a matter of consensus in the country and there have been two parliamentary hearings on the governmental stance as requested by the opposition DSB and UDF in December 2007, and January and February 2008. The current position is unlikely to change with a new government (even if dominated by the current opposition party, GERB) from the second half of 2009 on. There are no legislative acts or proposals so far related to the "unbundling" initiative.

In practice, in September 2008 the government "defied" the unbundling by announcing the establishment of a mega-holding (BEH, Bulgarian Energy Holding), merging the biggest state companies in the energy sector — mining, electricity generation, gas transit. The parliamentary opposition claims that this is against the rationale of the 3<sup>rd</sup> Energy Package

Due to the activity and stakes of the government, the country can be described as a Policy Killer on EU level.

### **3.2. Specific issues: Common rules for the internal market in electricity (COM (2007) 508), cross border exchanges in electricity (COM (2007) 531), common rules for the internal market in gas (COM(2007) 529), access conditions to the gas transition network (COM (2007)**

**Definition: Policy Killer**

**Outlook: Policy Driver**

Bulgaria supported the package of measures in liberalisation of the energy market (as of 1 July 2007) as provided in the second energy package. The country also supported the increase in the role of the national energy regulators and coordination between them on EU level, as well as the monitoring on behalf of the European Commission.

The government has stated general support for EU plans in the electricity and gas market, but official documents and plans have not been very specific on the issue, apart from the broad finding that the common market in energy is not completed. Still, as of January 2009 the Commission started an infringement procedure against Bulgaria as it failed to implement Directive 2003/54/EC of the European Parliament and of the Council of 16 June 2003 concerning common rules for the internal market in electricity.

In regard to the cross-border exchanges in electricity measures, Bulgaria supported the proposals, but noted it experiences serious problems of the access of Bulgaria to parts of the internal energy market, emerging from the ascribed "geographic areas" status, which did not define Bulgaria as an "overlapping country".

While the country adheres to the basic framework offered by the EC, Bulgaria's major proposal in that regard is an alternative model, whereby the owner and operator of a network can be the same, compensated by stricter regulation (see also Section 3.1. above).

The government has stated that it will insist on EU political and financial backing for transborder infrastructure projects, including integration of the Balkans' Energy Community (2005 agreement of Southeast European states to adopt EU standards in energy), to ensure access to alternative energy sources.

As far as access to companies from third countries to the European energy market is concerned, Bulgaria has supported the establishment of clear and transparent rules. However, it has tabled proposals that would ultimately allow for exemptions from the common rules. These would include already signed bilateral agreements or apply less strict requirements for external investors in building new infrastructure or guaranteeing the security of supply (Position at the Council of 3 December 2007).

The governmental policy has been questioned by the opposition, but it remains to be seen whether any more substantial arguments and counter-arguments will be put forth when discussing the National Energy Strategy.

### **3.3. Specific issues: Establishment of the Agency for Co-operation of Energy Regulators (COM(2007) 503)**

**Definition: Policy Taker**

**Outlook: Policy Taker**

Bulgaria supports a greater role of national regulators and their enhanced cooperation on EU level. Bulgaria also supported the Agency for Cooperation of Energy Regulators. It considered it an extension of the work of European Group of Energy Regulators. Bulgaria considered that the agency would allow for closer cooperation between national regulators and underlined that the agency would play a considerable role in resolving issues of transnational character (Position at the Transport, Telecommunications and Energy Council of 3 December 2008 in Brussels).

As there is no specific national proposal (except for the role of national regulators, see above Sections 3.1. and 3.2.), the country can be described as a Policy Taker.

#### **IV. Budget review and CAP "Health Check"**

1. Overview
2. General issues:
  - 2.1. Position towards CAP "Health Check" (COM(2007)722)
  - 2.2. Positions towards the expenditure structure of post-2013 budget (SEC (2007) 1188)
  - 2.3. Position towards Common Market Organisation for Fisheries

#### **1. Summary**

Agriculture is quite high on Bulgaria's list of priority sectors and this justifies its interest in the Common Agricultural Policy and related policies such as rural development.

The economic significance of agriculture is not crucial — with 6.5% contribution to the GDP for the second quarter of 2008 (a rise from 5.2% for the same period of 2007), but politically and socially the sector is of critical importance. Fisheries are also important to Bulgaria, as fishing and processing is a major sector in the littoral (Black Sea) area and major rivers (the Danube) and lakes. Fisheries policies are also part of the emerging integrated maritime policy and entail environmental and foreign policy issues due to their trans-border character.

The rate of absorption of EU funds in the sector, however, has been very low and allegations of mismanagement and misappropriation were registered in the negative assessments by the EC and OLAF in 2008. This has led to freezing of millions of euros for agriculture since early 2008. Fisheries funds absorption also suffered drawbacks at the expense of those involved directly in fishing as well as in the processing segment.

Bulgaria's position on the Common Agricultural Policy is that of a Policy Driver or Policy Killer, depending on how it chooses to pursue the identified interest. Bulgaria's positions and behaviour are based on the economic as well as on the political and social significance of the sector and are reflected in the protection of interests of farmers, producers, the related processing industries and in general the population in rural areas. The political component in defining Bulgaria's position is imperative.

Despite the decreasing number of farmers and diminishing role of farming, many of the current government coalition electorate make a living off the land and live in the rural areas. This is also valid for the Bulgarian Socialist Party but it is particularly valid for the Movement for Rights and Freedoms, which controls the Ministry of Agriculture since 2001, and has to respond to its electorate made up of the ethnic Turkish minority population living in rural areas.

#### **Bulgaria's three top priorities in the CAP Health Check are:**

- Retaining EU funding as key source for addressing the serious issues in both agriculture and rural (under)development in Bulgaria. This includes protecting the interests of major parties' constituencies (most of all small-scale farmers, tobacco growers and population in rural areas) for economic, but mostly for social and political reasons.
- Supporting most of its positions through common actions within three "coalition configurations" — (1) Member States (old and new) with higher stakes in agriculture, (2) New Member States from CEE or (3) the "dual coalition" of newest EU members Bulgaria and Romania.
- Promoting innovations in EU policies (such as decoupling and abolishment of a historic payments base) as long as they do not serve Bulgaria's immediate interests but supporting exemptions if they are beneficial.

#### **Bulgaria's top three priorities in the upcoming budget review process are:**

- Retaining focus (and funds) on the Cohesion Fund and CAP funds as key instruments of "catching up" with the rest of the EU, with all the social and political consequences for the government;
- Attracting attention to the energy and climate package, with apparent interest in energy projects, as key for the economic policy of the government;

- Disapproving of changes and proposed innovations such as “EU tax” and calling for abolishing rebates and compensations to put everyone on equal footing.

As both CAP and the EU budget are very contested, it is hard to tell what is the mainstream. In case every Member State has its own specific opinion, the EC proposals are taken as a point of departure to define the “mainstream”.

### Table of national positions

\*please, refer to the methodology disclaimer in the supplements

Issue	Definition and Outlook	National Consensus	EU mainstream
1. Top three priorities	Policy Driver	General Consensus on behaviour, positions not likely to change substantially, only in detail and form	Within the mainstream
2.1. Position towards CAP “Health Check” (COM 2007(722))	Policy Driver; likely to remain a Policy Driver	Governmental position; there is no outspoken Consensus on the general policy	In progress
2.2. Positions towards the expenditure structure of post-2013 budget (SEC (2007)1188)	Policy Driver and Killer; possibly a Policy Driver and Killer (context specific)	Consensus on the general policy	In progress
2.3. Position towards Common Market Organisation for Fisheries	Policy Taker; likely to remain a Policy Taker	Consensus on the general policy	Within the mainstream

#### 2.1. General issues: Position towards CAP “Health Check” (COM 2007(722)of)

**Definition: Policy Killer**

**Outlook: Policy Killer/Policy Driver**

Bulgaria has been supportive of the Health Check of the Common Agriculture Policy, but it has been a “yes, but” approach: the government agreed in principle but in practice opposed many of the suggested changes. What is more, the government saw a window of opportunity in the upcoming change of CAP and tabled a set of its own proposals on an array of issues included on the agenda of the “Health Check” (the information is based mainly on Bulgaria’s position on Agriculture and Fisheries session of the Council of the EU on 26-27 November 2007 and consequent meetings).

Bulgaria has defended particular options, favourable as for the interests of the New Member States as a whole (or other Member States with substantial stake in CAP) as well as for its specific interests. This has included defending positions that would practically kill the new EC proposals as well as offering counter proposals.

Regarding the **Single Payment System (SPS)**, Bulgaria regarded as highly appropriate the Single Area Payment Scheme (**SAPS**), specially designed for the New Member States. It is not likely to migrate earlier to the SPS as others (Hungary) have stated and has even gained a further extension (after 2013). It has implied that it will back a flexible framework for SPS, where every Member States might choose the method, including retaining elements of SAPS after the change in 2013.

Furthermore, Bulgaria, along with 9 other Member States, has opposed another policy – **the historic approach** in determining the levels of direct payment. The coalition of ten states has lobbied (March 2008) to remove the differences in direct payment levels. The government advocated for **reducing the transition period** for increasing the direct payments (i.e. before the target date in 2016). Bulgaria also opposed the option for **payments twice in a year**, instead of once in a year, as this would put additional strain and costs to the Bulgarian administration. Bulgaria has also opposed the proposed **limitations to the schemes for national co-financing** to direct payments, with the argument that this is the only way New Member States can support their stock farming and has proposed to retain the current arrangements. The removal of the historic approach is also seen by the New Member States as a way to level the funds they receive with those of the old Member States.

The government supported the transition period for **cross compliance** (the rule that links aid to farmers to environmental, animal welfare, etc. standards) for the New Member States, but with a number of reservations. The government considers that the cross-compliance limitations will put considerable financial and resource burdens on Bulgarian farmers, so it insists on clear and extensive requirements and extending the deadlines for applying the foreseen measures to 2016 for both Bulgaria and Romania (in the cases of SMR/Statutory Management Requirements or Fischler's reform and the Humane Attitude to Animals). The government has insisted that the standards in **the good practices and environmental conditions'** section should be only an indicative list and the Member States should decide on their own which ones to implement (twelve other new and old Member States share a similar view). In fact, the **ten New Member States from CEE tabled a common position** with a detailed schedule for the transition period in adopting the cross-compliance measures in the formula 8+2 (2 is for Bulgaria and Romania), at three stages for each of the countries.

