

*Venelin Tsachevsky*

Bulgaria's EU membership: the adaptation to the new status is not over

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## **1 CHRONOLOGY OF BULGARIA'S ROAD TO THE EU MEMBERSHIP**

In the early 1990s the accession to the EU became a priority aim of the Bulgarian foreign policy. The achievement of this aim started along with the declared readiness of the EU to continue its enlargement towards Central and Eastern Europe. There was a common desire of all European countries to put an end to the division in the continent following the Second World War and to create united, peaceful and prosperous Europe based on democratic values, solidarity and cooperation. At that time the EU enlargement to the East could not happen immediately since the East European countries needed to meet the criteria for membership. That process was conditioned by the development of individual relations on the part of the EU with each European country within the framework of a common approach to the integration policy. The first stage was the signing of Europe Agreements in the 1990s followed by the accession negotiations that started at the beginning of the first decade of the new century. It was the fifth EU enlargement.

Bulgaria was among the ten former socialist countries in Central and Eastern Europe that took part in this process. Here are the main events in the evolution of the relations between Bulgaria and the EU. The country established diplomatic relations and the European Economic Community (EEC) on August 8, 1988. Two years later (May 8, 1990) Bulgaria and the EEC signed the Convention on Trade, Business and Economic Relations. It envisaged gradual elimination of the quantitative limitations on Bulgarian import to the Community, and making mutual concessions in the field of trade in agricultural goods. The PHARE Programme was opened for the country.

On March 8, 1993 Bulgaria and the EU signed the Europe Agreement and the Provisional Agreement on Trade and Related Matters. The Europe Agreement provided a framework for development of a profound political dialogue and for establishment of a free trade zone covering the trade between Bulgaria and the EU. The EU expressed its political commitment to support Bulgaria's democratic and market economy reforms necessary for its fulfilling the criteria for EU membership. The Europe Agreement came into force nearly two years later - on February 1, 1995. Bulgaria became the eighth East European country to submit its application for EU membership on December 15, 1995.

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In 1998 the European Commission (EC) started to draw up annual reports which included its assessment of Bulgaria's progress on political, legislative, economic and other reforms. Up to the country's accession to the EU in early 2007, the EC published ten annual reports in total on the progress achieved by Bulgaria in meeting the criteria for membership. On December 10, 1999 in Helsinki the European Council decided to start EU accession negotiations with Bulgaria included in a group of six East European countries (along with Romania, Slovakia, Lithuania, Latvia and Malta). The negotiations for EU membership with Bulgaria were launched on February 15, 2000.

In the EC regular report published on October 9, 2002 Bulgaria was recognized as a "functioning market economy". The EC expressed its support to Bulgaria's accession to the EU in 2007. On a technical level the negotiations were concluded on June 15, 2004 but the political decision to declare the negotiation process as complete was made by the European Council on December 17, 2004. The last Monitoring Report of the EC (issued on September 26, 2006) on the progress achieved by Bulgaria in meeting the criteria for membership was crucial for determining the date of the country's accession to the EU.

The signing of the Treaty of Accession (together with Romania) took place on April 25, 2005 in Luxembourg. Bulgaria ratified the Treaty on May 11 the same year, while the ratification process by all EU Member States was completed on December 20, 2006. The Accession Treaty entered into force on January 1, 2007 when Bulgaria and Romania became the 26th and 27th member states of the EU. This was the final point of the fifth EU enlargement.

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## 2 TERMS OF BULGARIA'S EU MEMBERSHIP

The preparedness of Bulgaria at the start of the negotiations for EU membership was less compared with that of the majority of the other countries in Central and Eastern Europe that were included in the fifth EU enlargement. That was one of the reasons for Bulgaria's lagging behind these countries, with the exception of Romania, in the pace of the accession negotiations. It resulted in the later date for its joining the EU. Throughout the accession talks the EU exerted a constant pressure on Bulgaria in order to accelerate the implementation of the necessary reforms and to meet the membership criteria. This pressure continued even after the country's accession to the EU.

In December 2006 the EC decided to set up a special monitoring of Bulgaria up to three years after the country has joined the EU. The monitoring covered six areas of concern - the judiciary, the fight against corruption and organized crime, the use of financial aid provided by the EU, food and air safety. Bulgaria committed itself to fulfilling the so called "accompanying measures" under the supervision of a "cooperation and verification mechanism". Since June 2007 the EC has been publishing annual reports on the progress in these areas. In the event of any shortcoming or insufficient progress in implementing the accompanying measures, the EC could impose various sanctions, including a cut to EU funds provided to Bulgaria. The most stringent measures were the eventual introduction of „safeguard clauses" that could limit some Bulgaria's rights as an EU member state. The monitoring period expired in early 2010 but due to the unsatisfactory progress achieved by Bulgaria, the EC decided to continue its supervision over the areas of concern for at least another year.

During the accession negotiations the most difficult issue was to reach mutual consent on the energy chapter that was temporary closed in November 2002. The main concern was the EU insistence that Bulgaria shut down Units 1-4 of the nuclear power plant (NPP) in Kozloduy. The argument was that these units were using Russian-made old generation nuclear reactors considered to be dangerous in their exploitation. The EU did not change its position, although, according to the reviews by recognised international institutions, including the International Atomic Energy Agency, the technical safety of the Bulgarian NPP in Kozloduy was in compliance with the international safety standards.

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Finally, a mutual agreement was reached, according to which the first and second reactors were to be shut down in late 2002. The third and fourth energy units were decommissioned four years later on the eve of Bulgaria's EU accession. Bulgaria was promised financial compensations. By early 2007 their value was about 450 million euro. Under Article 30 of the Accession Treaty, EU has committed itself to providing an additional 210 million euro in 2007 – 2009.

This assistance was insufficient to fully compensate Bulgaria's financial losses from the premature closure of the part of its only nuclear power plant that at that time generated about 45% of the national electricity. By various estimates, the total direct and indirect losses for Bulgaria resulting from the decommissioning of the four nuclear power units amounted to 2 - 5 billions euro. The closure, especially of the third and fourth energy units of the NPP in Kozloduy aggravated the national energy balance. On the other hand, it curtailed the exports of electricity from Bulgaria, which was an important source of financial revenues and covered a substantial part of the existing deficiency in the electricity production in the Balkan area.

The negative effect for Bulgaria was felt as early as 2007 when the country's exports of electricity were reduced by nearly half. Bulgaria's share in compensating the energy shortage in the Balkan region dropped from 50 – 60 % to around 20 %. Although the reduction of the energy capacity of nuclear power did not lead to a shortage of electricity in the country, it was one of the reasons for the significant increase in the domestic prices of electricity. Meanwhile the Bulgarian government decided to resume the construction of a second NPP in Belene. This project started as early as 1987 but, due to the lack of the necessary financial resources, was frozen in the early 1990s.

The contract to renew its realization with the participation of Russian, French and German companies was signed in November 2006 and the implementation of the project should have started in early 2009 as originally intended. However, the continuation of the project was delayed due to unresolved financing problems. Another reason for this was the global financial and economic crisis that severely affected Bulgaria. The new Bulgarian government which was formed following the parliamentary elections held in July 2009 voiced doubts about the economic expedience of the project on which the country has already spent 600 million euro. Ultimately, it was decided on the continuation of its realization provided that the necessary funding from European sources would be secured.

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According to the Bulgarian government the closure of the first two reactors of the NPP in Kozloduy had made the start of the accession negotiations in early 2000 possible. Bulgarian officials also argued that the decommissioning of the third and fourth nuclear reactor units was a strong contributing factor in the completion of the negotiation process and in Bulgaria's membership into EU in early 2007. Yet the public opinion polls showed that the attitude of most Bulgarians to the closure of the four units of the Kozloduy NPP was negative. In 2002 the Civil Committee submitted a request to the National Assembly for holding a national referendum on this issue. A referendum did not take place eventually although the request was signed by 518,000 Bulgarian citizens.

The fate of the NPP in Kozloduy emerged again as a topical issue in the first year of Bulgaria's EU membership. The Bulgarian institutions declared their intention to initiate a dialogue with the EC for a possible revision of the agreement on the closure of the third and fourth NPP units. At the beginning of 2009 the Bulgarian government asked the EC for a permission to put the two reactors of the NPP again in operation pointing out that the "gas crisis" raging at that time (the temporary suspension of natural gas supplies from Russia to Europe via Ukraine) had caused huge losses for the Bulgarian economy.

The request was however denied as the EC stated that its position remained unchanged. The answer of the then Energy Commissioner Andris Piebalgs was explicit: The decommissioning of Units 1-4 of the Kozloduy NPP has been included as a condition for Bulgaria's accession to the EU. Re-commissioning of the these units in Kozloduy would be extremely difficult, since it would run contrary to the consistent policy of the EU to stop all nuclear power plants that can not be upgraded. Mr. Piebalgs recommended that the Bulgarian authorities should seek another solution to the country's energy problems by developing a new strategy in this respect.

This means that Bulgaria had the chance to solicit only additional financial compensations from the EU. That proved to be the approach adopted by both the former and present Bulgarian governments. In January 2009 Bulgaria asked for further compensations at the value of 1 billion euro. In the autumn of 2009 the incumbent Prime Minister Boyko Borisov made a request for the amount of between 300 and 800 million euro. As a token of political support for the new Bulgarian government the President of the EC Jose Manuel Barroso responded with understanding to this



request. In late October 2009 the EC decided to ask the EU Council and the European Parliament to provide Bulgaria with 300 million euro by 2013. On 20 May 2010 the European Parliament endorsed this proposal starting with a financial aid of 75 million euro for the first year.

