

**BULGARIAN CONTRIBUTION TO THE ECONOMICS OF THE EUROPEAN UNION****Kalinkova Sabrina**

*Bulgaria, as one of the youngest members of the European Union (EU), has made significant contributions to the economic development of the Union. Since joining the European Union in 2007, Bulgaria has undergone a series of economic reforms and has shown impressive growth rates, which have had positive effects on the European Union's economy. The country's strategic location, low-cost labour force, and relatively low corporate tax rates have made it an attractive destination for foreign investors, leading to increased trade and investment flows between Bulgaria and other European Union member states. Bulgaria has also played an active role in the European Union's efforts to deepen economic integration and promote the digital single market. However, the country still faces challenges related to corruption, governance, and demographic trends that need to be addressed to ensure sustainable growth and to fully realize its potential in the European Union's economy.*

**Key words:** Bulgarian contribution, total product, European Union's economy.

**JEL Classification:** F15, F20

**ВНЕСОК БОЛГАРІЇ У ЕКОНОМІКУ ЄВРОПЕЙСЬКОГО СОЮЗУ****Калінкова Сабріна**

*Болгарія, як один із наймолодших членів Європейського Союзу (ЄС), зробила значний внесок в економічний розвиток блоку. З моменту вступу до ЄС у 2007 році Болгарія пройшла низку економічних реформ і продемонструвала вражаючі темпи зростання, що мало позитивний вплив на економіку ЄС. Стратегічне розташування країни, низька вартість робочої сили та відносно низькі ставки корпоративного податку зробили її привабливою для іноземних інвесторів, що призвело до збільшення торгівлі та інвестиційних потоків між Болгарією та іншими державами-членами ЄС. Болгарія також відіграє активну роль у зусиллях ЄС щодо поглиблення економічної інтеграції та просування єдиного цифрового ринку. Проте країна все ще стикається з проблемами, пов'язаними з корупцією, управлінням і демографічними тенденціями, які необхідно вирішити, щоб забезпечити стає зростання та повністю реалізувати свій потенціал в економіці ЄС.*

**Ключові слова:** болгарський внесок, загальний продукт, економіка ЄС.

**Brief overview about the current state of the European Union**

The European Union (EU) is a political and economic union of 27<sup>1</sup> member states that is formed in the aftermath of World War II as a means of promoting peace and prosperity across the continent. Today, membership in the European Union is seen as a valuable asset for countries looking to increase their economic growth, enhance their political influence, and promote greater cooperation with other nations. There are several key benefits to being a member of the European Union. One of the primary advantages is access to the single market, which allows goods and services to be traded freely between member states without tariffs or other barriers.

In addition to the economic benefits, European Union membership also offers significant political advantages. Members of the European Union have a position in shaping the Union's policies and regulations, as well as participating in its decision-making processes. This allows member states to have a greater voice on the global stage and to exert more influence in international affairs. Another advantage of European Union membership is the ability to collaborate with other member states on issues of common concern, such as climate change, terrorism, and migration. By working together, member states can pool their resources and expertise to tackle complex challenges that would be difficult to address on their own.

However, European Union membership also comes with certain obligations and responsibilities. Members must comply with European Union regulations and standards, which can sometimes be costly and time-consuming. They must also contribute to the European Union budget, which is used to fund various projects and initiatives across the union. There are also concerns about the potential loss of sovereignty that comes with European Union membership. Critics argue that the European Union's supranational structure and decision-making processes can undermine national sovereignty and democratic accountability. Additionally, some argue that the European Union's policies and regulations can be overly bureaucratic and restrictive, stifling innovation and entrepreneurship.

Despite these concerns, however, European Union membership remains an attractive option for many countries. Since its inception, the European Union has grown from just six member states to 27, with several more countries expressing interest in joining in the future. For many, the benefits of European Union membership outweigh the potential drawbacks, making it a valuable asset for countries looking to increase their economic growth, political influence, and international cooperation.

**Bulgarian Membership in the European Union: A Look at the Past, Present, and Future**

In 2007, Bulgaria became the 27th member state to join the European Union (EU). The country's accession to the European Union was the result of years of political and economic reforms, and it was seen as a significant milestone in Bulgaria's history. However, since its membership, Bulgaria has faced several challenges, including corruption, organized crime, and political instability.