Regarding **partial decoupling** (direct payments scheme, decoupling farming from production), Bulgaria supports the general policy for the introduction of market principles in CAP, but insists on retaining additional aid and single payments if exclusions were offered as an option. The general idea of the EC was to have full decoupling, but judging from many members' opposition it will be hard to convince the Member States.

Bulgaria is ready to advocate for **tobacco growing** in case of retaining coupled payments in special cases. This reflects the fact that tobacco growing engages some 60,000 families in Bulgaria in the rural and mountainous areas and this economic niche is occupied almost exclusively by the Turkish and Muslim minority. Collapse of the industry might result in social tensions and the ruling ethnic Turkish MRF party (in charge of agriculture in two consecutive governments) will not allow such development. In fact, Bulgaria is applying only state aid (within the framework of Art.88/1 of TEC) to the sector as a special case within the EU. This is provided for in Bulgaria's accession treaty with a timeline of three years after the date of accession and addresses the discontinuation of aid after 2009 as tobacco growing and processing do not qualify in the Programme for the Development of Rural Areas 2007-2013 either. In line with its policy, Bulgaria showed solidarity with Italy in supporting its tobacco growing sector, despite the fact that Bulgaria could not benefit from EU aid. However, it has asked to be allowed to continue state subsidies for tobacco growing. Initially, Bulgaria had planned to advocate for rice producers too, but at a later stage it conceded (after consultation with the Union of Rice Producers) it is not necessary — either in this measure or in the measures for market intervention.

In regard to **Article 68** (the old Article 69 that deals with specific cases for redirecting funds) in the new proposals, Bulgaria again deviates in its position to insist on more flexibility for the Member States to define what could be supported financially and what could not be, but at the same time expressed concern that lack of strict rules in implementing Art. 68 can breach competition rules (through providing aid at the discretion of the Member States themselves). The rationale behind Article 68 is namely providing **flexibility to top-slice direct payments and redirecting funds within a given sector** on the decision of the Member States. But as Commissioner Fischer-Boel argued, giving more flexibility would result in giving the Member States a blank cheque in agriculture and the CAP would no longer be "common". A related concern of Bulgaria was the need to protect tobacco growing, and it was apparent that this is a gesture to the ruling MRF and the Turkish minority which dominates this agricultural niche, but apparently the EC turned a cold shoulder to the proposal.

Regarding **individual limits** to aid from CAP, the EC proposed that payments to farmers should be no less than EUR 250, otherwise the costs for administering the aid are bigger than the aid itself. However, Bulgaria is against the EC proposal to have minimal limits as there are already limits on the **minimal size of the farmers' lots** at 1ha. According to the EC, smaller lots are economically unsound to receive aid, as it is more expensive to administer it than the amount of individual aid. But as farmers in Bulgaria have small lots, and at the same time, being poor, they welcome any help, the state will continue to oppose the EC proposal (Greece, Ireland and Slovenia also share this view). Having in mind the local political and social implications (see the summary, above), the state will continue to hold its stance and seek compromises, such as those for Malta and Cyprus. Bulgaria is supportive of the option to have maximal limits of aid,

instead of minimal. In its opposition to setting minimal limits, Bulgaria noted that this would disturb the social climate and local potential of the rural regions.

Regarding **modulation** (a mechanism for budget transfer from direct payments to farmers to rural development), Bulgaria supports transfers to cohesion policies, despite the fact that it is exempt from modulation until 2013. Its more structured position, elaborated towards the end of 2008, is explicitly opposed to modulation and the transfer of funds from the first (direct payments) to the second pillar (rural development). Despite the fact that Bulgaria will not apply modulation until 2013, it supports other members' dissenting view that modulation should be voluntary only. Bulgaria is also concerned about the envisaged **forms of financing and national co-financing**, especially of the provision that new challenges should be met with funds left from the modulation mechanism. As the New Member States do not practice modulation they would not have the funds to do so.

**Market intervention and control** over offers are also supported by Bulgaria, which is especially interested in the sector reforms of "Fruits and Vegetables" and "Wine".

Regarding **milk quotas**, Bulgaria supports the increase of the quotas starting even earlier, from 2008-2009 (the Commission's proposal was to start from 2009) until the end of the quota system in 2015, and indicated that it would support a 2% increase if offered the opportunity. Bulgaria's push for increasing milk quotas reflects the fact that the restrictive measure did not apply to its farmers until entry into the EU on 1 January 2007. With rising national and external demand and production facilities running at only 50%, Bulgaria considered that the quota system limits the national agriculture production. On the other hand, it stated support for retaining the quotas in some form for the mountain areas, as it considers that the full removal of quotas might negatively influence the environment and the dairy farmers.

Bulgaria is very supportive of enhancing **the second pillar of CAP** — the rural development measures. The reasons are mostly social — due to the relatively big size of the population living in these areas and the political significance attached to this population.

Bulgaria does not support fully abolishing **aid for energy cultures** and proposes to adapt it to aid plots with low fertility or unused plots, where only energy cultures can be grown.

In regard to the **Financing of the Common Agriculture Policy**, Bulgaria supports the community character of CAP and its centralised financing. It stated its concern about the envisaged national co-financing for measures within the first pillar of CAP — such as insurance and mutual funds — while the country does not have its full national package.

In general, the country supports innovations that establish a more market-based approach to CAP (such as decoupling), but at the same time does not agree to give up community funding in many areas it sees as critical for its agriculture.

It is imperative to assess the high level of political reasoning in shaping Bulgaria's position as explained in the summary. In general, substantial change is not expected with potential change in government (second half of 2009), as these are very complex issues and a new administration will need time to deliberate and make shifts. But as many of these issues are works in progress, a new government might be more prone to bargaining certain details on the EU scene, and may not be bound by the limits imposed by constituencies' expectations.

## **2.2. General issues: Position towards the expenditure structure of post-2013 budget (SEC (2007)1188)**

**Definition: Policy Driver/Policy Killer**

**Outlook: Policy Driver**

Bulgaria's position regarding the **next budget cycle** singles out four sets of policies: a) Cohesion and CAP; b) Climate change and energy to be addressed through R&D and Innovation and investment in the Trans-European Networks; c) more funding in external relations to raise the profile of the EU as a global player and d) more funds for the JHA's external borders management as Bulgaria is one of the **"outposts of the EU"**. In case a different government comes to power in mid-2009, it will not immediately — if ever — reassess those priorities. There might be changes in the form,

formulation, order of priorities and inclusion of new issues, but not the substance of the position.

Bulgaria has submitted its framework position in the preliminary discussions in the first half of 2008 and will further elaborate a more detailed position. Regarding the **expenditure section**, Bulgaria has singled out two priority policies:

1. the Cohesion Policy, which should remain the main solidarity policy and focus on the least developed convergent countries (e.g. Bulgaria);
2. the competitiveness and innovations component of the Lisbon Strategy.

These two priorities reflect the concern of Bulgaria's social and economic lag behind the rest of the developed world and the country is relying on the EU to perform a "giant leap" in catching up.

The position also stated that the Cohesion Policy and CAP should be balanced. CAP should not lose its Community policy character and the funds for rural development should be maintained.

The position further specifies that R&D and technological innovation policies and related structural funding should be used to develop new technologies to address climate change commitments. In the package "energy and climate", for Bulgaria's government energy is the key component (climate as far as it concerns industry) and there is a provision for increased investment in the Trans-European Transport (TENs) to address energy security issues.

As Bulgaria is at the outer rim of the EU, it has singled out two respective policies. The external relations of the EU and the External Action Service as its arm receive support to enhance the EU's role as a global player. Bulgaria also proposed more funding for JHA's measures for external borders protection.

### **Revenues of the EU budget**

Bulgaria proposed that the majority of the countries should have only one source for "national contribution" and that the level of that contribution should be based on GNI (Gross National Income) or GDP and the level of economic development of the country.

Bulgaria does not support a common "**EU tax**", whether for the whole or part of the EU budget.

Bulgaria's government is also opposed to all **rebates, compensations and corrections** for EU Member States.

### **2.3. General issues: Position towards Common Market Organisation for Fisheries**

Bulgaria is a littoral country and fisheries are part of the economy, social and regional development of the Black Sea coast and larger rivers and lakes. Fisheries also entail complex environmental (mainly environmental hazards at the Black Sea) and foreign policy issues (as environmentally related, as well as illegal fishing from neighbouring states).

For Bulgaria, there were two priority initiatives. The sustainable development of aquacultures (i.e. fish farming; in the EU fish farming generates production amounting to EUR 3 billion annually) has been seen as having both national and community significance in the context of rising consumption and the limitations on fishing in EU waters. The initiative for creating a unified system for preventing, obstructing and eliminating illegal, unreported and unregulated fishing is also a priority to protect both the economy and the environment.

The announced mid-term review of the Common Fisheries Policy (17 September 2008, IP/08/1339) will look into a number of issues for improving the policies and regulations ahead of the regularly scheduled review in 2012.

## V. EU foreign policy and enlargement

1. Overview
2. General issues:
  - 2.1. Preference of countries for accession and any specific points or concerns relating to it (including bilateral disputes and how they might translate into EU-level policy and decision making)
  - 2.2. Preference for any particular country in the framework of ENP
  - 2.3. Enhanced ESDP, increasing Europe's defence capabilities etc.
  - 2.4. Position towards Kosovo, e.g. status and EU mission in Kosovo
  - 2.5. Transatlantic relations
3. Specific issues:
  - 3.1. Completion of accession negotiations with Croatia
  - 3.2. Opening of accession negotiations with Macedonia
  - 3.3. Signing of SAA with Serbia
  - 3.4. Blockage of accession talks with Turkey, possibility of unblocking it
  - 3.5. Polish–Swedish initiative for ENP Eastern Partnership
  - 3.6. Strategy for the Black Sea Region/Black Sea Synergy Implementation assessment
  - 3.7. Strategy for the Baltic Sea Region
  - 3.8. Revision of European Security Strategy

### 1. Overview

Bulgaria is one of the Member States most interested in developing a coherent and robust EU foreign and security policy. This is defined by two facts: first, its geographic location as practically an outpost of the EU towards the Western Balkans, the Black Sea area and Turkey with the still sensitive issue of EU-Turkey relations, and second, the recent experience as an immediate neighbour to the conflicts and spill-over effects of the post-Yugoslav crisis. Thus, in geopolitical terms, the Balkans and the Black Sea area are the top priorities of Bulgaria's foreign policy. The immediate concern in the Balkans is to guarantee stability and development through combining the instruments of CFSP, ESDP, but above all, the impact of enlargement — which explains the eagerness and support towards the accession of Western Balkan neighbours.