Some terms for Bulgaria's EU membership were not so favourable as compared with those for other member states. The financial assistance allotted for Bulgaria under the common agricultural policy in the first year of its membership (2007) was barely a quarter of the level in the other member states prior to the enlargement of the EU in 2004. Indeed, this share is gradually increasing - in 2009 it was 35 % and in 2010 it has reached 40 %. Nonetheless, the conditions for Bulgaria in this regard are expected to become the same as for the other member states by 2016 at the latest. Partial compensation for Bulgaria will be the EU assistance provided for the country's agriculture. It takes into account the need for heavy investments in the modernisation of the sector as well as the existing high share of the working age population in Bulgarian agriculture (around 25 % of the national employed population). So the EU assistance provided in this field as a share of Bulgaria's GDP will be higher than that to be received by most of the other member states, exceeding 2 % over the period of 2007 – 2013.

It is noteworthy that unlike the countries that joined the EU in 2004 Bulgaria was granted more favourable conditions in the financial field. This relates primarily to the aid which is to be rendered through the EU funds over 2007 – 2013. In this period the EU's overall support for Bulgaria will reach nearly 6 % of the country's GDP. This percentage is higher than that of the other EU member states in Central and Eastern Europe. The bulk of the EU financial assistance for Bulgaria is aimed at structural actions (the boost of competitiveness, the human resources, the expansion and modernisation of infrastructure, and the regional development). Their target is to push the process of adaptation of Bulgarian economy to the conditions in the EU. The total value of this aid amounts to more than 3 % of Bulgaria's GDP.

However, Bulgaria is not on an equal footing with the "old" EU member states. For example, Greece will receive from the EU Structural Funds over 2007 – 2013 financial support at the value of over 20 billion euro. This is as much as three times more than the amount for Bulgaria. Still, as an EU member, Bulgaria will get significantly more financial aid compared with the period prior to its EU accession. By 2007 Bulgaria was

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provided with the EU assistance mainly through PHARE - Program for restructuring the economies, SAPARD - Program for agriculture and rural development, and ISPA - Instrument for Structural Policies in the areas of environment and transport. In the second half of the 1990s its value amounted to around 100 - 150 million euro annually. In the first half of the following decade it increased to 250 - 300 million euro and finally, in 2006, it exceeded 500 million euro annually.

In the period up to 2007 Bulgaria got more financial aid than any other Balkan country, except for Greece and Romania. Its total value over 1990 – 2006 was around 10 billion euro. The financial aid which the EU will grant Bulgaria under the present seven-year budget framework of the Union covering 2007 – 2013 was adopted prior to the country's EU accession. All sources included in it amount to 12.8 billion euro. Over the first three years of Bulgaria's EU membership, i.e. 2007 - 2009, this aid totalled 4.6 billion euro - 1.5 billion euro were allocated for agriculture in the form of direct payments to farmers and assistance for the rural development and market regulation. The amount that is allocated for supporting the structural policy is 2.3 billion euro - 1.5 billion euro are for regional development, and nearly 800 million euro are for the implementation of large investment projects.

The prevailing part of the EU aid for Bulgaria comes from the Structural Funds. In the EU financial framework for 2007 - 2013 Bulgaria will get 6.853 billion euro in total. The Structural Funds are the main financial instrument for conducting regional policy whose main objective is to achieve economic and social cohesion within Europe. They are comprised of three main funds - the European Regional Development Fund (ERDF) used for helping infrastructure development and small and medium sized enterprises; the European Social Fund (ESF) supporting the employment and lifelong learning; the Cohesion Fund (CF) focusing on environment and transport. Another fund is the European Territorial Cooperation (ETC) - it allocates financial resources for the realisation of economic and social cross-border projects (See table № 1 - EU Financial Assistance Granted to Bulgaria in 2007 - 2013).

Table 1. EU FINANCIAL ASSISTANCE GRANTED TO BULGARIA FROM THE STRUCTURAL FUNDS (2007 – 2013)

FUND	BUDGET (€billion)	SHARE (%)
European Fund for Regional Development	3.205	46.8
Cohesion Fund	2.283	33.3
European Social Fund	1.186	17.3
European Territorial Cooperation	0.179	2.6
TOTAL	6.853	100.0

**Source:** Commission of the European Communities, 2007.

An important source of financial aid for Bulgaria is the European Agricultural Fund for Rural Development (EAFRD). Since joining the EU Bulgaria has preserved its access to the remaining part of unused financial aid provided through the pre-accession funds - PHARE, SAPARD and ISPA. These allocations account for almost half of the total financial support for Bulgaria over the entire period up to 2013. The funds secured by the EU play a crucial role in the implementation of the seven long-term Operational Programs carried out in Bulgaria. They handle transport, environment, regional development, human resources, competitiveness, administrative capacity and technical assistance.

For the implementation of the Operational Program “Transport” Bulgaria will get 2 billion euro - 1.8 billion euro will be in the form of grants. The Bulgarian government has already announced that by 2015 it will invest 4.7 billion euro in building and upgrading the road infrastructure. The bulk of the financial resources will come from the EU funds and will be used primarily to complete the construction of the Bulgarian sections in the Pan-European transport corridors № 7, № 8 and № 10, including Trakia, Maritsa, Hemus and Struma highways. The budget of the Operational Program “Environment” is 1.8 billion euro - the contribution by the EU will be 1.5 billion euro. For the implementation of the Operational Program “Regional Development” with a total budget of 1.6 billion euro Bulgaria will get from the EU 1.4 billion euro.

The Operational Programme “Development of the Competitiveness of the Bulgarian Economy in 2007 – 2013” consists of the strategic priorities in the national development. Its total budget is 1.2 billion euro, of which 1 billion will be provided

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through the ERDF. The same is the value and contribution by the EU to the Operational Programme “Human Resources Development”. The financial resources of the Operational Program “Administrative Capacity” amount to 180 million euro – the EU’s share is 154 million euro. The relevant data for the Operational Program “Technical Assistance” are 48.2 and 38.5 million euro respectively.

Bulgaria is carrying out other Operational Programs, which are also financed through EU funds. The largest one is the Operational Program for Rural Development in 2007 - 2013. Its budget is 3.2 billion euro as 2.6 billion euro, or 80 % of it, will be provided through the EAFRD. Over the period 2007 - 2013 the country expects to get total funding of 6.5 billion euro in this area. Roughly half of this sum will be utilised for implementing the programs for the development of the sector and the remainder will be parcelled out as direct payments to the Bulgarian farmers.

The EU financial assistance earmarked for the country’s entry into the Schengen area (Schengen Facility) amounts to 260 million euro. The EU support is also crucial for the implementation of the Operational Program „Cross Border Cooperation” between Bulgaria and five neighbouring countries - Romania, Serbia, Republic of Macedonia, Greece and Turkey. The total budget for the realisation of the initiatives and projects under this joint program is 482 million euro - the EU will provide about four fifths of it. According to expectation, the biggest share of the funding is intended for the cross-border cooperation between Bulgaria and its neighbouring Balkan EU member states, i.e. Romania and Greece – respectively at the value of 262 million and 130 million euro.

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### **3 THE NEW STATUS OF BULGARIA SINCE THE BEGINNING OF 2007**

The accession to the EU is a milestone in the contemporary history of Bulgaria. It became part of the expanding territorial scope of the European integration. Since 2007 the political and economic potential of the EU policy in the Balkans has increased considerably. EU got access to the Black sea. The significance of Bulgaria for the EU foreign, security and economic policy has grown.

Here are some basic data about Bulgaria and its place in this region of Europe.

Bulgaria is one of the twelve countries that entirely or partially belong to the Balkan Peninsula. It is among the six states in the region (along with Albania, Bosnia and Herzegovina, Kosovo, Montenegro and the Republic of Macedonia) whose territories are fully located on the peninsula. Bulgaria is situated in the eastern part of the Balkan Peninsula, bordering the Black Sea to the east, Greece and Turkey to the south, Macedonia and Serbia to the west and Romania to the north (See the map of Bulgaria). The nation's total borders are 2 245 km long, of which 1 181 km are land, 686 km are comprised of river waters (mainly along the Danube) and 378 km are coastline (on the Black Sea coast).

By the size of its territory Bulgaria ranks as the 16th largest country in Europe and the fourth among the Balkan countries. Regarding the Balkan Peninsula alone, it has the largest territory compared with the other states in the region and occupies 22.8 % of the area of the peninsula. In 2009 its population was estimated at 7.6 million inhabitants ranking the country fourth in South Eastern Europe and third on the Balkan Peninsula with a share of 14.6 % in its total population. The Bulgarians are the main ethnic group living in the country with a share of almost 84 % of the total population (the data are compiled from the 2001 census). The most sizeable non-Bulgarian ethnic groups (according to the Bulgarian Constitution they don't have the status of national minorities) are Turks - 9.4 % and Roma - 4.7 %. The prevailing denomination in Bulgaria is the Eastern Orthodoxy, to which belong almost 84 % of Bulgarians. The second largest religious community are the Bulgarian Muslims who practise Islam (12 %). The average life expectancy is 73 years - 69.5 years for the men and 76.7 years for the women.

The roots of the Bulgarian state in South Eastern Europe go back to the seventh century (681). In the XI - XII century Bulgaria was under Byzantine rule and at the end

of XIV century under Ottoman rule. After nearly five centuries of Ottoman domination, the Bulgarian state was restored on March 3, 1878 with the signing of the Peace treaty in San Stefano, which marked the end of the war between Russia and Turkey. The independence of Bulgaria was officially declared on September 22, 1908. After World War II the country was for almost half a century under communist rule. At the end of 1989 Bulgaria embarked on the path of establishing a pluralistic political system and market economy. Under the new Constitution (adopted on 13 July 1991) Bulgaria is a parliamentary republic. The head of state is the president and since 2002 Mr. Georgi Parvanov is the incumbent President.

The last parliamentary elections were held in July 2009 and were overwhelmingly won by the new political party Citizens for European Development of Bulgaria, whose leader Boyko Borisov is the present Prime Minister.