<sup>1</sup> 28 members with United Kingdom until 2020. The analyzed data includes the information about United Kingdom.

### **Background on Bulgarian European Union Membership**

Bulgaria's path to European Union membership was long and challenging. After the fall of communism in 1989, the country embarked on a series of political and economic reforms. However, the pace of the reforms was slow, and Bulgaria faced several setbacks, including hyperinflation, high unemployment, and a banking crisis. In 1997, Bulgaria applied for European Union membership, and negotiations started in 2000. However, progress was slow, and the European Union repeatedly criticized Bulgaria for its slow pace of reforms, especially in the areas of justice, corruption, and organized crime. Nevertheless, Bulgaria continued its reforms, and in 2004, it was invited to join the European Union along with nine other countries. In 2007, after fulfilling all the conditions set by the European Union, Bulgaria officially became a member state.

### **Achievements and Challenges of Bulgarian European Union Membership**

Bulgaria's membership in the European Union has brought several benefits to the country. Firstly, it has opened up new markets for Bulgarian goods and services, creating new opportunities for businesses and contributing to economic growth. Secondly, it has increased foreign investment in Bulgaria, which has led to the development of new industries and the creation of new jobs. Thirdly, it has provided Bulgarian citizens with the right to live and work in any European Union member state, enabling them to benefit from the European Union's free movement policies.

However, Bulgarian European Union membership has not been without challenges. One of the most significant challenges has been corruption and organized crime. Bulgaria has struggled to combat these issues, and the European Union has repeatedly criticized the country for its lack of progress. Corruption has also hindered Bulgaria's economic growth and discouraged foreign investment. Another challenge has been political instability. Bulgaria has experienced several political crises since joining the European Union, which have hindered its ability to implement reforms and address its challenges effectively. Finally, Bulgaria's membership in the European Union has also exposed the country to the negative effects of the global economic crisis, which has affected its economy and led to high unemployment rates.

### **Future of Bulgarian Relationship with the European Union**

Despite its challenges, Bulgaria remains committed to its European Union membership. The country has continued to implement reforms in areas such as the judiciary, the fight against corruption, and organized crime. In 2019, Bulgaria adopted a new anti-corruption law, which was seen as a significant step forward in the country's fight against corruption. Bulgaria also benefits from European Union funding and support, which has helped the country modernize its infrastructure, improve its healthcare system, and address environmental issues. Additionally, Bulgaria is part of the European Union's Common Foreign and Security Policy, which provides it with access to the European Union's diplomatic network and decision-making process. However, the relationship between Bulgaria and the EU has been strained in recent years.

### **Bulgarian contribution to the economy of European Union**

Since Bulgaria has joined the European Union, the country has made significant contributions to the economy of the European Union, playing an important role in the region's economic development.

One of the most significant contributions Bulgaria has made to the European Union's economy is its strong agricultural sector. Bulgaria has a diverse range of agricultural products, including grains, fruits, vegetables, and livestock, which have contributed significantly to the European Union's food supply. The country has a long history of farming and agriculture, with fertile soil and a favourable climate for crops such as wheat, corn, and sunflowers. Bulgaria is one of the largest producers of sunflower oil in the world, and it is also a major exporter of wheat and barley. The country is known for producing high-quality rose oil and lavender, which are essential ingredients in the cosmetics industry. In addition to agriculture, Bulgaria has a thriving manufacturing sector that has helped boost the European Union's economy. The country is home to a variety of industries, including electronics, textiles, and machinery. Bulgarian businesses have been able to take advantage of the European Union's single market, which has allowed for the free movement of goods, services, and capital across borders, enabling them to sell their products throughout Europe.

In addition to its agricultural sector, Bulgaria is also a significant producer of energy. The country has large reserves of coal and lignite, which are used to generate electricity. Bulgaria is also investing in renewable energy sources such as wind and solar power, which will help to reduce the country's reliance on fossil fuels.