The Black Sea area is important for the key east-west transport and trade corridors, but it is critical for the energy security of Bulgaria as well as of the EU as a whole. The Black Sea area, besides being a potential area of vital cooperation, is also a region of contention spurred by the ambitions of Russia to dominate its traditional spheres of interest and influence.

The areas of interest and concerns of Bulgaria coincide to a great extent with those of the European Union. Considering that Europe has been preoccupied with the Balkan conflicts, the 2007 enlargement and issues such as energy security, enlargement and neighbourly relations, relations with Russia have brought the Black Sea area high on the agenda of Brussels.

Bulgaria's foreign and security policy making is also influenced by its membership in NATO and close defence cooperation with the United States. Bulgaria has been supportive to extending NATO to the Balkans and to enhancing cooperation to the east with the Black Sea region countries and has contributed to the missions in the Balkans, Iraq (withdrawn completely in December 2008) and Afghanistan. Bulgaria is hosting three joint military facilities with the United States.

In the last couple of years, the Bulgarian government has intensified its cooperation with Russia — especially in the energy sector — which inevitably has direct or indirect implications on foreign policy making.

#### **In this context, Bulgaria's three main foreign policy priorities are:**

- Maintaining the role of the country as an important — but not leading — player<sup>1</sup> in the regions of interest;
- Supporting stability and cooperation in the regions of immediate interest, relying mainly on the instruments of the EU (enlargement, ENP, CFSP and ESDP) and sustained US involvement;
- Contributing to allied efforts (EU or NATO or US) through diplomatic or political-military means.

<sup>1</sup> As formulated by Ilia Nalbanotv, State Expert, Ministry of Defence.

The Bulgarian government has also identified energy security as a major foreign policy priority. This is indeed a major issue, but the mainstream concept for energy security and diversification does not match that of the current Bulgarian government. As a rule, energy security is achieved through guaranteeing and diversifying the energy supplies – in terms of energy sources (oil, gas, coal, nuclear, etc.) as well as in terms of sources of delivery. This has not been the case of Bulgaria, but the gas crisis of January 2009 might change thinking and policies in Bulgaria, as the country was the most affected in the spat between Ukraine and Russia.

### Table of national positions

\*please, refer to the methodology disclaimer in the supplements

Issue	Definition and Outlook	National Consensus	EU mainstream
1. Top three priorities	Policy Taker; likely to remain a Policy Taker, but may join a coalition as a Policy Driver or Killer	General Consensus, position not likely to change in principle, but may witness more activity	Within the mainstream
2.1. General issues: Preference of countries for accession and any specific points or concerns	Policy Taker; likely to remain a Policy Taker	Consensus between the mainstream players	Within the mainstream
2.2. General issues Preference for any particular country in the framework of ENP	Policy Taker; possibly a Potential Policy Driver	Consensus on the general policy	Within the mainstream
2.3. General issues: Enhanced ESDP, increasing Europe's defence capabilities	Policy Taker; likely to remain a Policy Taker	Consensus on the general policy	Within the mainstream
2.4. General issues: Position towards Kosovo, e.g. status and EU mission in Kosovo	Policy Taker; may become a Policy Killer in limiting the scope of the policy	Hardly won consensus, lingering differences can tip a policy decision	Within the mainstream
2.5. General issue: Transatlantic relations.	Policy Taker; likely to remain a Policy Taker	Consensus on the general policy	Within the mainstream
3.1. Specific issues: Completion of accession negotiations with Croatia	Policy Taker; likely to remain a Policy Taker	Consensus on the national position	Within the mainstream
3.2. Specific issues: Opening of accession negotiations with Macedonia	Policy Taker; likely to remain a Policy Taker	Consensus on the general policy	Within the mainstream for EU accession, still specific position on bilateral relations
3.3. Specific issues: Signing of SAA with Serbia	Policy Taker; likely to remain a Policy Taker	Consensus on the general policy	Within the mainstream
3.4. Specific issues: Blockage of accession talks with Turkey, possibility of unblocking	Policy Taker, with a very slim chance to join a coalition of Policy Killers	Consensus of the mainstream stakeholders on negotiations, diverging on membership	Within the mainstream
3.5. Specific issues: Strategy for the Black Sea Region/Black Sea Synergy Implementation assessment	Policy Driver, likely to become a Policy Taker	Consensus on the general policy	Within the mainstream
3.6. Specific issues: Strategy for the Baltic Sea Region (defined as a priority for the Swedish Presidency – second half 2009)	Policy Taker; will remain a Policy Taker	In progress	In progress
3.7. Specific issues: Revision of European Security Strategy	Policy Taker; likely to remain a Policy Taker	Consensus on the general policy	Within the mainstream

## **2.1. General issues: Preference of countries for accession and any specific points or concerns relating to it (including bilateral disputes and how they might translate into EU-level policy and decision-making).**

### **Definition: Policy Taker**

### **Outlook: Policy Taker (a "hesitant" Policy Driver or Killer)**

Bulgaria formally supports all candidate countries and potential candidates in their bid for accession, especially the Western Balkan countries. It is in Bulgaria's interest to continue with enlargement as the most effective instrument for achieving regional stability and cooperation.

Public opinion is also in favour of enlargement with 58% approving enlargement and only 20% against it. In comparison, the EU average is 48% supporting and 39% against enlargement (Eurobarometer 69, November 2008).

In the political domain, the mainstream parties despite their nuances do not have substantially divergent views. The exception is the sensitive issue of Turkey: there is a cleavage between different players, but this has not translated into change of the official position — continuing of negotiations. Moreover, in the current political environment, these positions are prone to political bargaining.

**Republic of Macedonia:** Bulgaria has been a strong advocate for the Republic of Macedonia, but in the last two years relations have cooled to the extent that in July 2006 Foreign Minister Ivaylo Kalfin stated that Bulgaria's support for Macedonian candidacy will not be unconditional. The Bulgarian authorities have been repeatedly upset with continuing anti-Bulgarian stances in the neighbouring country. Skopje has also complained about the issue of the OMO Ilinden party (not permitted in Bulgaria because of irredentist claims). The next government (if led by GERB and Boyko Borissov) may warm up relations with the Republic of Macedonia. However, Bulgaria's foreign policy is also made in the President's office, which will exert influence and project a less enthusiastic attitude towards the Republic of Macedonia.

**Croatia:** Bulgaria will support Croatia's bid for EU membership. There are no standing issues between the two countries.

**Turkey:** Bulgaria has a very cautious position on Turkish membership. It supports the continuation of negotiations, but has never submitted a clear-cut answer. Bulgaria has put forward a condition to be met in the course of Turkey's accession process, which concerns bilateral relations (for more detailed overview, please see the section on Turkey below). Bulgaria has stated that Turkey should compensate the heirs of fugitives from the Balkans wars of 1911-1913. The amount is nearly 10 billion USD. The claim is supported by representatives of major parties, including the now-governing BSP (Bulgarian Socialist Party) and the centre-right GERB. MEPs from these parties have managed to insert these requests into the EP report on Turkey (21 May 2008; INI/2007/2269). The influential Movement for Rights and Freedoms in Bulgaria (Turkish minority party) is a strong supporter of the Turkish membership bid.

OSI-Sofia's own surveys (Spring 2008) have found that public opinion in the country is divided nearly equally between membership and non-membership options (an estimate of 30% in support; an estimate of 30% against and about 30% with no opinion).

Given that the issues have complex current political implications and historical sensitivities, the Turkish membership developments cannot be predicted.

Bulgaria is currently a Policy Taker because of its cautious approach. However, it can easily join a "pro" or "anti" coalition, depending on the specific issue.

## **2.2. General issues Preference for any particular country in the framework of ENP**

### **Definition: Policy Taker**

### **Outlook: Policy Taker (or Policy Driver in the long run)**

The countries in the Eastern dimension of the ENP are a key priority for Bulgaria's foreign policy. Of these countries, Bulgaria maintains closest relations with the three Caucasus countries, Moldova and Ukraine.

Bulgaria does not have "champions" in the ENP process, but through the years it has developed and maintained closer relationships with a number of them.

**Georgia.** Bulgaria has had an intense relationship with Georgia within its NATO membership responsibilities. Bulgaria's embassy has served for two terms as NATO's contact point for the Southern Caucasus. Bulgaria is in the "New Friends of Georgia Group". Despite that, Bulgaria, like many EU Member States, has been cautious to fully support previous Georgian requests for engaging with conflict resolution. After the August 2008 war in Georgia, Bulgaria proposed to host Georgian-Russian talks, but this was not accepted. In general, Bulgaria supports closer ties between Georgia and the EU and will continue to support them.

**Armenia.** Bulgaria is supportive of closer relations between Armenia and the EU. For historical reasons, the relations between the two countries are quite good, with a small but respected and influential Armenian minority in Bulgaria. Bulgaria has recently signed a bilateral agreement on labour migration with Armenia within the framework of the EU initiative for circular migration.

**Moldova.** Bulgaria maintains good relations with Moldova, and there are no bilateral issues between the countries. The Bulgarian minority in the country rather serves as a bridge, and not an irritant in bilateral relations. Bulgaria has recently signed an agreement on labour migration with Armenia within the framework of the EU initiative on circular migration.

**Ukraine.** Bulgaria maintains good relations with Ukraine and has stakes given the Bulgarian minority living there, the economic and trade ties. Bulgaria has supported the development of an enhanced agreement for cooperation and partnership between the EU and Ukraine, as a basis for furthering trade and economic cooperation.

Bulgaria is a Policy Taker in the ENP policy and even may become a Policy Driver in the longer run and within a strong coalition.

### **2.3. General issues: Enhanced ESDP, increasing Europe's defence capabilities etc.**

#### ***Definition: Policy Taker***

#### ***Outlook: Policy Taker***

Bulgaria is supporting the development of European Security and Defence Policy (ESDP), but considering that the policy is driven by a close circle of more influential states and that the policy itself is currently quite static, Bulgaria is a marginal player.

The expert opinion is that it is in Bulgaria's interest to have a robust ESDP, but one that does not get in the way of NATO.