Picture 1. MAP OF BULGARIA



In 2009 Bulgaria's GDP was estimated to be 93.6 billion dollars, if its value is calculated on the basis of the purchasing power parity (PPP), and 47.2 billion dollars by its nominal value. This indicator assigns the country respectively the fourth and sixth place among the Balkan countries, but it ranks second on the Balkan Peninsula with a share in the region's Gross Product of 14.6 % (PPP) and 9.6 % (Nominal). In the same year Bulgaria's GDP per capita (PPP) amounted to 11 900 dollars, which translated into sixth place among the Balkan countries. The GDP per capita (Nominal) was considerably lower - 6 223 dollars, ranking the country seventh in the Balkans.

The share of agriculture in the GDP is around 7.5%. The same is the proportion of the working age population employed in this sector. The share of industry is 27.6% accounting for 36.4% of the Bulgarian workforce. The highest percentage of Bulgarians is in the service sector which constitutes 64.9% of the GDP and accounts for 56.1% of the working population. In mid 2010 the unemployment rate was around 10%. The inflation rate in Bulgaria in 2009 was about 2% and the average gross wage was calculated to be 310 euro (about 420 dollars).

In 2008 the Bulgarian exports totalled 16.2 billion dollars and comprised mainly textiles, metals and metal products, machinery, chemical and agricultural products. The imports amounted to 23.3 billion dollars and included energy resources, machinery and equipment, textiles, chemicals, foodstuffs. The main foreign trade partners of the country are Russia, Greece, Germany, Turkey and Italy. In 2009 the FDI in Bulgaria amounted to 3.2 billion euro. The gold currency reserves were estimated at 18 billion dollars, while the gross external debt reached nearly 50 billion dollars.

Since December 14, 1955 Bulgaria has been a member of the United Nations (UN). It was a non-permanent member of the UN Security Council in 1966 - 1967, 1986 - 1987 and 2002 – 2003. The country became a member of the OSCE on June 25, 1973 and in 2004 held the Chairmanship of this largest European organisation. Bulgaria joined the Council of Europe on May 7, 1992. As of 29 March 2004 the country became an official member of NATO. Bulgaria is among the four Balkan countries which are EU members, joining the EU together with Romania on January 1, 2007 after Greece (January 1, 1981) and Slovenia (May 1, 2004).

Since the beginning of 2007 a new configuration has emerged in the Balkans. A significant part of the region is already within the EU territorial borders. The total area

of the four countries – Greece, Slovenia, Romania and Bulgaria is 501.1 thousand square km. It constitutes 32.3% of the total area of all 12 Balkan states.

Table 2. BASIC DATA FOR THE BALKAN COUNTRIES MEMBERS OF THE EU

Country	Territory (thousand sq. km)	Population (million inhabitants)	GDP PPP /nominal (billion dollars)	GDP PPP /nominal (billion dollars)
Greece	131.5*/110.5**	11.5*/10.0**	341.7*/330.8*	280**/270**
Romania	238.4/21.5	22.2/0.5	270.3/161.5	30/20
Bulgaria	110.9/110.9	7.6/7.6	93.6/47.2	93.6/47.2
Slovenia	20.3/5.5	2.1/0.5	59.3/49.2	20/15
Total	501.1/248.4	43.4/18.6	764.6/588.7	423.6/352.2
Share in the Balkan region/Balkan peninsula (%)	32.3/51.1	30.9/35.8	40.5/43.4	66.0/71.4

\* The entire territory, population and the value of GDP

\*\* The part of the territory, population and the value of the GDP on the Balkan Peninsula alone

**Source:** IMF, 2010; National Statistics of the Balkan countries.

As to the Balkan Peninsula alone, their total territory is 248.4 thousand square km accounting for 51.1% of the region. In 2009 the population of the four countries numbered 43.4 million inhabitants or 30.9% of the population of all countries in the Balkans. Taking into account the population within the geographical boundaries of the Balkan Peninsula alone (18.6 million people), the share of the four countries was 35.8%. In the same year the aggregate gross product in PPP of Greece, Slovenia, Bulgaria and Romania amounted to 764.6 billion dollars, or 40.5% of the gross product of all Balkan countries. In nominal terms these data were respectively 588.7 billion euro and 43.4%. The share of the four countries in the gross product within the geographical borders of the Balkan Peninsula was much higher - 66% if calculated in PPP and 71.4% in nominal value (See table № 2).

Since its accession to the EU, Bulgaria has been taking an active part in the decision making and implementing the EU policy. The country's representation in the EU institutions corresponds to the share of its population in the total number of the EU inhabitants. In the EU Council Bulgaria has 10 votes, as many as those of Austria and Sweden. But together with the votes of Romania (14 votes), Greece (12) and Slovenia (4) the four Balkan countries have a total of 40 out of 345 votes. Their aggregate share is larger compared with the votes of France, Germany, Britain or Italy, each having 29 votes. Before the entering into force of the Lisbon Treaty, the number of Bulgarian



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members of the European Parliament (MEPs) was 17. With those of Romania (33), Greece (22) and Slovenia (7) the total number of the MEPs from the four Balkan countries amounted to 79 or more than Britain or Italy, with 72 MEPs each. Following the introduction of the Lisbon Treaty (December 1, 2009) the quota for Bulgaria and Slovenia was increased by one seat for each of them. Presently the total number of the representatives of the four Balkan countries in the European Parliament is 81.

In accordance with the principle of national representation of all member states, Bulgaria has one EU Commissioner in the EC. The first Bulgarian Commissioner was Ms Meglena Kuneva who was appointed and sworn in as Commissioner for Consumer Protection on January 22, 2007. In October 2009 the Bulgarian government decided to nominate as a new Commissioner the then Foreign Minister Rumiana Jeleva. The President of the European Commission Jose Manuel Barroso allocated the Bulgarian representative the portfolio of Commissioner for International Cooperation, Humanitarian Aid and Crisis Response. In January 2010 the nomination of R. Jeleva was withdrawn by the Bulgarian government following controversy over her hearing at the European Parliament. The new Bulgarian nominee was Ms Kristalina Georgieva, who was at that time working at the World Bank. Her nomination was approved by the European Parliament and Ms Georgieva took office as a member of the new EC sworn in on February 9, 2010.

In the present EC with 27 members in all, the share of the Balkan countries with their four Commissioners is almost 15%. Maria Damanaki was nominated by Greece and holds the portfolio of Maritime Affairs and Fisheries. Janez Potocnik from Slovenia, who was a member of the previous EC as Commissioner for Science and Research, now is in charge of the portfolio of Environment. The Romanian representative is Dacian Ciolos who is Commissioner for Agriculture and Rural Development.

In the European Economic and Social Committee which is comprised of 344 members, Romania has 15, Bulgaria and Greece - 12 each and Slovenia - 7. The same is the representation of the four countries in the Committee of the Regions which also consists of 344 members. In the EU Court of Justice and the Court of First Instance all EU member states are represented by one judge each.

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#### **4 THE FIRST THREE YEARS OF BULGARIA'S EU MEMBERSHIP – POLITICAL DIMENSIONS**

Following its EU accession Bulgaria started to make the most of its new status as a member state. On the other hand, it faced many difficulties while adapting to the changed conditions. The EU membership boosted the potential of the Bulgarian foreign policy and created more opportunities for deepening the cooperation with other member countries in a wide range of fields. Bulgaria was involved in the formulation and implementation of the Common Foreign and Security Policy (CFSP) of the EU. The country could now count on the diplomatic and political solidarity on the part of the other member states. A very convincing example in this respect was the unflagging support provided by the EU for the solution in 2007 to the grave drama of the Bulgarian nurses in Libya who were accused of deliberately infecting children with HIV and were unfoundedly sentenced to death.

The EU membership enables Bulgaria to defend more effectively its national interests in the bilateral relations with the neighbouring countries, especially Republic of Macedonia, Serbia and Turkey that are not yet joined the EU. As an EU member Bulgaria could even use its veto to block the accession of a candidate country which does not meet the membership criteria to a sufficient degree. The Bulgarian government and MEPs persevere in their determination to resolve the existing issues in the relations with these countries on the basis of the principles of the good - neighbourly policy and European standards, which represent an important condition for full EU membership.

The Prime Minister Boyko Borisov has declared that Bulgaria's support for Macedonia's EU membership is not unreserved. It depends on its willingness to fully meet all membership criteria and commitments, including the observance of the principles of good - neighbourly relations. To this end the Bulgarian government has already proposed to its Macedonian colleagues a draft treaty on neighbourhood and friendship. The sooner such a treaty is signed, the better it would be for the enhancement of the bilateral cooperation and facilitation of the integration of the Republic of Macedonia into the EU.

Regarding the relations with Serbia, Bulgaria is primarily concerned about the treatment of the Bulgarian ethnic minority living in the western part of the country. On

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the Bulgarian MEPs' initiative the European Parliament has decided to make some amendments to the progress report for Serbia urging the authorities there to improve the living conditions, economic circumstances and civil rights of the Bulgarian minority. The observance of the rights of the Bulgarian minority was raised by the Bulgarian Prime Minister B. Borisov during his visit to Serbia in the spring of 2010. The main issue in the relations between Bulgaria and Turkey is the insistence of the Bulgarian state institutions that Turkish authorities fulfil the obligations under the Angora Treaty from October 18, 1925 for financial compensations to the inheritors of the several hundred thousands Bulgarians who were forced to flee from the Ottoman Empire at the beginning of XXth century.

