



Center for Strategic & International Studies Washington, DC

Looking Beyond the First Century of Diplomatic Relations

October 17, 2003

On October 17, 2003, the CSIS East Europe Project and the CSIS Europe Program hosted a joint roundtable on U.S.-Bulgarian relations, chaired by Janusz Bugajski and Simon Serfaty. The high-level delegation from Sofia included the Speaker of the Bulgarian Parliament Ognyan Gerdjikov, the Deputy Speaker of Parliament Kamelia Kassabova, and representatives of the four major political parties. On their tour of Washington, the Bulgarian delegation held meetings with Secretary of State Colin Powell, Speaker of the House of Representatives J. Dennis Hastert, the chairs of the international relations and legal committees of the House, and House party leaders.



The participants at the CSIS forum discussed different aspects of the political, security and economic relations between the United States and Bulgaria, as well as the issues of EU and NATO accession. Gerdjikov noted that Bulgaria is currently completing negotiations with the EU in expectation of becoming a full member by 2007. With regard to NATO membership, for the past two years Bulgaria has been acting as a full ally and was invited in November 2002 to join the alliance. Gerdjikov commented on the continued support provided by Washington as Bulgaria prepares for accession and emphasized that Bulgaria is a strategic ally of the U.S. in the global fight against terrorism.

Gerdjikov stressed the importance of strengthening economic relations as Bulgaria aspires to create an environment conducive to more substantial foreign investment. U.S. investment currently ranks sixth in the country and is preceded by countries that have much smaller economies, such as Austria and Greece. This indicates the extent of unrealized economic opportunities for American investments. Both the EU and the U.S. have recognized Bulgaria as a fully-fledged market economy.

One major question discussed was Bulgaria's position as the largest creditor country to Iraq in proportion to its GDP: Iraq's debt is equal to one tenth of Bulgaria's annual GDP. Of the \$1.7 billion debt, about \$1 billion represents the principle that accrued before the 1991 Gulf war. Gerdjikov stressed that Bulgaria strictly followed the embargo imposed by the UN Security Council on Iraq. Although Sofia is unwilling to forgive the entire sum of the debt, negotiations are still promising with the possibility of accepting repayment in crude oil or discounts on oil deliveries. Additionally, a portion of the debt could be settled by signing contracts with Bulgarian companies. Bulgarian specialists have significant experience in the Middle East, since they have been performing services in the region for over twenty years. Their expertise is most notable in the areas of medicine and construction.

Kamelia Kassabova addressed the issue of legal reform in Bulgaria, especially as political and business circles in the U.S. have expressed some concerns over the process. The Bulgarian National Assembly has launched the reforms by passing amendments aimed at improving transparency and decreasing corruption. Bulgaria has also taken steps towards implementing these reforms through disciplinary procedures that include provisions for releasing magistrates from office. The Ministry of Justice is also making renewed efforts in the training of magistrates.

With regards to Bulgaria's EU accession, parliament has been active on many fronts in order to conform to the *acquis communautaire*. Recently, the legislature passed laws on administrative controls with the objective of narrowing the application of the licensing regime; this is conducive to reducing corruption. A recent amendment to the bankruptcy provisions of the trade act also establishes more effective procedures. Among current issues on the legislative agenda are deliberations regarding the encouragement of foreign investment and efforts to reform tax laws, with the aim of lowering the tax burden.

Additionally, changes will be made to the Bulgarian constitution in order to coordinate it with the European Convention. The main task before parliament is legislating amendments to harmonize it with the work of the European Convention. Many of these issues are complex in practice. For example, the question of foreigners acquiring land must take into account the need to first allow land prices to rise as Bulgaria ascends to EU standards. Although Bulgaria has recently been successful in amending the constitution, Kassabova stressed the need to explain these changes to the public in order to prevent feelings of resentment towards Brussels. For instance, one provision relates to the partial transfer of sovereignty, and it is important to ensure that Bulgarian citizens do not see this as simply handing power over to Brussels.

Another issue raised at the conference was the need to promote democracy in the Balkans in order to ensure stability in the region. Coordinated efforts aimed at integrating the entire Balkan Peninsula into European structures are necessary for long-term security.

With reference to the news of firefights involving Bulgarian in Iraq, Gerdjikov noted that this was part of the risk undertaken by Bulgarian soldiers in entering Iraq. While thankful that no casualties resulted, this episode served as evidence of Bulgaria's firm stand and contribution to American efforts in Iraq.



troops

In terms of the energy situation, although Bulgaria exports electric energy, 42% of Bulgarian energy production relies on nuclear energy. Plants that did not meet the European safety requirements had to be shut down, but others fully meet the atomic energy safety guidelines. As tensions still exist with the EU on this issue, Bulgaria expects that the Union will inspect those units that remain open. Sofia is aware that the existing units will have to be closed within the next 10-15 years and is in the process of building new capacity for nuclear energy production.

Also raised at the meeting was the issue of how Bulgaria balances any tensions between its bid for EU and NATO entry. Political issues do arise, such as the debate over the International Criminal Court (ICC), where the U.S. and the EU are not in agreement. On the ICC issue Bulgaria is willing to support Europe, but Gerdjikov noted that it would be a mistake to counterpose EU and NATO membership. Bulgaria is best described as **in** Europe and **with** the United States. Notably, the public attitude in Bulgaria towards both initiatives is positive with 80% pro-European public opinion and 60% pro-NATO.



At the end of the meeting, Dr. Gerdjikov presented Janusz Bugajski and Simon Serfaty with medals, honoring their contribution to the strengthening of U.S.-Bulgarian relations.