Bulgaria is also practically participating in ESDP through joining EU battle groups early on. Bulgaria contributes with a light infantry company to the HELBROK battle group, consisting of neighbouring Greece, Romania and Cyprus. It also takes part in the ESDP missions – in Bosnia and Herzegovina, a small participation in the EU mission in Iraq, the observation mission in Georgia and pledged participation in the upcoming missions in Kosovo and Chad/Central African Republic (official information of MFA on "Contribution of the Bulgarian Foreign Policy under CFSP").

Bulgaria is also supportive of enhancing the European defence industries' cooperation and the development of a competitive European defence market. It is a member of the European Defence Agency (EDA) since becoming member of the EU and is a member of the Intergovernmental Regime on Defence Procurement since April 2008. The efforts of the state, however, are still focused on improving the national legislation and relations between the state and the industry itself. The experts are critical of the current performance of EDA to bring common standards to Europe's defence industry and recommend that the European military capabilities should be based on these common standards, but currently the process is falling behind that of NATO.

The low level of participation of the country in ESDP is akin to that of many other Member States and due to two facts:

- a) Overlap with similar NATO policies or commitments that leads to redundancy or overstretch of resources; and
- b) ESDP's own lack of progress and proper assertive policies development in recent years, including in the area of defence procurement and defence industries.

There is a general political consensus on the ESDP, and one of the most fervent supporters of the policy is the nationalist Ataka party, despite that it is for completely other reasons (the party reasoning says that stronger ESDP will weaken NATO, as Ataka is against the North Atlantic Treaty).

Bulgaria is a Policy Taker on this issue.

#### **2.4. General issues: Position towards Kosovo, e.g. status and EU mission in Kosovo**

##### **Definition: Policy Taker**

##### **Outlook: Policy Taker**

Bulgaria recognised Kosovo on 19 March 2008. The recognition came later than expected and was carried out with a joint declaration of Bulgaria, Hungary and Slovakia.

Despite that in general Bulgaria has very good relations with Serbia and did not want to antagonise it, it preferred to back Kosovo's independence for two reasons: a) to contribute to Western unity, as the US and major EU members had reached a rare consensus and b) to prevent spill over of the crisis to neighbouring Macedonia.

There was no political or public consensus for recognition and the staunchest opponents of recognition were close to the ruling BSP party. Nevertheless, the government bypassed the political dissent and pushed for Kosovo's recognition.

Bulgaria is supportive of an EU mission in Kosovo and similar measures that will contribute to the stability of its newest neighbour. In the long run, expert circles in Bulgaria (based on a state expert interview from the Ministry of Defence; this is not a governmental position) see Kosovo as an EU member and say Bulgaria would ultimately support the enlargement bid in line with its regional policy for stability and development.

However, in the short and medium terms, Bulgaria's activity in regard to Kosovo, driven by its own interests and the general EU policy, will be moderated by unwillingness to jeopardise relations with neighbouring Serbia.

Bulgaria is a Policy Taker on this issue.

#### **2.5. General issue: Transatlantic relations.**

##### **Definition: Policy Taker**

##### **Outlook: Policy Taker**

Bulgaria is a close ally of the US, it sent troops in Afghanistan and Iraq after the interventions there. The two countries also have special bilateral defence cooperation, with Bulgaria hosting three military installations (so-called "military bases") for joint use (airfield, warehouses, training facilities) for a limited number of US troops under an agreement signed in 2006.

The government's 2007 EU working programme has been more inclusive and broader than security and defence issues, mentioning *inter alia* economy, innovation and technology, trade and security of energy resources, capital markets and intellectual property.

Bulgaria's governments in the past could be labelled as quite pro-Atlantic (part of the "New Europe") and supportive of US policies in Bulgaria's adjacent regions — the Balkans and the Black Sea region. At some point, Bulgaria even risked isolation because of its support to US Black Sea policies (e.g. the status of the Black Sea in the Montreux convention), which the US itself dropped at a later stage. However, Bulgaria has never been pro-Atlantic on par with Poland for example and in some foreign policy issues has preferred to side with fellow EU members (e.g. energy issues).

A potential irritant for Bulgarian-US relations is the overly warm "energy cooperation" between Bulgaria and Russia, after the current government signed several projects in the area of nuclear energy, oil and gas transit.

Bulgaria is not a beneficiary of the visa-waiver program, despite the fact that it has been considered for qualification.

Bulgaria will continue to follow behaviour loyal to the US, but in case there are conflicting agendas/positions between the EU and the US other motives could outweigh the close bilateral cooperation.

### **3.1. Specific issues: Completion of accession negotiations with Croatia**

**Definition: Policy Taker**

**Outlook: Policy Taker**

Bulgaria is supportive to Croatia's membership bid and this is in line with Bulgaria's policy to support enlargement of both the EU and NATO into the Balkans to guarantee regional stability. There are no open issues between the two countries.

Bulgaria does not support setting the Lisbon Treaty as a precondition for Croatia's accession, that is, the argument that the Lisbon Treaty should be adopted before any enlargement continues. Furthermore, Bulgaria considers that as long as the accession treaty of Croatia has the same weight as the Lisbon Treaty, it can provide for accommodating the country in the EU institutions and decision-making procedures.

Bulgaria and Croatia have signed an Agreement on Cooperation on European and Euro-Atlantic Integration in 2004, which provides for sharing experiences on accession into NATO and the EU. Bulgaria supported Croatia's entry into NATO at the 2008 Bucharest Summit.

Croatia is considered a champion in the enlargement process with influential friends among old New Member States and soon-to-be members of the European Union.

Bulgaria is a Policy Taker on this issue.

### **3.2. Specific issues: Opening of accession negotiations with Macedonia**

**Definition: Policy Taker**

**Outlook: Policy Taker**

Bulgaria has been very supportive to the Republic of Macedonia and was the first state to recognise its independence.

The relations between the two countries visibly cooled off in the last two years in both Bulgaria and the Republic of Macedonia. There have been exchanges in the media and between high profile politicians (presidents of the countries among them).

This has had impact on the position of Bulgaria regarding the accession of Macedonia to the EU. Despite the fact that Sofia has not impeded in any way the enlargement, it has said that it would no longer support Skopje's membership bid unconditionally and enthusiastically. This means that no "shortcuts" to Brussels will be supported. Bulgaria's authorities consider that it is in the Republic of Macedonia's interest to improve relations in Bulgaria. Claims circulating in Macedonia that Bulgaria has sided with Greece to twist the arms of Macedonia using accession as leverage are unfounded.

A European Parliament resolution (European Parliament resolution of 23 April 2008 on the 2007 Progress Report on the Former Yugoslav Republic of Macedonia (2007/2268(INI))) included a recommendation to improve the Republic of Macedonia's neighbourly relations with Bulgaria (and Albania and Greece). Indeed, decision makers in Sofia consider that it is in the Republic of Macedonia's interest to maintain good neighbourly relations to advance its membership bid.

Bulgaria is a Potential Policy Promoter on this issue. The next government in the longer term may be more active and come up with new ideas on the EU accession of the Western Balkans countries, and become a Policy Driver.

### **3.3. Specific issues: Signing of SAA with Serbia**

**Definition: Policy Taker**

**Outlook: Policy Taker**

Bulgaria has very good relations with Serbia with the understanding that it is a key neighbour. Bulgaria supported the signing of an SAA with Serbia on 29 April 2008 and will continue to support the entry into force of at least the interim agreement. No preconditions were put to Serbia and it is not likely to happen, despite the fact that Bulgaria had to respect the Dutch position to put the SAA on hold until Serbia demonstrated cooperation with the ICTY.

Even during Milosevic times, Bulgaria has been supportive of a policy approach that does not alienate Serbia and sought to involve it in regional dialogue. Hence, Bulgaria will continue to support actions that draw Belgrade closer to the EU and any EU actions that bring stability to the region. At the same time, the country will not be overly active (to avoid suspicion of promoting its own agenda) and act cautiously.

The major hurdle in bilateral relations is the recognition of Kosovo by Bulgaria, which prompted a diplomatic reaction by Belgrade. With Serbia's new government the issue has been mitigated.

### **3.4. Specific issues: Blockage of accession talks with Turkey, possibility of unblocking it**

#### ***Definition: Policy Taker***

#### ***Outlook: Policy Taker***

Bulgaria has a very cautious position on Turkish membership. It is supporting the continuation of negotiations, but has never submitted a clear-cut answer as the decision is dependent to a large extent on the political process in the country and domestic political bargaining.

The Bulgarian side has put forward a precondition for Turkish membership and this is compensating the fugitives after the Balkans wars of 1911–1913. The amount is nearly 10 billion USD. The issue is supported by representatives of major parties, including the now governing BSP (Bulgarian Socialist Party) and the centre-right GERB. MEPs from these parties have managed to insert these requests into the EP report on Turkey (21 May 2008; INI/2007/2269). However, the issue is not directly part of the negotiation process, but rather a matter of fulfilling the "Property Rights" negotiating chapter (which is still not open) as well as of bilateral talks outside the negotiation process. There are other states with similar requests and Turkey has to address the claims with good will in order to successfully meet the requirements.

The influential Movement for Rights and Freedoms in Bulgaria (Turkish minority party) is a strong supporter of the Turkish membership bid. At the same time, there are strong opponents of Turkey's membership bid such as the nationalist Ataka and VMRO parties — but these have not formulated any coherent approach. The only political party in Bulgaria that has formulated a position on Turkey's accession is the Democrats for Strong Bulgaria, which acknowledge that negotiations must continue but insist this be an open ended process.

OSI-Sofia's own surveys in the spring of 2008 have found public opinion in the country divided nearly equally between membership and non-membership options (an estimate of 30% in support; an estimate of 30% against and about 30% with no opinion).

Given that the issues have complex current political implications and historical sensitivities, the Turkish membership developments can be hardly predicted.

Bulgaria's current behaviour is that of a Policy Taker, but it may in the longer term assume an active role as a Policy Driver or a Policy Killer, depending above all on domestic political developments.

### **3.5. Specific issues: Polish-Swedish initiative for ENP Eastern Partnership**

#### ***Definition: Policy Taker***

#### ***Outlook: Policy Taker***

Despite the current government's reluctance to support new initiatives in the Black Sea area, the Polish-Swedish initiative actually is in line with the national interest for a more independent and assertive EU role in the neighbourhood as well as sidelining the Russian-Turkish tandem (this is an unofficial view).