It is admirable that the strong determination of the Bulgarian government to solve these issues is based on the need of mutual political dialogue and negotiations, as well as on the adherence to the European standards. The present Bulgarian Foreign Minister Nilolay Mladenov has stated that in the relations with the neighbouring countries, Bulgaria will not use the mentoring attitude, refrain from demonstrating arrogance, and will count only on the political dialogue and negotiations. In an interview for the Macedonian Utrinski vesnik (June 8, 2010), he said that as an EU member state Bulgaria could not continue to behave as "a Balkan people" implying by that the common use of threats and force in this region. He underlined that the existing problems in the bilateral relations and in the Balkan region as a whole should be solved within the European context and in the spirit of shared democratic values and rules.

After joining the EU Bulgaria has also enhanced its involvement in implementing the CFSP in the Balkans and in other regions of the world. In 2008 the then EU Commissioner for Justice, Freedom and Security Franco Frattini (Italy's incumbent Foreign Minister) highlighted the Bulgaria's efforts to maintain the stability in the Balkans and the security in the Black Sea region, to fight drug trafficking and illegal emigration. He also stressed Bulgaria's contribution to the European culture with the adoption the Cyrillic alphabet as the third official script of the EU. Under the CFSP, Bulgaria launched a dialogue with Armenia, Turkey, Moldova, the Republic of Macedonia and Serbia. In addition, it takes part in a number of projects and initiatives within the Black Sea regional cooperation and participates actively in the common EU vision of development of the African, Caribbean and Pacific states, where Bulgaria's focus country is Angola.

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An important trend in the regional policy of Bulgaria as an EU member state is the support it lends to the other Balkan countries in their road to the EU membership. Bulgaria is among the strongest advocates for the continuation of the EU enlargement which is to encompass all Balkan countries. Special attention in this approach has been paid to the Western Balkans countries. In 2007 the former Bulgarian Foreign Minister Solomon Passy was appointed special adviser to the Macedonian government on Euro-Atlantic integration. Bulgaria signed the memoranda for cooperation in this field with all countries in the region.

This trend in the Bulgarian foreign policy has taken on new dimensions in 2010. In the spring the Minister of Foreign Affairs N. Mladenov declared the start of a „new Bulgarian Balkan policy” based on more active involvement in the Western Balkans and an increased support for the European and Euro-Atlantic integration of the countries in the region. In May 2010 N. Mladenov visited all Western Balkan countries in an unprecedented diplomatic tour starting with the Republic of Macedonia, defined by him as „the closest state to Bulgaria”, and ending with Croatia – the country that in 2012 will most likely become the next member of the EU.

Later on the Foreign Ministers of Bulgaria, Greece and Romania adopted a joint declaration in favour of accelerating the process of European integration of all countries in the Western Balkans. At the EU-Western Balkans High Level Meeting in Sarajevo on June 2, 2010 the Bulgarian Foreign Minister urged all states in the Western Balkans to work in such a way that will secure them a status of EU candidate countries by 2014. Mr Mladenov affirmed that the achievement of this aim "will put an end to a bloody century in Europe that began in Sarajevo in 1914 with World War I." At the same time he made an appeal for the adoption of a "new EU policy towards the region." The Western Balkans and the EU, he stated, must renew their commitments: Bulgaria's neighbours should boost the reforms and the EU should keep its pledge to the European future of the region. Mr Mladenov cautioned that otherwise "we risk losing the silent pro - EU majorities in the Western Balkans which could become endangered minorities".

Bulgaria follows the same approach concerning the EU membership of Turkey – the only candidate country outside the Western Balkans facing specific problems in its European integration. Bulgaria is sincerely interested in the successful conclusion of the accession negotiations of Turkey which is the largest neighbour of Bulgaria in the

Balkans. Turkey's EU membership will create more favourable conditions for expanding the mutual cooperation in all areas. The effort Turkey makes to complete its European integration is powerful drive for the democratisation of the country and an important element of the Europeanization of the whole region.

The status of Bulgaria as an EU and NATO member has enhanced its significance as a foreign partner to the other Balkan states. A series of specific forms of mutual cooperation come to the fore. For instance, Bulgaria and Montenegro signed an agreement which stipulates that the Bulgarian Embassies shall represent the Montenegrin diplomatic interests in five countries in the Black Sea region and Central Asia, i.e. Moldova, Kazakhstan, Azerbaijan, Armenia and Georgia. A sign of Bulgaria's aspiration to play a more active role in the Balkans as an EU member was the statement of the Bulgarian president Georgi Parvanov made during his visit to Brussels in February 2010 that the country could "become a coordinator of the EU policy in the Balkans".

In this respect, Bulgaria should assess its foreign policy objectives and actions realistically. Unlike most of the other countries in the region (the Republic of Macedonia, Greece, Turkey, Serbia, Kosovo, Bosnia and Herzegovina, Croatia, Slovenia) Bulgaria has no serious unsettled problems with its neighbours. What is also conducive to the Bulgarian foreign policy is its stable domestic situation. As the UN Secretary General Ban Ki - moon said at his meeting with the Bulgarian Foreign Minister N. Mladenov in May 2010 Bulgaria was "in a good position to be a country balancing the situation in the Balkans".

This does not mean, however, that Bulgaria could assume the role of a regional leader. The country's potential to perform such a function is relatively limited and it is not very likely that it will be noticeably improved if it pursues a proactive and pragmatic regional policy. The truth is that, juxtaposed with the most of the other Balkan countries, Bulgaria does not stand out in terms of territory, population and especially of economic potential. In comparison with some of them, Bulgaria's position looks rather weak. In 2009 Bulgaria GDP, evaluated on the basis of PPP, was 9.5 times as less as that of Turkey, more than 3.5 times as less as that of Greece and almost 3 times as less as that of Romania. Bulgaria's share in the regional foreign trade was around 9 % and in the Balkan FDI - under 1 %.

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Yet, any foreign policy ambitions, even when they are manifested by the more powerful Balkan countries, could prove dangerous for the fragile regional stability. They may only generate new contradictions and rivalry. So the way for Bulgaria to improve the capabilities in the efforts to enlarge its role in the Balkans is to considerably accelerate the pace of the own development in order to create a stronger economic basis for its regional policy. In addition, the country should upgrade the level of coordination of its foreign and economic policy with the other EU states in the Balkans within the framework of the EU's CFSP.

## 5 THE EU AS AN ECONOMIC PARTNER OF BULGARIA

Bulgaria's EU membership gave an additional impetus to the expansion in the national trade and economic cooperation with the other member states. In fact, the entry in the EU boosted the already close partnership in this field. As early in the 1990s the EU became the most important trade and foreign investment partner of Bulgaria. The upward trend continued in the first decade of the present century. In the period 2000 - 2009 the value of the exports to the EU and the imports from the EU increased almost 3 times.

Table 3. BULGARIA'S FOREIGN TRADE WITH EU, GREECE, ROMANIA AND SLOVENIA (in billion euro)

	2000	2002	2005	2008	2009
Exports to EU	2683.9	3376.4	5701.8	9189.7	7574.6
EU's share (%)	50.1	55.7	60.2	60.1	64.2
Imports from EU	3119.0	4228.7	7831.7	12790.4	8955.9
EU's share (%)	44.0	50.3	53.4	50.5	53.5
Exports to Greece, Romania and Slovenia	505.4	726.6	1248.0	2624.3	2168.9
Share of the three countries* (%)	18.8*	21.5*	21.9*	28.6*	28.6*
Imports from Greece, Romania and Slovenia	598.5	680.3	1282.4	2383.7	1809.9
Share of the three countries (%)	19.2*	16.1*	16.4*	18.6*	20.2*

\* Share in Bulgaria's foreign trade (exports and imports) with EU.

**Source:** Bulgarian National Bank, 2010.

Due to the global financial and economic crisis for the first time in 2009 the mutual foreign trade dropped - the decline in Bulgaria's exports was by nearly 20% and even bigger for the country's imports which slumped by 30%. In 2000 the EU's share in the total Bulgaria's exports was 50.1% and in 2009 it went up to a whole 64.2%. As to the imports, the respective figures were 44% in 2000 and 53.5 % in 2009.

It is interesting to note that Bulgaria's exports to the other three EU member states in the Balkans rose for the same period at a faster rate compared to the volume supplied to the rest of the countries in the EU. In 2000 – 2009 the total value of Bulgaria's exports to Greece, Romania and Slovenia increased four times. As a result, the total share of the three Balkan countries in Bulgaria's exports to the EU jumped from 18.8 % in 2000 to 28.6 % in 2009. A bit slower was this trend with respect to the increase of

Bulgaria's imports from the three countries: threefold rise in absolute figures as the share changed from 19.2 % in 2000 to 20.2 % in 2009 (See table № 3).

As far as the EU's FDI in Bulgaria are concerned, their aggregate value at the end of 2009 reached 29.8 billion euro accounting for 84.3 % of the total FDI on a national level. The most prominent foreign investors in Bulgaria are companies from Austria, the Netherlands and Germany. (See table № 4). The importance of the three Balkan EU countries in this field is relatively weak. At the end of 2009 the total value of the FDI in Bulgaria from Greece, Romania and Slovenia was 2.8 billion euro which corresponds to 9.4 % of the value of the EU's FDI in Bulgaria.

Table 4. FOREIGN DIRECT INVESTMENTS (FDI) OF THE EU MEMBER STATES IN BULGARIA

	Value (million euro)	Share in the total FDI (%)
FDI ( end of 2009 )	29 828	84.3
Austria	6 497	21.8*
Netherlands	6 325	21.2*
Great Britain	2 815	9.4*
FDI in 2009	2 731	85.0
Netherlands	1 088	39.8*
Austria	383	14.0*
Germany	290	10.6*

\* Share in EU's FDI

**Source:** Bulgarian National Bank, 2010

Greece has been playing a leading role in this group of countries as it is among the leading EU member states in terms of the amount of its own FDI in Bulgaria (2.6 billion euro in 2009). Over the last decade of the century there was an upward trend in Bulgaria's FDI in the EU. At the end of 2009 their value was relatively small - 472.3 million euro, or 51.7%, out of the total amount of Bulgaria's FDI which was 913.2 million euro. The percentage was nearly twice higher than the share of the FDI of Bulgaria in all Balkan countries that accounted for 29.2 % (See table № 5) Yet, Bulgaria's FDI in the EU accounted for less than 2% of the EU's FDI in Bulgaria.