Bulgaria's location in south-eastern Europe also makes it an important transit hub for trade between Europe and Asia. The country's Black Sea ports provide a gateway to the Middle East and Asia, and Bulgaria is also a key transport corridor for natural gas and oil pipelines from Russia and the Caspian region. Bulgaria has also become an attractive destination for foreign investment, with many international companies setting up operations in the country. The Bulgarian government has implemented a number of measures to attract foreign investment, including offering tax incentives and streamlined bureaucratic procedures. As a result, Bulgaria has become a hub for outsourcing and has seen significant growth in its IT sector, with many companies outsourcing their IT services to Bulgaria due to its highly skilled workforce and cost-effective services.

Tourism is another significant contributor to Bulgaria's economy. The country has a rich cultural heritage and beautiful natural landscapes, making it an attractive destination for tourists from around the world. The tourism industry has provided employment opportunities for many Bulgarians and has helped boost the country's economy.

### **Bulgarian contribution in numbers**

The study of the contribution of the Bulgarian economy to the European Union through an analysis of the volume of total product should be seen as only one aspect of this analysis. Table 1 presents information on the absolute values of the total product created by the Bulgarian economy, as well as the overall product within the

integration community. As can be seen from the data presented, there is a trend towards an increase in these volumes from the beginning of the study period (2010) until 2019.

**Table 1: Absolute volumes of total product created in Bulgarian economic and the economic of EU (period 2010-2020; in EUR)**

|      | Bulgaria   | EU            |
|------|------------|---------------|
| 2010 | 79 172,48  | 23 924 299,00 |
| 2011 | 87 265,29  | 24 961 781,45 |
| 2012 | 89 310,45  | 25 375 748,57 |
| 2013 | 86 845,80  | 25 397 468,25 |
| 2014 | 92 215,70  | 29 842 339,02 |
| 2015 | 96 483,16  | 27 247 745,33 |
| 2016 | 96 158,00  | 27 288 803,46 |
| 2017 | 105 362,42 | 28 383 604,29 |
| 2018 | 114 657,98 | 29 558 812,51 |
| 2019 | 122 918,58 | 30 567 431,99 |
| 2020 | 120 918,17 | 28 857 818,72 |

Source: Eurostat

In 2020, the European Union experienced a significant economic decline due to the many areas, including employment, trade, and investment, which results in decrease of the value of COVID-19 pandemic. The pandemic had a profound impact on the European Union's economy, which led to the worst recession in decades. The pandemic's impact on the European Union's economy was felt in total product generated in each member-state.

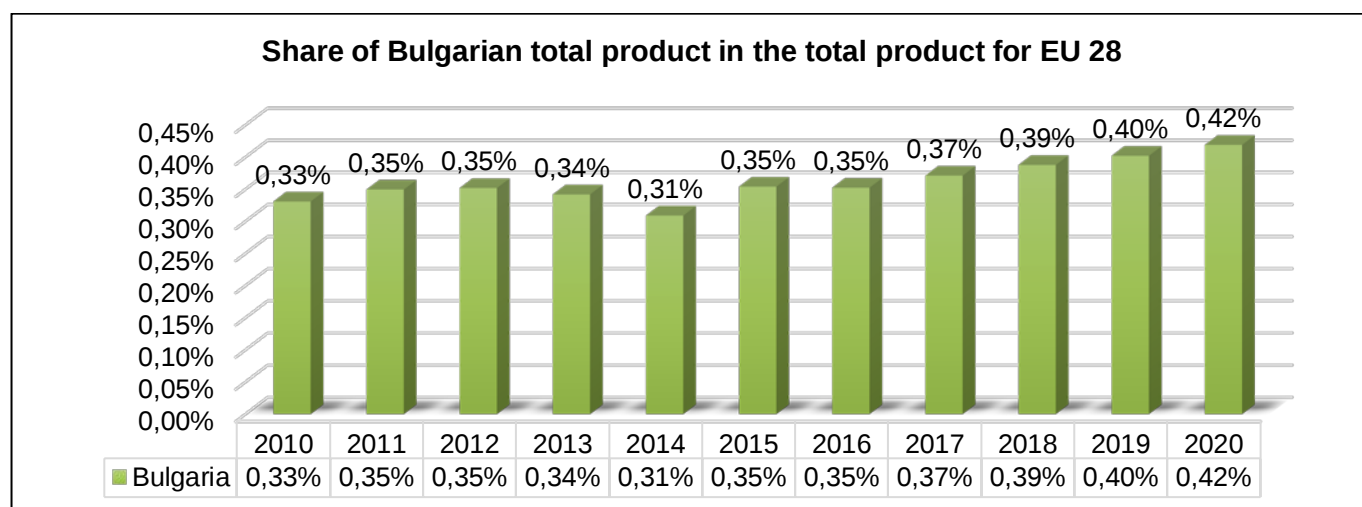
One of the main reasons for the economic decline was the measures taken to control the spread of the virus. These measures, such as lockdowns, social distancing rules, and travel restrictions, led to a significant reduction in economic activity across the European Union. The measures had a severe impact on the services sector, which accounts for the majority of the European Union's economic activity. Businesses such as restaurants, hotels, and retail shops were forced to close or reduce their operations, leading to significant job losses and a decline in consumer spending.