Bulgaria has high stakes in the Eastern dimension of the ENP, as the country is an external border of the EU. It takes great interest in the Black Sea region specifically and has been a member of an array of regional organisations and initiatives — political, economic or in defence cooperation: the Black Sea Economic Cooperation organisation (BSEC), the BLACKSEAFOR (search and rescue initiative for the navies of the littoral states), the Black Sea Forum promoted by Romania, etc. It has also welcomed the EU's Black Sea Synergy and has sought to advocate for more attention to the Synergy.

However, the government has had certain concerns that the new Eastern Partnership would sideline the Black Sea region as the Partnership documents barely mention the Black Sea Synergy — which, after all, is an EU initiative.

The current government, though, has been reluctant towards the new proliferating activities and in general considers that the existing mechanisms for cooperation meet the needs of regional cooperation.

It has been cautious in supporting the Eastern Partnership proposal, but it will take part in it. In the medium and long terms a new Bulgarian government may try to promote some forms of cooperation with countries that fall among its priorities.

### **3.6. Specific issues: Strategy for the Black Sea Region/Black Sea Synergy Implementation assessment**

#### ***Definition: Policy Driver***

#### ***Outlook: Policy Taker***

Bulgaria assesses the Black Sea Synergy realistically, being aware that it is more of a “low key” policy, which does not attempt to tackle difficult issues such as conflict resolution. It does not see this as a handicap, but rather as an opportunity to advance cooperation with smaller-scale initiatives, rather than stumble upon impassable issues.

The Black Sea has been elevated to a key area of interest for Bulgaria in recent years. The country is a member of all regional cooperation initiatives (Black Sea Economic Cooperation, BLACKSEAFOR of the regional naval forces, the Black Sea Forum, etc.). However, Bulgaria considers that the domination of the two “regional superpowers” — Turkey and Russia — promote mainly their own agendas and do not leave space for smaller states.

From Bulgaria’s point of view, the Black Sea Synergy was a welcome development of greater commitment by the European Union in a region of key importance to Bulgaria and would bring a number of advantages. First, the EU would act as a friendly and necessary counterweight in the regional balance. Second, greater involvement would bolster Bulgaria’s own goals and responsibilities to serve as an external border of the EU and seek stability and cooperation in the region. Third, only the EU has the instruments and resources to achieve more substantial results in regional cooperation and development.

However, the Black Sea Synergy was seen unofficially as not going very far from cataloguing the existing EU policies, and created the impression that the EU will rely on existing forms of cooperation such as BSEC with all the dubious effects of Russian–Turkish domination. The critical views do not prevent Bulgaria from being supportive of the Synergy and to state its intention to develop economic, transport, trade relations, infrastructure and energy projects.

Regarding the idea of the European Socialists for the establishment of a Black Sea Union, even the socialist-led current government paid lip service to general approval of cooperation, but did not and will not support such an idea. In general, the current government has stated numerous times that the establishment of new multilateral structures in the region is unnecessary and redundant.

Bulgaria’s own contribution (in cooperation with Germany’s Presidency in 2007) has been to “match” the Black Sea and the Danube regions in order to capitalise on linking the Black Sea and another regional grouping closer to the “European mainland”. The reason is that the regions are practically linked in terms of environmental issues, transport, energy and maritime policy. Bulgaria has also contributed through developing its own Concept on the Policy of Bulgaria in the Black Sea region as well as a Concept on Black Sea Security.

The current government, though socialist-dominated, does not support the proposal of the Party of European Socialists to establish a Black Sea Union, even if it did pay lip service to the idea at the PES meeting in Sofia in 2008.

Bulgaria has recently made an attempt to animate the Synergy by proposing the Enhanced Black Sea Synergy document, and even managed to create a coalition in support of bringing back the focus on the Black Sea. The coalition consisted of fellow EU members Greece and Romania, but an attempt to bring Germany back on board was not entirely successful and Berlin took a wait-and-see position.

**3.7. Specific issues: Strategy for the Baltic Sea Region (defined as a priority for the Swedish Presidency – second half 2009)****Definition: Policy Taker****Outlook: Policy Taker**

For Bulgaria, the Baltic region is not a priority and it will not be proactive in a Strategy for the Baltic Sea region.

The country will follow the EU mainstream on this issue and, especially if it is backed by larger states in the region (Germany first of all), it will support it.

The country will be a Policy Taker on this issue.

**3.8. Specific issues: Revision of European Security Strategy (thought to be initiated by the French Presidency)****Definition: Policy Taker****Outlook: Policy Taker**

Bulgaria has elaborated and proposed a contribution to the enveloping update of the European Security Strategy. The contribution reflects Bulgaria's own foreign policy priorities and suggests a greater focus on:

- The Balkans;
- The Black Sea area;
- Energy security.

There are no public reports looking into more detail of Bulgaria's proposal or reactions from fellow Member States.

The Bulgarian side has indeed promoted the significance of energy security as key part of the external relations and emphasised the energy dialogue with the key export countries (Position at the European Council of 15-16 October 2008 in Brussels).

Bulgaria expects the Swedish Presidency in 2009 to contribute more to the EU's foreign and security policy — ESDP in particular — through offering a balanced approach between military and civilian capabilities.

Bulgaria is a Policy Taker on this issue.

## **VI. Freedom, Security and Justice**

1. Overview
2. General issues:
  - 2.1. Common European asylum system
  - 2.2. Common European migration policy
  - 2.3. Enhanced role in co-operation of law enforcement agencies and their co-operation at EU level
  - 2.4. Harmonisation of serious aspects of cross-border crimes
3. Specific issues:
  - 3.1. Establishment of Eurosur (European border surveillance system)
  - 3.2. Establishment of entry-exit system and other border management tools
  - 3.3. Amendments of asylum-related regulations (2003/9/EC – reception conditions for asylum seekers, regulation 343/2003 on the determination of Member States responsible for assessing asylum applications)
  - 3.4. Evaluation of FRONTEX and the future developments in this area

### **1. Overview**

There are two very specific circumstances that to a great extent define Bulgaria's policies in Justice and Home Affairs:

- First, Bulgaria, along with Romania, was admitted to the EU upon the condition that it will meet benchmarks in reforming the judiciary, fighting organised crime and corruption. The countries were put under special Cooperation and Verification Mechanisms (VMC) with special monitoring reports, issued on a six-month basis. The failure to meet benchmarks may result in punitive measures, with a possibility for a safeguard clause, which among other things may make Bulgaria's court decisions void in other Member States.
- Second, Bulgaria is seeking to prove it is a good and loyal EU member by effectively serving as EU's external border (1647 km of the EU's eastern borders). These efforts are also in line with Bulgaria's policy for covering the Schengen agreement requirements and joining the Schengen zone.

In short, Bulgaria is striving both to demonstrate that its internal affairs do not pose a threat to the EU, as well as to prove it is capable of protecting the EU from external challenges. These circumstances inform Bulgaria's priorities within the area of Freedom, Security and Justice as follows:

- Successfully reform the judicial system and effectively fight organised crime and corruption, following the action plans and benchmarks in the Cooperation and Verification Mechanism;
- Prove the country serves effectively as an external border of the European Union and cover the direct and indirect requirements for joining the Schengen zone as a fully fledged member (with timeframe 2011);
- Support and take active part in EU-wide cooperative efforts in Justice and Home Affairs with the understanding that it can capitalise on and benefit from the common efforts in implantation of its own policies.

Bulgaria's general position can be defined as a Policy Taker.

## Table of national positions

\*please, refer to the methodology disclaimer in the supplements

Issue	Definition and Outlook	National Consensus	EU mainstream
1. Top three priorities	Policy Taker	Formal consensus on the overall goals	Reforming to attain "mainstream status"
2.1. Common European asylum system	Policy Taker; likely to remain a Policy Taker	General consensus	Within the mainstream
2.2. Common European migration policy	Policy Taker; likely to remain Policy Taker	Consensus on the general policy; may experience political	Within the mainstream; Develops its own approaches
2.3. Enhanced role in co-operation of law enforcement agencies and their co-operation at EU level	Policy Taker; likely to remain a Policy Taker	Consensus on the general policy	Within the mainstream
2.4. Harmonisation of serious aspects of cross-border crimes	Policy Taker; likely to remain a Policy Taker	Consensus on the general policy	Within the mainstream
3.1. Establishment of Eurosur (European border surveillance system)	Policy Taker; likely to remain a Policy Taker	Consensus on the general policy	Within the mainstream
3.2. Establishment of entry – exit system and other border management tools	Policy Taker; likely to remain a Policy Taker	Consensus on the general policy	Within the mainstream
3.3. Amendments of asylum – related regulations	Policy Taker; likely to remain a Policy Taker	Consensus on the general policy	Within the mainstream
3.4. Evaluation of FRONTEX and the future developments in this area	Policy Taker; likely to remain a Policy Taker	Consensus on the general policy	Within the mainstream

### 2.1. General issues: Common European Asylum Policy

#### **Definition: Policy Taker**

#### **Outlook: Policy Taker**

Bulgaria takes very seriously its role as an external border of the EU and is aware of the increased migration pressure – including asylum seekers – after its accession in 2007. It has looked to common EU action, policy and cooperation to tackle these problems. In 2007, it has supported in general the Green Paper on the future Common European Asylum System and the launch of its second phase (Work Programme of the Bulgarian Government 2007; Position at the JHA Council, 6-7 December 2007).

Bulgaria has stated that it supports the dialogue between the source, transit and final destination countries, as well as the integration of these issues in development policies, organising legal migration and fighting illegal migration. The government has pledged involvement in all forms of cooperation that deal with these issues. It has supported the German Presidency (January–June 2007) in its bid to enlarge the geographic scope of the Rabat Declaration approach, which has been developed within the Euro-African Partnership for Migration and Development.

In its second year of membership (2008), Bulgaria's position became more nuanced and cautious, saying that it will seek mutually agreeable solutions in building the Common European Asylum System, harmonisation of the national legislation in the asylum criteria and unified procedures in assessing the asylum requests (Work Programme of the Bulgarian Government 2008).

In July 2008, Bulgaria's Interior Minister Mihail Mikov said in an interview that the country supports the French Presidency's proposal for a Pact on Migration and Asylum, praising the combination of common standards and the principle of voluntary decision. The government supported the Pact in September 2008.

Bulgaria is a Policy Taker on the issue.