Table 5. REGIONAL FOREIGN DIRECT INVESTMENTS IN / OF BULGARIA  
(million euro at the end of 2009)

Country	RFDI* in Bulgaria	RFDI* of Bulgaria
Albania	5.0	11.9
Bosnia and Herzegovina	1.0	0.1
Greece	2 611.9	32.8
Republic of Macedonia	28.0	40.3
Romania	132.7	38.1
Montenegro	0.1	-
Turkey	190.7	37.7
Serbia	10.1	105.2
Slovenia	56.5	0.2
Croatia	4.5	-
All countries	3 040.5	266.3
Share in the total FDI in /of Bulgaria (%)	9.5	29.2

\*RFDI – Regional Foreign Direct Investments.

**Source:** Foreign direct Investments in / of Bulgaria, Bulgarian National Bank, 2010.

During the first two years of its EU membership, Bulgaria achieved an average economic growth of 6%, which was relatively high by European standards. The country maintained its financial stability. Nevertheless, there was no convincing evidence that the EU membership had a favourable effect on Bulgaria's economic achievements. At that time the country was in a cycle of an ascending economic growth which started after the national economic and financial crisis in 1996 – 1997. The real boom was from 2004 to 2008 when Bulgaria was the sole Balkan country with an economic growth for all years of above 6%. Over the period 2000 – 2008 the average growth of Bulgaria's GDP was 5.6% - the third highest economic rate in the Balkan region after Romania (6.2%) and Albania (5.7 %). This situation changed dramatically in late 2008 and especially in 2009 and the first half of 2010 as a result of the global economic crisis that had a strong negative impact on Bulgaria's economy.

In 2009 for the first time after 12 years of upward economic development the country registered a record decline of GDP - minus 5%. The positive balance of 1.8 % of the state budget for 2008 was followed by an increasing deficit - in 2009 it was 3.8 % and turned to be 4.5 % of Bulgaria GDP in the first half of 2010. In June 2010 the National Assembly endorsed the revised 2010 state budget where one of the modified parameters is the level of the negative balance expected to be minus 4.8 % of the GDP by the end of 2010. In 2008 the value of the FDI dropped more than half compared to the previous year – from 6.7 billion euro to 3.2 billion euro in 2009. In the first three months of 2010 there was registered even an outflow of FDI from Bulgaria. The blame

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for the negative economic trend could not be pinned on Bulgaria's EU membership. What brought about this downturn was rather the country's high degree of external economic dependence combined with the underdeveloped and weak competitiveness of the Bulgarian economy.

The rising unemployment rate worsened the bleak economic prospects. It followed the promising results achieved in this field in 2007 - 2008, when the unemployment rate in the country plunged to 5.7% of the working population or below the average level (around 6.5%) in the EU. By June 2010 the unemployment has almost doubled hitting the 10% mark. There were concerns that the economic crisis in the EU will force a great number of Bulgarians who have emigrated over the last 15 - 20 years to return to Bulgaria. It eventually turned out that this number was relatively limited. Another sensitive problem is the liberalized labour market access for Bulgarian nationals in the other EU member states. The massive economic emigration of Bulgarians to Western Europe started immediately after the beginning of the political changes in Bulgaria in the late 1980s. In 2010 the number of Bulgarians who work in other EU states is estimated to be 700 000 – 800 000. The largest percentage is in Greece - around 250 000, followed by Spain – more than 200 000 and Italy – 100 000.

Under the Treaty of Accession Bulgaria to the EU the other member states reserve the right to impose restrictions to the access of the Bulgarian workers over a period up to seven years. The general trend was towards gradual liberalization in this field. Unfortunately, under the conditions of the global economic crisis in the late 2000s many EU member states, where the unemployment rate rose significantly, became more reluctant to grant foreign citizens, including Bulgarians, free access to their labour markets. In 2010 Bulgarian nationals enjoy free access to the labour markets of around half of the member states - Spain, Greece, Portugal, Finland, Sweden, Denmark, Poland, the Czech Republic, Hungary, Estonia, Lithuania, Latvia, Slovenia, Slovakia and Cyprus. It's evident that all EU member countries, with the exception of Malta, which joined the EU in 2004, have already liberalized their national labour markets. A few "old" member states have also lifted the limitations but the majority of them are still keeping the labour market restrictions for Bulgarian nationals.

## **6 THE MECHANISM FOR COOPERATION AND VERIFICATION FOR BULGARIA**

The main concern for Bulgaria in the initial period of its EU membership was the slow implementation of the requirements in the areas which remained under the EC monitoring as well as the very low utilization of the financial resources provided through the EU funds. The EC has till mid 2010 published ten reports in total on the progress of the accompanying measures under the Mechanism for Cooperation and Verification for Bulgaria that was established when the country officially joined the EU. The first report was made public in June 2007 rendering the EC conclusions on Bulgaria's results in the implementation of the necessary judicial reforms and on the progress in the fight against high-level corruption and organized crime.

The report stated that Bulgaria had made little progress. It recommended that the country needed to considerably extend its efforts in the implementation of the reforms in the judiciary and in the fight against corruption. While presenting the report, the then EU commissioner for Justice, Freedom and Security Fr. Frattini said the EC would continue to monitor the process of reforms in Bulgaria paying particular attention to the fight against corruption in the state administration. In this field the EC expected to see concrete results, shorter and more effective investigations and court proceedings.

In October 2007 the EC announced its assessment of Bulgaria's progress in the establishment of an administrative mechanism for the implementation of the EU financial assistance allocated to the agricultural sector. Bulgaria's preparations in this area were evaluated as satisfactory and the EU started providing aid that in the first year of the country's membership amounted to 200 million euro. In early February 2008 the EC published its next interim report on what Bulgaria has achieved with regard to the judicial reforms, fight against corruption and organised crime. The findings in the report were practically the same as in the previous year. The conclusion was that "Bulgaria had continued its efforts to overcome the shortcomings, but in the crucial areas such as the fight against high-level corruption and organised crime the country had not achieved any real results."

The publication of the interim report came after the EU had adopted a more critical approach towards Bulgaria as a response to the lack of progress in the fight against corruption. The EC ascertained serious fraud committed by high ranking officials in

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National Road Infrastructure Fund and suspended a considerable part of the funding under the ISPA pre-accession instrument. The amount of the financial sanctions imposed on Bulgaria was between 200 and 300 million euro. In February 2008 the EC decided to block PHARE funding (another of the pre-accession instruments) amounting to 75 million euro. In March - April 2008 the EC imposed financial sanctions under the SAPARD pre-accession program totalling over 320 million euro. The misuse of the financial aid provided to Bulgaria under SAPARD was discovered by a mission of the European Anti-Fraud Office (OLAF) on a visit to Bulgaria. One of the conclusions in OLAF's report was that in the state administration, even within the Bulgarian government, there were powerful forces which were using their political leverage to protect persons investigated by the prosecution for siphoning funds from the SAPARD pre-accession instrument.

The scale of corruption in the utilization of the EU funds forced the EC to take some unprecedented measures. In June 2008 Bulgaria became the first EU member state where the EC introduced the LOTAR system for monitoring the management of the financial resources provided through the Structural Funds. By mid 2008 the EU temporarily blocked most part of the financial aid to Bulgaria under all pre-accession instruments thus depriving the country from funding which amounted to a total of almost 1 billion euro. Finally, on November 22, 2008 the EC decided to suspend definitively 220 million euro for Bulgaria under PHARE.

In this way Bulgaria lost temporarily or irrevocably considerable EU funding that was of crucial importance for implementing the reforms, boosting the economic development and enhancing the social activities. In order to compensate the loss of resources, the Bulgarian government needed to redistribute money from the state budget but this amount was insufficient to make up for the EU funding. Given the situation, it was impossible for Bulgaria to realise a lot of the projects incorporated into the national Operational Programs as they were frozen or delayed. The worst affected sectors were agriculture and transport infrastructure. As a result, massive protests were organized by the grain producers, livestock and dairy farmers.

Following the harsh criticism and the sanctions imposed by the EC, the Bulgarian government took measures to step up the necessary reforms. The most important among them were the establishment of the State Agency for National Security and the changes introduced in the structure and functions of the Ministry of Interior. The

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Bulgarian Council of Ministers introduced a new office in the government – Deputy Prime Minister who is to be in charge of the management and absorption of EU funds. Still, the progress achieved in 2008 - 2009 was quite modest. The EC criticism towards Bulgaria continued and was backed by the adoption of further financial penalties. At the same time, in a special report issued in July 2008 on the management of the allocated EU funds to Bulgaria the EC expressed its readiness to reconsider the suspension of the aid if the country succeeded in pursuing the required reforms.

The Bulgarian government tried to play down the shortcomings and the sluggish progress of the country in its adaptation to the conditions in the EU. On many occasions the then Prime Minister Sergey Stanishev said that Bulgaria was still a young democracy and needed more time to fully introduce the European standards. In March 2009 he asked the EC to appoint EU experts and diplomats in the Bulgarian administration who would monitor the law enforcement, the management of the EU funds and the activities of the prosecution and the courts. This proposal, which „The Economist” magazine (March 20, 2009) compared to a "new colonialism", was dismissed by the President of the European Commission J. M. Barroso who stated that it was not appropriate to create parallel structures of the existing monitoring mechanism.