The impact of the pandemic on the European Union's economy was also felt in the manufacturing sector. The lockdown measures disrupted supply chains, leading to a reduction in production and a decline in exports. Many countries imposed export restrictions to ensure that they had enough medical supplies and equipment to deal with the pandemic. This led to a decline in trade, which further exacerbated the economic decline.

The European Union's economy was also impacted by the pandemic's global impact. Many of the European Union's trading partners, such as the United States and China, also experienced significant economic declines due to the pandemic. This led to a decline in demand for European Union exports and a reduction in foreign investment in the EU.

Diagram 1 illustrates Bulgaria's contribution to the overall production of the European Union based on its share. As can be seen, the share of the Bulgarian economy forms less than 1% of the Community's economy. These values are entirely understandable and are determined by the objective characteristics of the country - size, competitiveness, resource endowment, efficiency, and production potential.

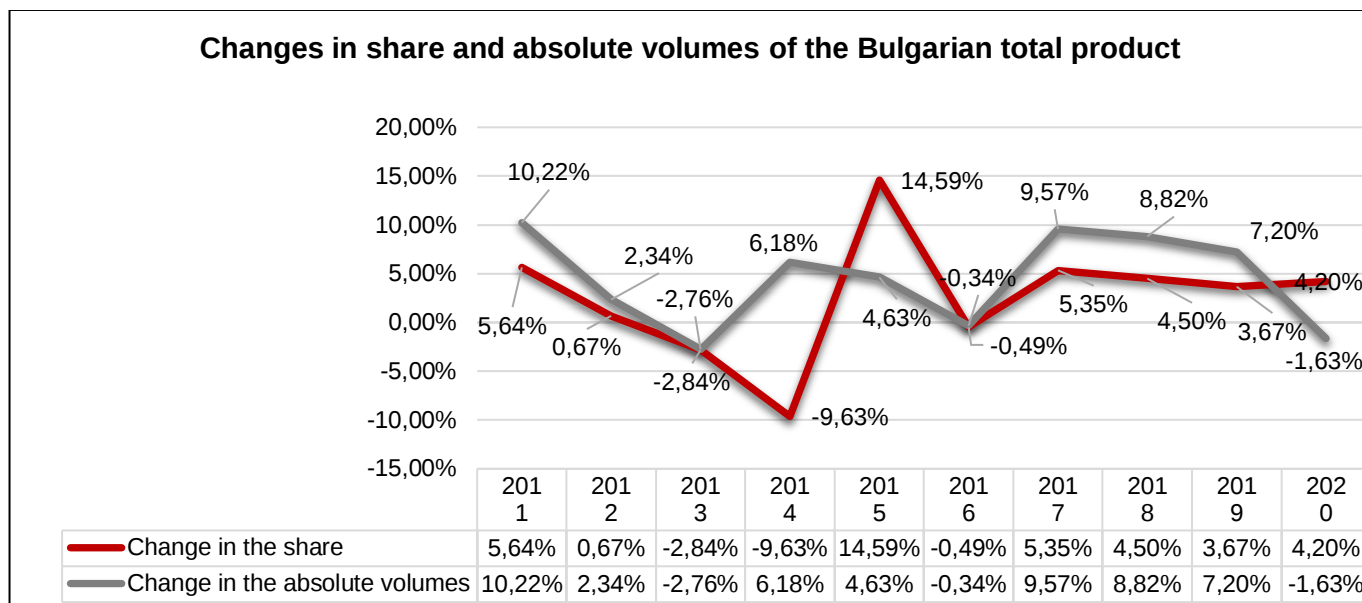
A positive trend that should be noted is the increase in the relative share size at the end of the study period compared to its beginning. To assess Bulgaria's role in the economy of the European Union, the presence of the just-mentioned trend in the face of the challenges posed by the COVID-19 pandemic should also be considered.