## **2.2. General issues: Common European Migration Policy**

### ***Definition: Policy Taker***

### ***Outlook: Policy Taker***

Bulgaria is supportive of a Common European Migration Policy. It has praised the Global Approach to Migration and the enhancement of operational cooperation between the Member States, reiterating the need to act in advance to meet the challenges stemming from migration flows (see position at JHA Council on 6-7 December 2007 in Brussels).

Bulgaria's interest in this area is conditioned on several factors: a) its role as an external border of the EU; b) the need to address entry requirements for the Schengen zone; c) the changing status of the country from source into destination of migrants; and d) the need to address the deficits of labour force by attracting migrants.

The government, while supporting common policies and approaches, has welcomed flexibility and the opportunity to embark on its own policies to address country-specific problems. It is not expected to push for EU-wide changes to promote its approach, but rather fit into the existing and developing framework.

In regard to specific aspects of migration, the Bulgarian government in 2007 has stated support for an EU directive for a common framework for labour migration, which would protect migrants from exploitation and increase their contribution to economic growth, and integration into the European labour markets.

Bulgaria has claimed support for the French initiative on an EU Pact on Migration and Asylum (interview of Minister of the Interior Mihail Mikov on 25 September 2008). Bulgaria's position praised the combination of common standards allowing at the same time for voluntary participation, which would allow flexibility in national policies. Consequently, Bulgaria's government officially supported the Pact.

In that regard, while supporting the EU's proposal for a "Blue Card" for highly qualified migration, Bulgaria has embarked on its own "Green Card" policy. The initiative is still being elaborated and is aimed at attracting skilled labour from Bulgaria's neighbouring countries (the Western Balkans and the Black Sea area).

The larger framework of the national policy is provided by the National Strategy on Migration and Integration, adopted by the Council of Ministers in 2008, which aims at regulating migration flows, attracting skilled migrants and providing for their integration into society.

It should be noted that Bulgaria's migration policy is driven by general political consensus and business interests (in the case of labour migration). Still, the success in attracting migration and integration of new minorities is in question and the global crisis is already affecting the situation.

As Bulgaria is recognising its role as an external border of the EU and the migratory pressures coming from the wider Middle East and the Black Sea area, the country will continue to support common approaches to challenges ensuing from migration. In this sense, Bulgaria's approach to migration is also "securitised", that is, based on anticipation of soft security challenges in this area.

The policy for entering the Schengen zone is also a drive to strictly follow its requirements, fighting illegal immigration among them.

Bulgaria is a Policy Taker on this issue.

### **2.3. General issues: Enhanced role in co-operation of law enforcement agencies and their co-operation at EU level**

**Definition: Policy Taker**

**Outlook: Policy Taker**

Bulgaria's case is somewhat specific, having in mind that Bulgaria, along with Romania, has been placed under a special monitoring mechanism (Cooperation and Verification Mechanism, recommended in Council Conclusions 14109/06; 17 October 2006). Pursuant to this mechanism, Bulgaria has to follow an action plan and reach certain benchmarks drafted by the EC, including judiciary reform and success in fighting organised crime and corruption. The ultimate penalty for failing to do so will be the activation of a safeguard clause (which would make Bulgaria's court decisions void in the EU, among other things), reflecting on the trust and cooperation of Bulgaria's law enforcement and judicial authorities and their EU counterparts.

Bulgaria has supported the enhanced role in co-operation in Justice and Home Affairs. It has been very positive towards the quick and effective exchange of information between judiciary system institutions in regard to law enforcement agencies and their co-operation at EU level, including elevating the role of existing institutions and supplementing the common legislation (e.g. Europol and Eurojust). The reason for Bulgaria's enthusiasm is primarily the aspiration of the government to prove it is a good and loyal partner despite the background of its controversial domestic performance. Bulgaria also recognises that tackling the JHA challenges on national level requires ever closer cooperation on the EU level.

The Bulgarian government singled out several policy measures in the area of law enforcement cooperation:

- Augmenting Europol as a prerequisite for enhancing police cooperation among Member States;
- Consolidating and enhancing the functions of Eurojust and more effective cooperation, especially in serious transnational investigations;
- Incorporating the Prüm Convention in the *acquis* as a key instrument for trans-border police cooperation;
- Harmonisation of police training in Member States in close cooperation with the European Police College;

In fact, Bulgaria has been part of group of EU members that promoted the inclusion of the Prüm Convention into the body of EU legislation (Position at the JHA Council of 18 April 2008 in Luxembourg) and pledged active participation in the working groups on its operationalisation. The country has also supported the finalisation of the Europol's new legal framework, transforming it into an EU agency.

Bulgaria is a member of the Salzburg Forum, a regional JHA consultation and cooperation forum of eight EU members (Austria, Bulgaria, Czech Republic, Hungary, Poland, Slovakia, Slovenia, and Romania).

Cooperation with third countries is also among Bulgaria's priorities under the various instruments, e.g. the external dimension of JHA.

### **2.4. Harmonisation of serious aspects of cross-border crimes**

**Definition: Policy Taker**

**Outlook: Policy Taker**

Bulgaria is and is likely to remain supportive of harmonisation of serious aspects of cross-border crime. The rationale behind this is the country's drive to prove its loyalty and improve its capacity as a new member exactly in the area of fighting organised crime. The cooperation and activities in these fields have a wide political consensus as a rule. Bulgaria's problem (as registered by EC monitoring reports) is in the implementation of legislation and policies.

Pursuing these goals, Bulgaria has stated its positive position towards the proposed series of acts in criminal matters that rely on direct recognition by member state authorities. The principles supported in mutual recognition and direct implementation are mutual trust, legality, and subsidiarity.

Bulgaria's support included measures to tackle international terrorism, organised crime, drug trafficking, trafficking in human beings as well as motor vehicle crime and road safety. Mechanisms in judicial and law enforcement agencies cooperation and enhancement of the role of EU agencies were also supported.

The support to consolidating and enhancing Eurojust's role, especially in fighting organised crime, is also in line with harmonisation of serious aspects of cross-border crimes through transnational investigations (position at the JHA Council of 24-25 July 2008 in Brussels).

Trans-border police cooperation is also recognised as key to addressing serious aspects of crime and the support to transforming Europol is in line with this policy.

In 2007, the government supported the revision of the Council's Framework Decision on Fighting Terrorism (2002/475/JHA), including the obligation of the Member States to criminalise terrorism, to prevent recruitment (including using the internet) and the carrying out of terrorist acts (revision in COM (2007) 650 of 6 November 2007).

There is broad political consensus on these changes, testified by the support of the respective committees to the national assembly in early 2008 (European Affairs, Human Rights and Religious Affairs, Legal Affairs, Internal Security and Public Order).

The Framework Decision on the EU's Evidence Warrant — a cornerstone of EU JHA cooperation — has also received the support of the government and the national assembly (see European Affairs Committee session on 13 December 2007). Bulgaria also supported the Council's proposed revision that limits the scope of the warrant — possibility to refuse implementation due to territoriality, definitions of crime and double criminality.

Bulgaria is a Policy Taker on the issue.

### **3. 1. Specific issues: Establishment of Eurosur (European border surveillance system)**

**Definition: Policy Taker**

**Outlook: Policy Taker**

Bulgaria has pledged support to the EC Communication on the establishment of European border surveillance system — Eurosur. The three-step plan of Eurosur includes: a) linking and optimising the existing schemes and mechanisms for reporting at member state level in 2008-2009; b) developing and implementing the common instruments for surveillance on EU level in 2008-2013; and c) creating a common environment for exchange of information in the maritime territory of the Mediterranean and the Black Sea in 2012-2013.

Pursuing membership in the Schengen area is probably the main reason behind the support to Eurosur. There is the proposition that any measures that enhance the EU's external border are a prerequisite for the enlargement of the Schengen zone and will thus ensure Bulgaria's membership.

Bulgaria is counting on Eurosur to increase internal security in the EU, limiting illegal immigration, trafficking in human beings and terrorism. The common approach would help Bulgaria carry out its own tasks in protecting the Schengen zone as an external border. It has also developed capacities for maritime surveillance in Burgas on the Black Sea, which was established first as a regional (Black Sea) cooperation initiative.

### **3.2. Specific issues: Establishment of entry – exit system and other border management tools**

**Definition: Policy Taker**

**Outlook: Policy Taker**

Bulgaria supports the Communication "On an entry/exit system at the external borders of the European Union, facilitation of border crossings for *bona fide* travellers, and an electronic travel authorisation system" (COM(2008) final).

Bulgaria considers this will benefit the management of migration flows, the prevention of illegal migration as well as other security challenges to the EU. At the same time, it is considered that this measure will improve border crossing.

Bulgaria views the new package of measures in the context of its role as a "new border of the EU" in the Black Sea region and the need to enhance security and stability.

In principle, Bulgaria supports all efforts in developing common standards between the different projects and programmes and calls for consensus on the External Borders Fund in financing new technologies for control of the external borders (position at informal meeting at JHA ministers on 1-2 October 2007 in Lisbon).

As Bulgaria is working hard to prove its efficiency as an external border and also striving to cover requirements for fully fledged membership in the Schengen zone, it will continue to support such measures.

The country is a Policy Taker on this issue.

### **3.3. Specific issues: Amendments of asylum – related regulations (2003/9/EC – reception conditions for asylum seekers, regulation 343/2003 on the determination of MS responsible for assessing asylum applications)**

**Definition: Policy Taker**

**Outlook: Policy Taker**

Bulgaria is supportive and diligent in EU-wide measures for refugees and asylum seekers. Part of the reason is the aspiration to help cover requirements for Schengen membership, and these measures enjoy political consensus.

Bulgaria has changed its regulation on refugees and asylum seekers according to EU requirements, and two regulations and four directives were accepted as bases for harmonising Bulgarian law with EU law in 2007. This included the Council Directive 2003/9/EC for setting up minimal standards for asylum seekers. The act amending the Act on asylum and refuges (State Gazette 52/2007 from 14 June 2007) also provides the differentiation of procedures on status requests and the rights of asylum seekers.

The same 2007 amendment also provided for introducing Regulation 343/2003 EC on criteria determining the Member State responsible for assessing asylum applications.

In general, it can be claimed that the finding of the European Council on Refugees and Exiles (ECRE), that the New Member States are more strict in adopting and applying the common measures for refugees and asylum seekers, is valid for Bulgaria too.