In July 2009 the EC issued its regular report on Bulgaria's progress under the mechanism for cooperation and verification. It acknowledged that some progress was made in combating corruption and organized crime but the results were assessed as limited. The EC concluded that the high profile killings, often committed in public places and linked to members of the organized crime were still plaguing the country and the known criminals were still at large. Some of the more important recommendations out of all 21 made by the EC were as follows: to adopt a comprehensive strategy against organized crime and corruption; to set up specialized independent structures for investigating, prosecuting and trying cases of high-level corruption and organized crime; to implement effective new legislation whenever conflict of interest exists; to introduce new legislation regarding the forfeiture of criminal assets unless the legal origin of assets can be proven; to improve the Criminal Code followed by a comprehensive reform of the Penal Procedure Code, etc.

The criticism and financial sanctions imposed by the EC on Bulgaria in 2008 - 2009 were due to the slow and ineffective reforms, more particularly in the judicial system

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and the public institutions. Such was the prevailing public opinion in Bulgaria. The polls showed that the majority of Bulgarians did not see any real progress in the implementation of the reforms after Bulgaria joined the Union, especially in the fight against corruption and organised crime. Yet, the polls also revealed a slight decline in the public support for Bulgaria's EU membership, although on the whole it remained relatively high - about 60%. At the same time more than 75% of the respondents said they did not sense any real benefit and about 15% were of the opinion that they personally lost from Bulgaria's accession to the EU.

About two thirds of them noted that the national interests of Bulgaria in the EU were not well protected. Even higher was the share of the Bulgarians who believed that the country had not pursued an active policy in the EU. The main reasons for that were considered to be the country's shortcomings and lack of administrative capacity to take part in the decision making process in the EU. A limited share of people (5 - 6%) expressed the view that Bulgaria, being a small country, was not able to exert any considerable influence on the EU policy. Around two thirds of the Bulgarians were convinced that those who will benefit most from the EU membership were politicians, swindlers and the corrupt officials. Most young people were happy with Bulgaria's accession to the EU since they have a lot more opportunities for travelling, studying and working abroad.

In July 2009 a new Bulgarian government came into power. Upon his inauguration the Prime Minister Boyko Borisov pledged to speed up the reforms, to raise the level of absorption of the EU funds and to eradicate the corruption and organised crime. In line with the recommendations already made in the EC reports, the government set up three new structures within the Council of Ministers. Their purpose is to streamline and consequently raise the effectiveness of the country's EU policy. The first structure is the Council for EU Funds Management. It is composed of nine ministers and is headed by the Deputy Prime Minister and Minister of Finance Simeon Dyankov. Its goal is to coordinate the measures related to the implementation of the government policy in the key areas to which EU funds are allocated. The other two newly introduced structures are: Inter-Agency Coordination Team, chaired by the Minister of Justice, which is to monitor the progress of Bulgaria on the benchmarks and on the implementation of the EC recommendations in the field of the judiciary and a specialized body for monitoring the regularities in the realisation of the projects financed through the EU funds.

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In early September 2009 the Ministry of Justice put forward 57 measures for meeting the EC recommendations. In particular, the Ministry proposed amendments to the Conflict of interests Law, Criminal Assets Forfeiture Act, Law on Special Investigative Techniques, the Adoption of a new Penal Procedure Code, measures to combat corruption in the tax and social insurance systems. At the same time, prosecutors started legal proceedings against a number of former senior officials, including ministers who were charged with committing different kinds of misuse of funds.

With those actions the new Bulgarian government wanted to demonstrate that it has resolutely embarked on the road to reforms which are so badly needed in the judiciary and in the fight against corruption and the organised crime. The aim was to restore the confidence of the EC in the country as a necessary condition for unfreezing the EU funds under the Pre-accession Instruments and Operational Programs. It was a key objective of the visit of the delegation headed by Prime Minister B. Borisov in Brussels in September 2009.

The EC President J. M. Barroso declared that Bulgaria would be given credibility and a six months' period to implement all the recommendations in the EC's latest report on Justice and Home Affairs and to adopt a zero-tolerance approach against corruption and organised crime. A positive signal from the EC was the decision to release the suspended funding for Bulgaria under the SAPARD amounting to 140 million euro. The Prime Minister B. Borisov used the occasion to reiterate that Bulgaria had committed itself to using „every single euro” of the EU funds and that this process would go on in full transparency by the posting of information about all projects on the Internet.

The EC also agreed to extend the deadline of its ISPA program provided that the Bulgarian government would assume concrete commitments included in a special Action Plan. This decision proved of paramount importance as Bulgaria receives through ISPA the necessary funding for a series of major infrastructure projects - the construction of the second bridge over the Danube linking Bulgaria and Romania, the Hemus highway connecting Bulgaria's capital Sofia and city of Varna, the largest on the Black sea coast, the modernisation of the railway line Plovdiv – Svilengrad, part of the Pan-European transport corridors № 4 and № 9, and others. The EC responded positively to Bulgaria's request for unblocking the direct subsidies for Bulgarian farmers.

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Furthermore, J. M. Barroso promised to propose an additional financial support of 300 million euro by 2013 as a compensation for the early shutting down of Units 1 - 4 of NPP in Kozloduy. Indeed, this commitment dates back to June 2009 when he approved the request of then Prime Minister S. Stanishev. It turned out that Barosso's proposal was backed by less than half of 27 EU member states. Later, however, the decision swung in the opposite direction as the European Parliament gave the green light to Bulgaria's request in May 2010.

Despite the political intentions for a change declared by the Bulgarian government, by mid-2010 it has not succeeded in making any real difference with regard to the effective absorption of the EU funds. A serious reason for that was the political heritage left by the former Bulgarian government. In October 2009 the EC published a special report on the utilization of the funds provided by the EU to Bulgaria until July 31, 2009. The report was submitted to the European parliament at the suggestion of the German MEP Ingeborg Grassle following the decision of the EC in the spring of 2009 to freeze financial assistance for Bulgaria at the amount of 500 million euro. The main conclusion in the document was that the bulk of the funds for Bulgaria were blocked because of the weak financial control exercised by the government and the inadequate measures to eliminate the numerous violations.

By the end of 2009 the EC gave for the second consecutive time a negative answer concerning the so-called compliance assessments of the Operational Programs of Bulgaria. It was due to the pending shortcomings in creating a central information system in Bulgaria for the management and monitoring of the implementation of the EU projects. Therefore, during the first two years of Bulgaria's EU membership all seven Operational Programs happened to be practically blocked. The EU financing to Bulgaria was in a bottleneck situation, being only confined to the interim payments whose total amount was rather insufficient. Meanwhile, following the long delay in the absorption of the available EU funds, Bulgaria faced another problem - the danger to lose definitively a significant share of the financial resources already allocated under PHARE, SAPARD and ISPA since the official deadline for using the pre-accession funding was shortly to expire.

In fact, by mid-2010 Bulgaria has used about 45 % of the available funds under ISPA. Although the EC has agreed to extend the duration of this financial instrument by one year (till the end of 2011), the country will probably fail to utilize effectively at least 70



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million euro. The same applies to the financial resources provided through SAPARD – it appears that until the end of its duration Bulgaria will not be able to make use of around 20% of its funds (1.3 billion euro altogether). However, in the last months of 2009 and especially in the first half of 2010 Bulgaria managed to catch up a bit in this field. A crucial step in this respect was the EC approval in early February 2010 of Bulgaria's compliance assessments for all Operational Programs. The vital flow of financial resources through the EU Structural Funds has been restored.

By and large, the track record in implementing the reforms in Bulgaria was unsatisfactory. In a report prepared by the Committee on European Affairs of the National Assembly of Bulgaria it was noted that in early 2010 the country had concluded contracts worth 1.4 billion euro but the real utilization of these resources barely amounted to 200 million euro. The frustrating fact is that up to that point Bulgaria has actually used only 1.5% of all EU funding, including the remaining pre-accession aid and the Operational Programs.

The figures showing the degree of absorption of the funds in the Operational Programs seem a bit more encouraging. On his visit to Bulgaria in January 2010 the Director of DG Regional Policy of the EC Jean-Marie Seyler pointed out that the country had used merely 2.6% of all allocated funds for the Operational Programs. By this indicator Bulgaria ranks at the bottom of 27 EU member states. Jean-Marie Seyler cautioned the Bulgarian authorities against the real danger for Bulgaria to lose a significant proportion of the funds allocated by 2013. If this comes true, it will bring another risk for the country, namely, that of getting less aid through the EU funds under the multiannual financial framework covering the next seven-year period.

To sum up, the degree of utilization of the EU funds during the first three years of its EU membership (2007 - 2009) shows that Bulgaria has not in any way profited from one of the main advantages of the European integration - the financial assistance that is the most powerful tool for speeding up the national development and the implementation of reforms. It turns out that the financial outflow, mainly the contribution of Bulgaria to the EU budget (through the annual membership fees), has outweighed the country's financial benefits, constituted in their greater by the EU funds intended for Bulgaria. Until the beginning of 2010 the country has been entitled to get financial aid worth about 2.5 billion euro, but in practice used only 300 - 350 million euro, or 12 - 14%. Up to that point as an EU member state Bulgaria has contributed to the EU

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budget over 1.1 billion euro. Here are the annual EU membership fees paid by Bulgaria according to the adopted state budget:

2007 - 595.2 million leva (304.5 million euro)

2008 - 659.9 million leva (337.5 million euro)

2009 - 931.8 million leva (476.6 million euro)

This means that over the first three years of its EU membership Bulgaria has remitted to the budget of the EU about three and a half times more money than the volume of the absorbed financial resources provided to the country through the EU funds. In other words, Bulgaria has not won but, on the contrary, it has lost financially over the initial three-year period of its EU membership. Strangely, Bulgaria was among the few EU member states whose financial inflow-outflow balance was negative. There seems to be a real risk for this unfavourable trend to persist, should the utilization of the EU funds keep running low. In 2010 Bulgaria will pay an annual fee to the EU budget of 779.7 million leva, or almost 400 million euro. To turn the current negative trend upside down and to become a net beneficiary as an EU member state, Bulgaria should considerably increase the degree of absorption of the provided European funds. In absolute figures this suggests that in 2010 alone Bulgaria must use at least twice as much money as compared to the first three years of its EU membership.

