

## Opinion of the Economic and Social Committee on 'Bulgaria on the road to accession (Own-Initiative Opinion)'

(2001/C 260/12)

On 13 July 2000, the Economic and Social Committee, acting under Rule 23(3) of its Rules of Procedure, decided to draw up an opinion on the above-mentioned proposal.

The Section for External Relations, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 28 June 2001. The rapporteur was Mr Ety.

At its 383rd plenary session on 11 and 12 July 2001 (meeting of 11 July 2001), the Economic and Social Committee adopted the following opinion by 117 votes to one, with one abstention.

### 1. Introduction

1.1. Bulgaria has experienced a particularly difficult start to its transition towards a market economy as well as towards democracy after the downfall of the Communist regime. For several years, serious political and economic instability prevailed. In 1997, decisive steps towards getting the latter under control were made by the adoption of a currency board agreement at the proposal of the International Monetary Fund. In the same year, the country elected its first Government since 1989 which succeeded in completing a full mandate of four years.

1.2. In addition to major problems of a domestic nature, the country and its neighbours have had to face the consequences of the Kosovo war. External factors, in particular the instability of the Balkan region, continue to be a handicap for Bulgaria's development. Hopes and expectations that the Stability Pact could help to remedy these negative influences have remained unfulfilled.

1.3. In last year's Progress Report, the European Commission noted progress towards meeting the Copenhagen economic criteria for the first time. The International Monetary Fund Article IV Consultation and Fifth Review Report on Bulgaria for the year 2000 also contained a cautious positive assessment as regards the country's economic performance. Several key indicators show marked progress (growth GDP, growth of exports, reduction external debt) and it was noted that the Government was getting inflation under control. Privatisation is considered to be well under way.

1.3.1. On the other hand, persistent weaknesses are identified as regards, for instance, serious shortcomings of the judicial and administrative system, corruption and the effects of these factors on the general business climate.

1.3.2. Bulgaria's progress in the economic field has not resulted in alleviating the — very low — standard of living, high unemployment (officially close to 20 %, with vast regional differences) and poverty.

1.4. The recent parliamentary elections seem to have confirmed the stability of Bulgaria's young democracy. However, the success of the National Movement for Simeon II and the clear defeat of both the ruling Union of Democratic Forces and the oppositional Bulgarian Socialist Party could very well be interpreted, as several observers have done, as an expression of lack of trust in politicians and political parties. It remains to be seen whether or not the new Government will be able to change this. If that will not be the case, the country might be heading once again for an uncertain future.

1.5. The opening of negotiations with the European Union on membership in February 2000 was the realisation of a major ambition of post-Communist Bulgaria. Progress made vis-à-vis the political and economic criteria of Copenhagen and with respect to the adoption of the European acquis has been recorded by the European Commission in its Regular Report on progress towards accession.

1.6. This Opinion will take the Commission's findings as a basis for its own assessment of the role organised civil society, and in particular economic and social interest groups, is playing in Bulgaria's preparation for EU-membership.

1.7. Both the Government of Bulgaria and the EU have expressed their interest in an active role of organised civil society on either side in the accession process. The Joint Consultative Committee EU-Bulgaria, set up under the Association Agreement between the EU and Bulgaria, has tried to strengthen that role since January 1999. It has done so, not only by analysing problems of mutual interest but also by establishing and activating a network of contacts in Bulgaria and in Brussels. The latter does not only include the relevant services of the European Commission and the Association Council, but also the major European federations of economic and social interest groups. With the Joint Parliamentary Committee for Bulgaria working contacts have been established.

1.8. Already before the Helsinki European Council, the Government consulted the interest groups on major economic and social policy issues.

1.8.1. Immediately after the decision of Helsinki to open negotiations on membership with Bulgaria, it has established special consultation machinery to involve organised civil society in its preparations for accession. This includes:

- inter-departmental working groups for the preparation of Government position papers and policies regarding the various chapters of the *acquis* in which the economic and social interest groups can participate;
- a Co-ordinating Council for European integration, chaired by the Deputy Minister of Foreign Affairs responsible for European Integration and the International Financial Institutions; major economic and social interest groups as well as other Non-Governmental Organisations have been invited to participate;
- access to particular meetings or working groups for some 40 NGOs and research institutes which have jointly set up a 'European Forum'. Members of the Forum which want to make a contribution to the preparation of the Government's negotiating positions can participate at request.

1.8.2. The Government's stated purpose of all this is to create greater transparency of the negotiation process, to improve democratic control, and to create better conditions for effective implementation.

1.9. In addition to the consultation structures created by the Government, Parliament has set up a Commission for European Issues for fast-track legislation related to the European *acquis*. This Parliamentary Commission can also consult economic and social interest groups.