Source: Author's diagram, based on author's calculation with information provided by Eurostat

**Diagram 1: Share of Bulgarian total product in the total product for EU 28**

At the same time, it should be noted that there is no evidence of identical trends in the rates of change in the absolute volume of total product created in the Bulgarian economy and in the case of this total product within the Community. Diagram 2 provides visual confirmation of the statement formulated.

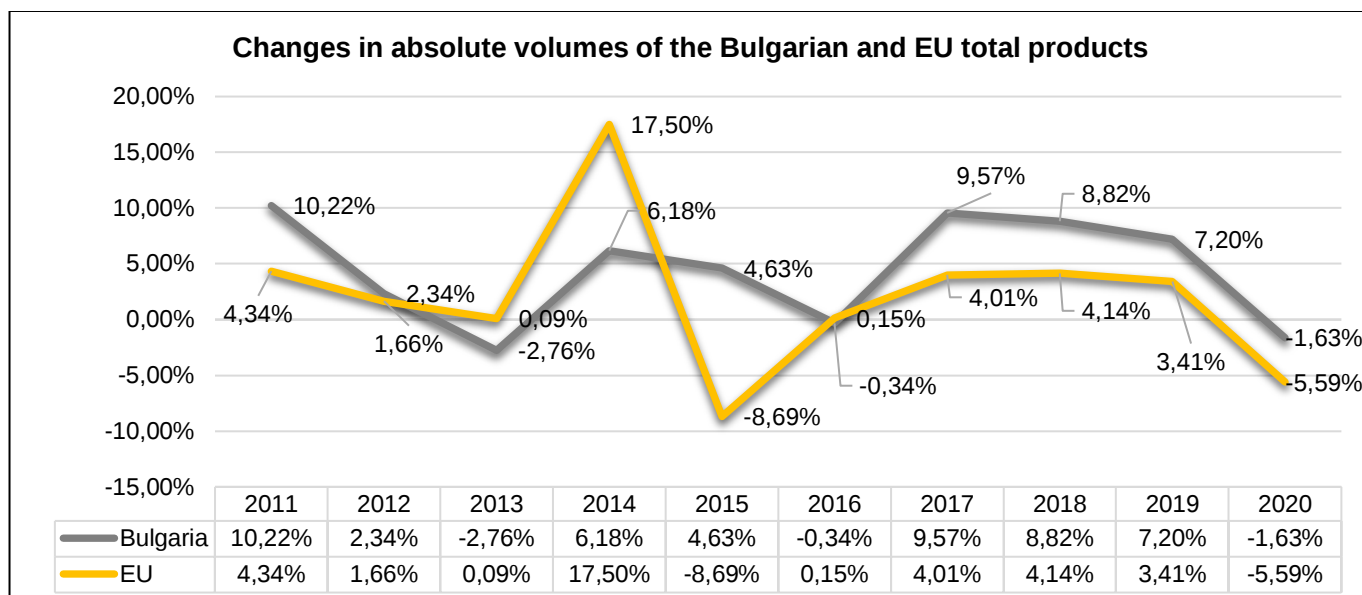


**Source:** Author's diagram, based on author's calculation with information provided by Eurostat

**Diagram 2: Changes in share and absolute volumes of the Bulgarian total product**

The presented data shows that there is a trend of leading changes (in a positive direction) in the absolute volumes of total product for Bulgaria compared to the change in the relative share of the same product within the European Union. In addition, it is noteworthy that there was a decline in the share of the Bulgarian economy in 2014, while there was a significant increase in the absolute values of the indicator. This trend continues until the last year of the research period (2020), when the change in the relative share is higher than the change in the absolute values. For this reason, it can be hypothesized that in the future, the importance of the Bulgarian economy for the development and functioning of the economy of the integration community will increase.