### **3.4. Specific issues: Evaluation of FRONTEX and the future developments in this area**

**Definition: Policy Taker**

**Outlook: Policy Taker**

Bulgaria is very supportive of the work of FRONTEX as it strives to prove it's a good partner given the background of controversial delivery in other areas of Justice and Home Affairs (under the Cooperation and Verification Mechanism). Bulgaria's own performance in external border protection has been monitored by FRONTEX.

The country has claimed support to enhancing the role of the agency in order to guarantee the EU's security, sharing the burdens on Member States and approximation of standards.

Bulgaria's general position is that the common EU borders should be protected by common means to prevent illegal migration and trafficking in human beings and to decrease the human toll of migration by sea. Bulgaria looks at FRONTEX as an instrument for supporting the efforts of the Member States — especially its own efforts.

Bulgaria's now-former Interior Minister Rumens Petkov tabled a proposal during the Slovenian Presidency to extend the reach of FRONTEX to the Black Sea area, i.e. in Bulgaria's area of responsibility. Bulgaria has also pledged a police vessel to take part in the work of the agency.

FRONTEX, and particularly the need for autonomous cooperation between the EU agency and the Bulgarian Border Police, was used as a strong argument in political deliberations for reforming Bulgaria's Ministry of the Interior in early 2008 (see debates in National Assembly's 335<sup>th</sup> session on 15 February 2008).

In regard to FRONTEX, Bulgaria's position has been that of a Policy Taker.

## VII. Institutional issues

1. Overview
2. General issues:
  - 2.1. Representation of the country in the EU institutions: EC, European council, EP — a backgrounder
  - 2.2. Position of the country and the different stakeholders (including public opinion) towards the Lisbon Treaty and the framework of changes introduced by it
  - 2.3. Alternative proposals to the institutional development of the EU, rated by the relative influence of their proponents (e.g. multi-speed Europe, one-voice foreign policy, etc.)
3. Specific issues:
  - 3.1. Position towards the main changes offered by the Lisbon Treaty:
    - Extended qualified majority voting;
    - European Parliament's increased role;
    - President of the European Council;
    - High Representative for Foreign Policy;
    - Revision of the representation in the European Commission;
    - Charter of Fundamental Rights legally binding
  - 3.2. Implementation of institutional innovations:
    - President of the European Council: competences vis-à-vis the rotating presidency, job description, secretariat and its size etc.
    - EU High Representative: competences vis-à-vis the two presidents, relation to other commissioners with external relations portfolios, competences and relations vis-à-vis the rotating presidency
    - EU External Action Service: Implementation of the EU External Action Service:
  - 3.3. Future of Lisbon Treaty ratification

### 1. Overview

Bulgaria has been very supportive to the Lisbon Treaty and the institutional changes introduced by it. The country was the sixth member to ratify the Treaty and had previously ratified the Constitution.

In assessing Bulgaria's positions on the institutional setup of the Union, it becomes clear that these positions are being informed by Bulgaria's "membership" in two groups within the EU: (a) of the small countries and (b) of the New Member States. There is clear apprehension that the bigger Member States will dominate through the newly established permanent structures of the EU at a time when the New Member States feel under-represented. There is also concern that the permanent structures will sideline the Member States by pushing aside the rotating presidency. Bulgaria is also aware of the intra-EU spats — between the Member States, the Council and the Parliament — for attaining more control over the new institutions such as the External Action Service for example.

Bulgaria did not substantially debate or contest the Treaty as it came at a time when the country was novice in its first year of membership and did not want to get entangled in contradictory discussions about the institutional setup or antagonise any of its fellow members. What is more, Bulgaria has been keen to prove it is "a good European" early on and enthusiastically supported the ratification process. The main reason cited by the government for backing the Treaty include increasing the effectiveness, transparency and democracy of the EU as well as its role on the international stage.

The only pronounced specific positions of the country were removing barriers to the enlargement process — such as enshrining the "absorption capacity" in an EU Treaty — and trying to avoid a decrease in the number of MEPs from 18 to 17 in case the Lisbon Treaty fails and Nice remains in force.

In the political realm, there is a consensus on the new Treaty, with the only major exception being the nationalist Ataka party. The vote in March 2008 in Parliament is indicative of the political positions and trends in the country. The voting resulted in 15 votes against and 195 votes supporting the Treaty out of 240 in total. Ataka (and a couple of independent MPs) voted against the Treaty but even the nationalists did not completely overturn the European project. They complained of too much power for the Brussels institutions, but at the same time supported a robust European defence policy.

As far as public opinion is concerned, 60% of Bulgarian citizens have never heard of the Lisbon Treaty, according to a study released in late December 2008 (courtesy of Alpha Research on request of the Minister of European Affairs). In general, public trust in the

EU has risen from 54% at the beginning of membership (data released in spring 2007, Eurobarometer 67) to 58% (autumn 2007, Eurobarometer 68) to a record 63% in spring 2008 (Eurobarometer 69). A recent study of the Open Society Institute – Sofia (October 2008 data, released in November 2008) states that 36% of Bulgarian citizens trust the EU institutions more than their national institutions, relative to only 12% who say they trust the Bulgarian institutions more. Some 20% said they trust both the Bulgarian and EU institutions, 16% said they do not trust either of them and 16% had no opinion. This snapshot of society is to a large extent a reaction to the failure of the national government to improve the fight against corruption and organised crime and to deliver on the absorption of EU funds.

In case the Lisbon Treaty is to be renegotiated, it is highly unlikely that Bulgaria will assume a dissenting position (even with a new government) vis-à-vis the Treaty any time soon, and will most likely join the majority opinion in the EU. The recent critical reports and actions against Bulgaria by the EC will undoubtedly undermine the government's standing on the EU scene, despite voices that the government could have used the ratification (or could use a re-negotiation) as a bargaining chip to advance other "national interests" in the EU.

#### The three priority issues are:

- Supporting the ratification and entry into force of the Lisbon Treaty as soon as possible (with a tentative deadline of mid-2009);
- Keeping the Treaty intact to avoid introduction of piecemeal solutions;
- Staying flexible to new solutions if necessary to assist the entry into force of the Treaty as soon as possible.

#### Table of national positions

\*please, refer to the methodology disclaimer in the supplements

Issue	Definition and Outlook	National Consensus	EU mainstream
1. Top three priorities	Policy Taker; likely to remain a Policy Taker	Consensus	Within the mainstream
2.1. General issues: representation of the country in the EU institutions	N.a.	Consensus	Within the mainstream
2.2. General issues: positions towards Position of the country and the different stakeholders towards the Lisbon Treaty	Policy Taker; likely to remain a Policy Taker	Consensus of the mainstream players	In progress, Within the mainstream
2.3. General issues: alternative proposals to the institutional development of the EU	Policy Taker; likely to remain a Policy Taker	Consensus	In progress, Within the mainstream
3.1. Specific issues: Extended qualified majority voting	Policy Taker; likely to remain a Policy Taker	Consensus	In progress, Within the mainstream
3.2. Specific issues: European Parliament increased role	Policy Taker; likely to remain a Policy Taker	Consensus	In progress, Within the mainstream
3.3. Specific issues: President of the European Council	Policy Taker; likely to remain a Policy Taker	Consensus	In progress, Within the mainstream
3.4. Specific issues: High Representative for Foreign Policy	Policy Taker; likely to remain a Policy Taker	Consensus	In progress, Within the mainstream
3.5. Revision of the representation in the European Commission	Policy Taker; likely to remain a Policy Taker	Consensus	In progress, Within the mainstream
3.6. Specific issues: Charter of Human Right legally binding	Policy Taker; likely to remain a Policy Taker	Consensus	In progress, Within the mainstream
3.7. Specific issues: Implementation of institutional innovations	Policy Taker; likely to remain a Policy Taker	Consensus	In progress, Within the mainstream
3.8. Specific issues: Future of Lisbon Treaty ratification	Policy Taker; likely to remain a Policy Taker	Consensus	In progress, Within the mainstream

## 2.1. General issues: Representation

### **Definition: Policy Taker**

### **Outlook: Policy Taker**

**Council of the European Union** – Bulgaria has 10 votes (on par with Austria and Sweden)

**European Commission** – Commissioner for Consumer Affairs

Bulgaria joined the EU on 1 January 2007. It received the seat of Commissioner for Consumer Affairs, and appointed the former chief negotiator Meglena Kuneva to the position.

**European Parliament** – Bulgaria has 18 seats in total. There are 5 MEPs with the European People's Party, 5 Socialists, 5 in the Alliance of Liberals and 3 Non-attached members.

The observers in the European Parliament before accession became MEPs after membership and then in the spring 2007 elections, the Bulgarian citizens elected 18 MEPs. The "national quota" of 18 MEPs can be reduced to 17 if the Lisbon Treaty does not enter into force and the seats are to be distributed according to the Nice Treaty.

## 2.2. Position of the country and main stakeholders.

### **Definition: Policy Taker**

### **Outlook: Policy Taker**

The government and the main stakeholders support the Lisbon Treaty and its provisions. Bulgaria had previously ratified the European Constitution and maintained that the package of reforms, especially in the institutional setup, should not be renegotiated.

The government signed and the parliament ratified the Lisbon Treaty on 21 March, 2008 with a majority – only the extreme nationalists of Ataka and several independents voted against it (195 yes, 15 no, out of 240 MPs in total). In the parliamentary debates, Ataka's representatives claimed they did not oppose the Treaty itself so much as "the ruling elites" who imposed the Treaty on Bulgaria. The issue that Ataka was especially concerned with was the strengthening of EU institutions at the expense of national sovereignty. However, Ataka turned out to be a staunch supporter of EU's common defence policy and even criticised the Lisbon Treaty insofar as it did not do enough to boost the ESDP as a counterbalance to NATO, as Ataka wants Bulgaria to leave the North Atlantic Treaty.

Alternative proposals to the development of the EU, such as multi-speed Europe, cause concern, as Bulgaria would be left in the outer circles in case such developments take place.

Bulgaria has a special interest in the enlargement process. It insisted on the position that there should be no additional hurdles to the enlargement process in the form of new conditions (e.g. including the "EU's absorption capacity" in the Treaty as a condition for enlargement as suggested by some Member States; please see parliamentary hearing of European Affairs Minister Gergana Grancharova, 21 March 2008). Early on, in the run up to the Lisbon Treaty, the government was against enshrining the Copenhagen criteria in the Treaty as the position said a decision about enlargement should be made on political, not judicial grounds.