Year 2010, therefore, proves to be a crunch time for the Bulgarian government when it should make a breakthrough in its Utilization-of-EU- Funds record. Unfortunately, by mid-2010 the progress was not tangible. In April 2010 the Secretary of the Council of EU Funds Management Yuliana Nikolova said that Bulgaria had contracted on average 27% of the funds allocated to the Operational Programs. A month later, in May, the newly appointed Minister of EU Funds Management Tomislav Donchev declared that Bulgaria had already negotiated 30% of the financial resources provided by the EU for the period 2007 – 2013. The Minister believed that by the end of 2010 this share will reach at least 40%. Yet, he was not so optimistic as to the volume of the effectively utilized funds by Bulgaria – by May 2010 the total value of the already used resources in the Operational Programs has reached 560 million euro, i.e. as little as 3.6% of their aggregate budget.

The goal set by the Bulgarian government is by the end of 2010 the share of the effectively used financial resources under the Operational Programs to reach at least 10 %. Mr Donchev finds it a rather challenging task since Bulgaria has fallen too much behind over the first three years of its EU membership. Some senior officials, including the Prime Minister B. Borisov, have declared the ambitious target – in 2010 Bulgaria should use as many as 1.5 - 1.7 billion euro from the EU funds. According to them by the end of the four-year electoral mandate of the governing political party, the share of the absorbed EU financial resources provided to Bulgaria would account for about 90% of the available funds. In reality, his target seems unattainable. Even in the case of substantial enhancement of the government policy in this area, the share of the utilized funds allocated to Bulgaria for the period up to 2013 could at best reach the 25 – 30% mark.

On 23 March 2010 the European Commission published its latest interim report on the progress made by Bulgaria under the Cooperation and Verification Mechanism. In it the EC has updated the progress achieved by Bulgaria over the past six months on a technical level. The main conclusion in the report was that the Bulgarian government had launched several important initiatives which are proof of its political willingness to accelerate the reforms and to make their outcome more effective. The key recommendation was that more efforts are needed for carrying out deep and comprehensive reforms that will enable the achievement of practical and measurable results. The report also indicated that the government should undertake swift administrative actions in order to dispel the concerns of the EC about the existing irregularities, conflicts of interests and fraud in the process of spending the EU funds. The EC urged the Bulgarian authorities to speed up the implementation of the reforms as recommended in its report from July 2009 and to turn this effort into a far-reaching national priority. According to the EC the main objective in the Bulgarian government's policy should be the comprehensive reform in the judiciary.

The issuing of the report coincided with the assessment by the senior officials in the EC who stated that despite the demonstrated political will by the new Bulgarian government, until the spring of 2010 there had been no significant change for the better in the utilization of the EU funds. According to Karsten Rasmussen, Deputy Director General of DG Regional Policy of the EC, the communication and coordination between the EU and Bulgaria have improved but in practice the progress achieved by the country is insufficient. Mr Rasmussen considered as one of the main reasons for

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the poor results to be the frustrating legacy left in this field by the former cabinet ministers. That's why he emphasised on the necessity of further pressure by the EC on the Bulgarian government in implementing the required reforms.

A more thorough assessment of Bulgaria's progress in the areas of concern will be made in the EC annual report that is due in July 2010. It would be too optimistic to expect any considerable change in the evaluation of the country's achievements. It is certain that the EC will probably once more appreciate the political will of the present Bulgarian government to fight the corruption and organised crime. At the same time, the Bulgarian authorities will be urged yet again to be more consistent in their policies and to make further effort towards increasing and improving the utilization of the EU funds.

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## 7 CONCLUSION

In 2010 Bulgaria has entered the fourth year of its EU membership. This period is relatively short for drawing any definite conclusions about the impact of the European integration on the overall development and, in particular on the domestic and foreign policy of Bulgaria. Taking into account the degree of the country's preparedness to take upon itself the obligations of the EU membership at the time of its accession to the EU in early 2007, it was clear that the period of adaptation of Bulgaria, especially in the economic field, to the conditions in and requirements of the EU would be rather difficult and a bit longer compared to that experienced by most of the other EU member states from Eastern Europe.

Upon the accession of Bulgaria, the EU made a compromise, especially with respect to the fulfilment of the economic criteria for membership in order to assert its geopolitical interests in South Eastern Europe as well as to secure long-term benefits from an EU enlargement towards the Black Sea region. The intentions of both Bulgaria and the EU were to make up for the lower preparedness of the country compared to the other new member states from Eastern Europe by accelerating the reforms and through providing greater financial and other kind of support to Bulgaria.

Unfortunately, over the three and a half years after Bulgaria's EU accession the achievement of this aim has remained elusive. The adaptation of the country to its new status as an EU member state has proved to be difficult and slow. Although the EU created a special mechanism for cooperation and verification in the areas of concern, the reforms in Bulgaria failed to gain momentum. In the first two years of Bulgaria's EU membership the reforms regarding the judiciary and the fight against corruption and organized crime actually came to a halt. Due to the administrative shortcomings and the numerous irregularities occurring on senior political and administrative level, Bulgaria did not use one of the most important benefits of the EU membership - the financial support provided to the country through the EU Pre-accession programs and Structural Funds.

It was a real paradox situation when in 2007 - 2009 Bulgaria contributed more funds to the EU budget than it actually utilized. As a response to the widespread corruption, the EC imposed financial sanctions as it suspended temporarily or definitively payments under the Pre-accession instruments and Operational Programs totalling around 1

billion euro. The country was deprived of financial resources which were crucial for the national development. In assessing the results of Bulgaria's EU membership one should keep in mind that the adaptation to the conditions in the EU has posed a challenge to all former socialist countries in Central and Eastern Europe. Unfortunately, Bulgaria was among those countries where the transition was very sluggish and ineffective. Another negative example in this respect was Romania which joined the EU together with Bulgaria.

Romania was the only other new EU member state to which the EC was forced to apply the same mechanism for cooperation and verification. The lack of satisfactory progress in the implementation of reforms and the absorption of the European funds led to virtually the same criticism on the part of the EC towards Romania. In its report issued in July 2009 the EC recommended a total of 16 measures dealing with reforms in the judiciary and the state administration. In the interim report published in March 2010 the EC focused once again on the poor results in the judiciary and the insufficient progress in combating corruption and organized crime in Romania.

As regards the utilization of the EU funds, Romania and Bulgaria are in a similar position. According to the „Gandul” newspaper (March 15, 2010 issue), over the first three years of its EU membership Romania effectively absorbed only 670 million euro, accounting for some 2% of the total EU funding of 30 billion euro allocated to the country until 2013. Yet, compared with Bulgaria, the degree of the utilization of the financial resources from the EU Structural Funds was a bit higher. Romania was ahead of Bulgaria as concerns the EC endorsement of its compliance assessments for the Operational Programs. According to EU data in the period 2007 - 2009 Romania absorbed 11.4 % of the entire funding provided through the Operational Programs which amounted to 19.6 billion euro in total. However, in 2010 Bulgaria and Romania ranked at the bottom in the EU with respect to the use of the European funds.

The slow progress of reforms, the high level of corruption and organized crime and the very low share of utilization of the EU funds gave rise to widespread criticism in the EU, that Bulgaria and Romania have been disappointing as an example of new EU member states. There were even comments that the accession of both countries to the EU was premature since they were not adequately prepared for the EU membership. Such an opinion was voiced by the former Special Coordinator of the Stability Pact for South

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Eastern Europe Erhard Busek, who thought that "it would have been fairer if, instead of Bulgaria and Romania, the EU has been given preference to Croatia's EU accession".

Olli Rehn, the EU Enlargement Commissioner in the period 2005 – 2009, declared that upon taking office he had found that "both countries were not ready for EU membership, but then the European Commission had no right to veto the time of completion of the accession talks." This was the reason why there was a recommendation by EC for the setting up of a monitoring mechanism and the adoption a clause for a possible delay of the EU accession of both countries. However, the precautionary measures were not taken, because "the governments of Bulgaria and Romania undertook serious reforms." Yet the lesson the EC learned from the last EU enlargement was that it would not be necessary in the future to specify in advance the Accession date for any applicant country before the completion of negotiations for EU membership and the convincing fulfilment of the criteria for membership.

In this way, the difficult process of adjustment of Bulgaria (and Romania) to the EU conditions, albeit indirectly, had an impact on the prospects of integration of the other Balkan countries into the EU. The political commitment of the EU to the future accession of all Balkan countries to the EU remains unchanged, but the procedure will be burdened with more stringent criteria for membership. For the first time this approach was outlined by the EC in the 2006 Enlargement strategy and main challenges. In particular the EC recommended an improvement of the mechanism for the start and completion of the accession negotiations. It also proposed that in the negotiation process should be included the results of the development of the political and economic dialogue between the EU and the candidate countries. Special attention will be paid to the most complicated issues, especially the reforms in the judicial system and the fight against corruption as they should be dealt with at an early stage in the negotiation campaign for EU membership.

On the whole, since its EU accession, Bulgaria has not used effectively the benefits from the European integration. This was one of the main reasons for the relatively insufficient progress achieved by the country in the economic field. In addition, one should take into account the slow pace and poor efficiency of the ongoing reforms and the negative impact of the economic crisis in 2009 – 2010. As a result, Bulgaria's present reputation as a full-fledged EU member remains flimsy. With regard to the degree of its economic development the country is far behind the advanced European

countries. Bulgaria is not an equal partner of the other EU member states and has limited potential to play an active role in the decision making process in the EU and in the implementation of its common policies, including the one concerning the Balkans. In a interview to the „Trud” newspaper (April 21, 2010) the Bulgarian Foreign Minister N. Mladenov admitted that the EU partners of Bulgaria had not yet turned to Bulgaria to seek its expertise on the Balkan issues.