Last but not least, the comparison between the rate of change in the volume of total product for Bulgaria and that for the European Union is also of interest. For this purpose, Diagram 3 presents the studied changes.



**Source:** Author's diagram, based on author's calculation with information provided by Eurostat

**Diagram 3: Changes in absolute volumes of the Bulgarian and EU total products**

During the studied period (taking into account the presence of certain fluctuations) in the Bulgarian economic system, higher rates of change (increase and decrease) in the absolute volume of the total product are reported, compared to the changes in the economy of the European Union as a whole. For example, in 2010, 2015, 2017,

2018 and 2019, the growth rates of the total output created in Bulgaria were about twice as high as those characterizing the integration community. Only in 2013, 2014 and 2016 was there an increase ahead of Bulgaria in the European Union.

### Conclusion

In conclusion, it is evident that Bulgaria has made significant contributions to the economic growth and development of the European Union since its accession in 2007. Despite facing various challenges and obstacles, such as the global economic crisis and the COVID-19 pandemic, Bulgaria has managed to maintain steady economic growth and has been making continuous efforts to improve its economic situation. However, there are still challenges that Bulgaria needs to address in order to fully realize its potential as a member of the European Union.

Overall, Bulgaria's contribution to the economic success of the European Union cannot be understated. As a member state, Bulgaria has demonstrated its commitment to the European Union's values and has been a valuable partner in advancing the European Union's economic agenda. As such, Bulgaria's role in the European Union will continue to be significant and its contributions will continue to be crucial to the success of the European Union as a whole.

### References

1. Eurostat (2021), *ESA Supply and Use Tables; FIGARO input-output tables*. <https://ec.europa.eu/eurostat/web/esa-supply-use-input-tables/figaro>

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## СУЧАСНІ ТЕНДЕНЦІЇ І ПРОБЛЕМИ ЗОВНІШНЬОЕКОНОМІЧНОЇ ДІЯЛЬНОСТІ ПІДПРИЄМСТВ В УМОВАХ ВОЄННОГО СТАНУ

**Шугалій А. М.**

Вже більше року в Україні триває розпочата Росією війна проти України, яка є найбільшою за масштабами з часів Другої світової війни. Починаючи з 24 лютого 2022 року в Україні запроваджено військовий стан. У зв'язку з цим Україна зіштовхнулася з низкою питань, які потребують ретельного вивчення, негайного оперативного вирішення та державного регулювання. Зовнішньоекономічна діяльність підприємств в умовах воєнного стану має певну специфіку. Протягом усього часу повномасштабної війни економіка країни зазнала колосальних втрат, які продовжують накопичуватись.

Суттєву роль у стабілізації та відновленні економіки відіграє детальний аналіз поточної ситуації та чинників, що впливають на неї, а на підставі зроблених висновків - оперативне державне регулювання зовнішньоекономічної діяльності з метою забезпечення національної безпеки.

Державне регулювання зовнішньоекономічної діяльності спрямовується на захист економічних інтересів України, прав і законних інтересів суб'єктів зовнішньоекономічної діяльності. На сьогодні зовнішньоекономічна діяльність повинна забезпечити національну безпеку держави без перебільшення.

У сучасних умовах, коли окремі бюджетотворюючі підприємства держави зруйновані або пошкоджені, частина території окупована, а інша знаходиться під постійним обстрілом в зоні бойових дій, міжнародні логістичні шляхи експорту та імпорту товарів та логістичні центри постачання та зберігання товарів порушено, енергетична система зазнає безпрецедентних руйнувань, деякі міжнародні транспортні коридори закриті, а інші працюють з великим перевантаженням, пункти пропуску для авіаційного сполучення по всій державі закриті, а морські порти працюють в обмеженому режимі - державне регулювання зовнішньоекономічної діяльності підприємств має велике значення.

При цьому важливо забезпечити створення сприятливих умов для підприємств, що діють в умовах бойових дій та обмежень. Державне регулювання зовнішньоекономічної діяльності повинно забезпечувати їх захист та підтримку, зокрема шляхом зменшення бюрократичних перешкод,