## 3. Specific issues:

### **Definition: Policy Taker**

### **Outlook: Policy Taker**

- **Extended qualified majority voting** (if the national position differs from the areas envisaged in the Lisbon Treaty);

Bulgaria has accepted the principle of qualified majority voting as envisaged, as long as areas of key Bulgarian interest remain untouched by changes (e.g. taxation).

- **European Parliament's** increased role;

Bulgaria has supported the increased role of the EP as a token of democratisation in the functioning of the EU.

- **President of the European Council;**

Bulgaria has supported the new position, but has cautioned for clarification of the division of labour between the president and the presidencies of the EU.

- **High Representative for Foreign Policy;**

Bulgaria has been very supportive of the increased role of the European Union on the international stage and has welcomed the creation of the High Representative.

- **Revision of the representation in the European Commission;**

Bulgaria has accepted the revision of representation in the EC, but it was much more content with recent decisions that brought back the distribution of Commissioner's seats — one per country. The decisions of the 2008 December European Council under the French Presidency were primarily meant to address the demands of Ireland.

- **Charter of Fundamental Rights legally binding**

Bulgaria has been supportive of including the Charter of Fundamental Rights, including the legally binding nature of the document, and insisted early on that the Charter should be part of a new Treaty or closely related to it in the form of a protocol. It is likely that the Charter might be promulgated in the Official Journal before the end of the Czech Presidency in June 2009.

### **3.2. Specific issues: Implementation of institutional innovations:**

Bulgaria has stated that the package of reforms agreed in the draft Constitution was well-balanced and admissible in its entirety and should not be renegotiated part by part. The position remained as a whole unchanged in the aftermath with the adoption of the Reform Treaty as a successor of the constitution.

**President of the European Council:** competences vis-à-vis the rotating presidency, job description, secretariat and its size, etc.

Bulgaria has supported the new position, but has cautioned for clarification of the functions of the president and the rotating presidencies. It does not want to see the rotating presidencies being sidelined by the President, as this would diminish the role of the individual Member States. In the implementation of the institutional innovations, Bulgaria proposes that:

The national rotating presidency should continue its active involvement in the work of the European Council;

The national rotating presidency should actively take part in the preparation of the agenda and conclusions of the European Council;

There should be regular consultations between the President of the Council and the prime minister of the country holding the rotating presidency;

The prime minister of the rotating presidency country would inform the European Council and the European Parliament of its activities and report to the parliament.

Meetings with third countries should be chaired by the head of state of the presidency member state.

**EU High representative:** competences vis-à-vis the two presidents, relation to other commissioners with external relations portfolio, competences and relations vis-à-vis the rotating presidency

Bulgaria supports the increased role of the EU on the international stage through the creation of the position of High Representative, having previously supported the "foreign minister" name envisaged by the draft Constitution.

In regard to both the President of the EU and the EU High Representative, Bulgaria has insisted on balancing the constant institutions with the role of the rotating national presidencies. The government considered that the rotating presidency brings visibility to the EU and at the same time contributes to bringing the EU closer to its citizens.

Along these lines, Bulgaria suggests to increase the role of the General Affairs Council (after the General Affairs and External Relations Council is split into two), with the participation of the foreign ministers of the Member States.

Bulgaria considers that the High Representative should work closely with the rotating presidency and should be substituted, if necessary, by the foreign minister of the presiding member state.

Bulgaria also proposed to extend the competences of the GA Council. In addition to the already agreed issues in the reach of the GA Council (enlargement, financial perspective, programming and institutional issues), a number of other issues should be included: trade, developmental policy, humanitarian aid and budgetary issues; that is, horizontal issues.

As far as the selection of a High Representative is concerned, Bulgaria considers that a representative from the New Member States is more likely to be nominated, in comparison for the President of the EU position, which will surely go an old Member State.

In the appointments of the President and the High Commissioner an issue may arise, whereby the New Member States might be denied access to the positions. This should be clarified as some Member States such as the Benelux countries insist that the President should not come from a Member State that does not participate fully in the common EU policies. Many countries, Bulgaria included, are still not part of the Euro zone or Schengen, though they are aspiring candidates, and this would automatically disqualify their representatives.

▪ **EU External Action Service:**

The Bulgarian government is among the staunchest supporters of the EU External Action Service (EAS). The government specifically recommended the financing of the EU EAS in the recommendations for the next EU budget as a major contribution for increasing the role of the EU on the international stage.

Bulgaria's position implies that the New Member States should receive more representation, as it considers that they are currently inadequately represented in the Commission and Council units that deal with the future EAS.

Bulgaria supports geographic balance in the representation of the Member States in the future EAS, which would be the basis of the demographic proportional presentation on all levels of the Service.

### **3.3. Future of Lisbon Treaty ratification:**

**Definition: Policy Taker**

**Outlook: Policy Taker**

**Preferred option:** Continue ratification and repeat the Irish vote

The support of Bulgaria for the Lisbon Treaty is reflected in the current position of the government (European Council summit of 15-16 October 2008), which says the Treaty should not be renegotiated and the introduction of only single elements is not an option. In this case, the preferred plan A of the government is a new referendum in Ireland, preceded by a vigorous public awareness campaign by the Irish government to convince the citizens that the Lisbon Treaty will not harm their interests and is in fact beneficial to them.

**About the author**

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## Supplements

### Methodology notes

The research has been carried out by individual researchers in each of the ten new members on the basis of specially designed methodology, developed by EUROPEUM and major input from EuPI/OSI-Sofia. The seven policy areas under research are: I. Internal market/Lisbon Strategy; II. Minority integration and citizenship issues; III. Energy and climate change; IV. Budget review and CAP Health Check; V. EU foreign policy and enlargement; VI. Freedom, Security and Justice; VII. Institutional issues.

The research was carried out primarily in the period September 2008 – December 2009, but there may be references beyond this period. Some positions and circumstances described in the reports may have changed since the information was last made available to the researchers or reached the stage of publication.

The researchers' findings are published in ten country reports on each of the New Member States: Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia.

The structure of the country reports includes an overview of the country's performance as an EU member and seven chapters following the seven broad policy areas. Each chapter contains an overview of the position of this country in the area, including the top three national priorities. Then the chapters provide in-depth analyses, information and prognoses on a set of issues (defined as general and specific) within each of the seven policy areas.

The views expressed in the reports are those of the authors and do not necessarily reflect the views of the Open Society Institute – Sofia.

### Classifications: Policy Taker, Killer, and Driver explained

In the classification of this study, Policy Takers are those states that usually follow the mainstream in the EU and in general accept whatever is offered from the EU. The reasons may vary — from the lack of stakes and interests in the issue, to the lack of capacity to formulate a meaningful position, or they may have a position but lack the weight and experience to promote it.

The Policy Driver is a country that assertively promotes an issue at EU level. Ideally, a Policy Driver would have a broad political consensus and public support at home, capacity and expertise to advocate successfully, and carry the weight to gather coalitions and promote the policy. This may also imply additional legitimacy, measured also by the added value of this policy to the "European project" or adherence to the "European values" or "common European interest".

A Policy Killer is exactly the same as a Policy Driver, but with an opposite sign. In many cases, a Policy Killer country becomes a Driver if it succeeds in proposing a feasible and viable alternative to the policy it tried to prevent.

While all members are at some point "Policy Drivers" or "Killers", the crown of a "super Policy Driver" and "super Policy Killer" goes undoubtedly to Poland. Poland, the biggest of the new members, with enough self-confidence, has led an effective opposition to the Constitutional Treaty, the Lisbon Treaty, and to the energy and climate package.

### Tables of national positions: Explaining the exercise and words of caution

In the course of the current study, the country researchers were asked to classify the position and policy behaviour of the country as Policy Taker, Policy Driver or Policy Killer on the respective issues. The judgments had to be based on the level and character of activity, interest and involvement of the country in the given policy area. The researchers were also asked to provide a forecast for the short and medium-term positions and behaviour of the country, based on diverse factors triggering change — domestic political change, rise of powerful stakeholders able to promote or kill a policy, a window of opportunity to intervene, reversal of policy at EU level that causes negative reaction, etc.

The attempt at classification and forecasting (laid out in detail in the tables in each section) should be used with caution, as the positions and factors at play are nuanced,

multifaceted and complex: simplified tick-boxes of classification, presented in the tables, can never be too accurate. Therefore, they are more for orientation purposes and the provided substantive reports should be consulted for a more detailed analytical description, as the authors themselves often point to several possible explanations and scenarios for future development. Nevertheless, this is a very valuable set of information, based on very good expert knowledge and judgment.

<b>Country abbreviations</b>	
EU27	European Union - 27 Member States
BE	Belgium
CZ	Czech Republic
BG	Bulgaria
DK	Denmark
<i>D-E</i>	<i>East Germany</i>
DE	Germany
<i>D-W</i>	<i>West Germany</i>
EE	Estonia
EL	Greece
ES	Spain
FR	France
IE	Ireland
IT	Italy
CY	Republic of Cyprus *
CY (tcc)	Zone not controlled by the government of the Republic of Cyprus
LT	Lithuania
LV	Latvia
LU	Luxembourg
HU	Hungary
MT	Malta
NL	Netherlands
AT	Austria
PL	Poland
PT	Portugal
RO	Romania
SI	Slovenia
SK	Slovakia
FI	Finland
SE	Sweden
UK	United Kingdom
HR	Croatia
TR	Turkey
MK	Republic of Macedonia

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#### About EuPI

The European Policy Initiative (EuPI) of the Open Society Institute – Sofia aims at stimulating and assisting the New Member States from CEE to develop capacity for constructive co-authorship of common European policies at both government and civil society level. As a new priority area of the European Policies and Civic Participation Program of Open Society Institute – Sofia, EuPI will contribute to improving the capacity of New Member States to effectively impact common European policies through quality research, policy recommendations, networking and advocacy. The initiative operates in the ten New Member States from CEE through a network of experts and policy institutes.

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#### About EUROPEUM

EUROPEUM Institute for European Policy is a non-profit, non-partisan and independent institute. It focuses on the issues of European integration and its impact on the transformation of political, economic and legal milieu in the Czech Republic. EUROPEUM strives to contribute to a long-lasting development of democracy, security, stability, freedom and solidarity across Europe. EUROPEUM formulates opinions and offers alternatives to internal reforms in the Czech Republic with a view of ensuring her full-fledged membership and respected position in the European Union.

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