By the size of its GDP, calculated on the basis of PPP, Bulgaria ranks in the 20th place among the EU member states. By the nominal value of its GDP, the country is in 22nd place in the EU as a whole. But by its GDP per capita Bulgaria ranks last among the EU member states.

Table 6. GDP PER CAPITA IN PURCHASING POWER STANDARDS (PPS) IN BULGARIA AND THE OTHER BALKAN COUNTRIES ( IN PERCENTAGE OF EU - 27 = 100 )

	2000	2007	2008	2009
Greece	84.1	92.8	94.3	95
Slovenia	79.7	88.6	90.2	86
Romania	26.1	41.6	47	45
<b>Bulgaria</b>	<b>27.8</b>	<b>37.7</b>	<b>41.3</b>	<b>41</b>
Croatia	49.2	60.2	62.7	64
Turkey	41.9	44.6	45.5	46
Republic of Macedonia	26.9	30.9	33	35
Montenegro	-	40	43	43
Serbia	-	34	36	37
Bosnia and Herzegovina	-	29	31	30
Albania	-	23	26	27

**Source:** Eurostat, June 2010.

Indeed, in the first decade of the current century there was a trend towards an increase of Bulgaria GDP per capita compared to the average level in the EU. From 27.8 % in 2000 it grew to 37.7 % in 2007, when Bulgaria entered the EU, to reach 41 % in 2009. But one should have in mind the very low initial level in Bulgaria compared to that in the other countries. Following the economic crisis in 2009 Bulgaria GDP per capita as percentage of the average level in the EU for the first time in many years dropped compared to 2008 when 41.3 %. Concerning the GDP per capita calculated in nominal value, this percentage in 2009 was considerably lower and according to the IMF accounted for less than 20% from the average EU level.



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By this indicator Bulgaria is behind not only the other three Balkan member states of the EU (Greece, Slovenia and Romania), but also behind some other countries in the region – Croatia, Turkey and Montenegro (See table № 6). The same is Bulgaria's position in other international rankings. Bulgaria's Global Competitiveness Index (compiled by the World Economic Forum) is the lowest in the EU and compared to six other Balkan countries – Slovenia, Turkey, Montenegro, Romania, Greece and Croatia. Compared with 2007, the year of its EU accession, Bulgaria practically did not improve its position.

In the international rating on the Corruption Perception Index (published annually by the Transparency International) Bulgaria is again at the bottom in EU and behind four other Balkan countries – Slovenia, Turkey, Croatia and Montenegro. In this regard over the last three years Bulgaria did not achieved any progress. On the contrary, the value of its index had a downwards trend: in 2007 it was evaluated at 4.1 that ranked the country third on the Balkans, in 2008 it dropped to 3.8 and thus putting Bulgaria on fifth place among the region's states. By the existing economic freedom (assessed in the international ranking compiled by the Heritage Foundation and the Wall Street Journal), in 2009 Bulgaria ranked fifth on the Balkans, but in the 2010 ranking the country dropped to eighth place in the region.

The reality is that though a member of the EU, Bulgaria is a country in political and economic transformation. Its Europeanization is not over. In case of an accelerated and successful reforms, quick and sustainable economic growth and an effective utilization of the resourced provided through the EU funds, Bulgaria has a chance to adapt itself to its status as an EU member state and to complete its Europeanization in about ten - twelve years' time. Unfortunately the economic crisis in 2009 – 2010 makes this perspective uncertain and problematic.

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**MAIN EVENTS IN BULGARIA'S EU INTEGRATION (By June 2010)**

**August 8, 1988** – Bulgaria and the European Economic Community (EEC) established diplomatic relations.

**May 8, 1990** – Bulgaria and the EEC signed the Convention on Trade, Business and Economic Relations. It envisaged gradual elimination of the quantitative limitations on Bulgarian import to the Community, and making mutual concessions in the field of trade in agricultural goods. The PHARE Programme was opened for the country.

**November 1, 1990** – The Convention on Trade, Business and Economic Relations between Bulgaria and the EEC became effective.

**March 8, 1993** – Bulgaria and the European Union (EU) signed the Europe Agreement and the Provisional Agreement on Trade and Related Matters. The Europe Agreement provided a framework for development of a profound political dialogue and for establishment of a free trade zone covering the trade between Bulgaria and the EU.

**April 15, 1993** – The Bulgarian Parliament ratified the texts of the Europe Agreement and the Provisional Agreement on Trade and Related Matters.

**June 21 – 22, 1993** – The European Council in Copenhagen concluded that “The associated countries in Central and Eastern Europe that so desire shall become members of the European Union... Accession will take place as soon as an associated country is able to assume the obligations of membership by satisfying the economic and political conditions required.”

**October 27, 1993** – The European Parliament ratified the Europe Agreement for Bulgaria.

**April 14, 1994** – The Government of the Republic of Bulgaria adopted a Declaration confirming the willingness of the country to become a member of the EU.

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**February 1, 1995** – The Europe Agreement between Bulgaria and the EU came into force.

**March 22, 1995** – The Council of Ministers of Republic of Bulgaria set up a special European integration mechanism, involving a Government Committee, a Coordinating Commission, and a Secretariat on European Integration at the Council of Ministers.

**May 29, 1995** – The first meeting of the Bulgaria - EU Association Council was held in Brussels.

**September 6 – 8, 1995** - A Joint Bulgaria - EU Parliamentary Committee was set up in Sofia.

**December 14, 1995** – The Bulgarian Parliament adopted a resolution for official application of Bulgaria for EU membership.

**December 15 - 16, 1995** – At the meeting of the European Council in Madrid Bulgaria submitted its application for EU membership. The European Council asked the European Commission to prepare an opinion on the membership application.

**March 23, 1998** – The Council of Ministers of the Republic of Bulgaria adopted a National Strategy on Bulgaria's Accession to EU.

**November 4, 1998** – The European Commission published its first regular reports on the progress of Bulgaria.

**December 10 – 11, 1999** – At the Conference in Helsinki the European Council decided to open the negotiations for Bulgaria's EU membership.

**February 15, 2000** – Beginning of the Accession negotiations between Bulgaria and the EU.

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**October 9, 2002** – In the European Commission's regular report Bulgaria was recognized as a "functioning market economy". The European Commission expressed its support to Bulgaria's accession to the EU in 2007.

**June 15, 2004** – The accession negotiations between Bulgaria and the EU on all 31 chapters were closed.

**December 17, 2004** – The European Council officially declared the end of the Accession negotiations between Bulgaria and the EU.

**April 13, 2005** – The European Parliament gave assent to the application of Bulgaria to become member of the EU. The report for Bulgaria was passed with 534 votes in favour, 88 against and 69 abstentions.

**April 25, 2005** – The Treaty for Bulgaria's EU accession was signed in Luxembourg.

**May 11, 2005** – Bulgaria's National Assembly ratified the Treaty of Bulgaria's Accession to the EU.

**September 26, 2006** – The European Commission published its last Monitoring report that contained the recommendation for Bulgaria's Accession to the EU on January 1, 2007.

**December 20, 2006** – The completion of the ratification procedure of the Treaty of Bulgaria's Accession to the EU.

**January 1, 2007** – Bulgaria joined the EU.

**January 22, 2007** – Meglena Kuneva sworn in as the first Bulgarian EU Commissioner.

**May 20, 2007** – Elections for Members of the European Parliament were held for the first time in Bulgaria.

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**June 27, 2007** – The European Commission published its first Report on Progress in Bulgaria under the Co-operation and Verification Mechanism.

**December 27, 2007** – The Bulgarian government made a request to the European Commission for starting a dialogue on additional EU financial compensations for the premature closing down of the first four units of NPP in Kozloduy.

**January 24, 2008** – The European Commission decided to temporary stop the financing to the value of around 300 million euro under ISPA program. The reason was the high – level corruption in the state Fund „Republican transport Infrastructure”.

**February 28, 2008** – The European Commission temporary blocked 50 – 75 million euro under PHARE program. The reason was the numerous abuses registered in the signing and the implementation of the individual contracts.

**March 7, 2008** – The European Commission temporary blocked another funding under SAPARD program to the total value of 140 - 150 million Euro.

**September - December 2008** – Bulgaria and the European Commission jointly approved the budgets for the seven Operational programs that are financed through the EU Structural funds.

**November 25, 2008** – The European Commission decided to definitively deprive Bulgaria of 220 million euro under PHARE program.

**January 22, 2009** – Bulgaria's National Assembly adopted decision that recommended the government in cooperation with the EU to undertake actions for re-commissioning of the third and fourth units of the NPP in Kozloduy.

**June 7, 2009** – Elections for Members of the European Parliament were held in Bulgaria.

**July 22, 2009** – In its regular Report on Progress in Bulgaria under the Cooperation and Verification Mechanism the European Commission proposed 21 recommendations

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for reforms in the Bulgarian judicial system and the improvement of the fight against the corruption and organized crime.

**August – September 2009** – The European commission rejected Bulgaria's compliance assessments for the Operational programs for EU funding.

**February 9, 2010** – The European Parliament approved the new European Commission. Kristalina Georgieva from Bulgaria became Commissioner for International Cooperation, Humanitarian Aid and Crisis Response.

**February 10, 2010** – The European Commission approved Bulgaria's compliance assessments for all Operational programs that are open to EU funding.

**May 20, 2010** – The European Parliament endorsed an additional financial aid to Bulgaria to the value of 300 million euro as a compensation for the premature closure of the first four units of the NPP in Kozloduy.

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