1.10. It is relatively clear who the Government's major partners for consultation are as regards employers' and workers' organisations.

1.10.1. On the employers' side the Bulgarian Industrial Association (BIA) and the Bulgarian Chamber of Trade and Industry (BCTI) are the major federations at the national level. Most individual enterprises are affiliated to both. That is also the case as regards members of organisations bringing together small and medium-sized enterprises, small artisan businesses, as well as big business.

1.10.2. There are two major national trade-union federations: the Confederation of Independent Trade Unions in Bulgaria (KNSB) and the Confederation of Labour Podkrepa.

1.10.3. The four organisations mentioned take an active part in consultations. The BIA, KNSB and Podkrepa are represented on the JCC EU-Bulgaria.

1.10.4. The situation is more complicated as regards other interest groups. This is in particular true in the field of agriculture. According to the Government, it is consulting more than 70 organisations in this sector. However, none of the five national federations (some of which with large membership) are among them: The Bulgarian Farmers' Association, the Union of Agricultural Co-operatives, the Bulgarian Chamber of Agriculture, the Central Co-operative Union, and the Young Farmers' Association (which is a section of the Bulgarian Farmers' Association). These organisations are also not represented at the JCC EU-Bulgaria.

1.10.5. There is one major independent national consumers organisation: the Federation of Consumers in Bulgaria (FCB). Two years ago the Bulgarian National Consumers Association (BNCA) was established, originating in the (then) Ministry for Tourism and Trade. All the major economic and social interest groups represented on the JCC EU-Bulgaria have questioned the independent character of the BNCA.

1.10.6. Of the groups to be represented on the newly established Economic and Social Council (See Appendix I), craftsmen, professionals, environmental organisations and organisations of disabled are presently not part of the EU-Bulgaria JCC.

## 2. The Consultation process, some general points

2.1. Genuine consultation on economic and social policy is something new for Bulgaria. This must be taken into account when evaluating consultation practices with regard to accession so far. Under the old regime, the so-called economic and social interest groups were mere mouthpieces of the party and the political elite. Though today's Government is a democratically elected one, their views of interest groups and their expectations of value-added by consulting them may still be coloured by the more than forty years' old culture of the Communist past.

2.2. Many representatives of the interest groups, similarly, will to a certain degree be prisoners of the past. One cannot expect employers' federations, trade unions, consumers' associations, organised farmers, etc. to function already in the same way as their colleagues in countries with a long tradition of democracy and tripartite and bipartite dialogue.

2.3. Interest groups in Bulgaria may presently be much more politicised than their counterparts in the EU which are, of course, all but 'politically neutral', but as a rule free from and independent of political parties and/or the Government.

2.3.1. Any effort to evaluate the functioning of the consultation process, and the role the economic and social interest groups can play in expressing the views and concerns of their members as well as in involving them in the implementation of the European acquis, must take this background fully into account.

2.3.2. Furthermore, it should be acknowledged that such an evaluation only makes sense if the results are being compared with those obtained in other Candidate Member States.

2.4. Against this general background assessment, a basic observation to be made about the consultation process is that Bulgaria's future membership of the EU is a consensus issue. All the major political parties are of the opinion that there is no alternative to accession for Bulgaria. There is only a very limited public debate on accession, and it appears that all those concerned consider this to be positive.

2.4.1. This might reflect rather a general feeling that meeting the standards set by the European acquis is rather a legal and administrative exercise than consensus building regarding the content of the legislation passed.

2.4.2. For the Committee, this lack of debate is a point of concern. Hopefully, Bulgaria will benefit considerably from EU membership, but the adaptation process will certainly also cause serious problems. It is important that citizens are being well aware of both sides of the medal.

2.5. It is striking that so many laws implementing the acquis have been passed in the last few years without them being accompanied by an implementation plan.

2.6. Since it was set up, the Government has drawn up some 20 position papers on chapters of the acquis. Negotiations with the EU have been opened on 19 chapters now, 10 of these have been provisionally closed (see Appendix II).

2.7. Although consultation practice is still rather young and the chapters concerned encompass only a limited acquis, the adoption of which poses not such vast problems as for instance the chapters on Social Policy and Employment or

Agriculture will do, there seems to be sufficient basis now to draw some cautious interim conclusions. It is too early yet to identify trends, but it will be important to try and do that at a later stage.

2.7.1. First, it appears that the elaborate systems for consultation with the economic and social interest groups which has been in place since early 2000 appears to be mainly a formal structure, so far.

2.7.2. Second, consultations apparently have not been very intensive, so far. The Government's draft position papers for negotiations with the EU have not always been put at the disposal of (all of) the consulted organisations. It is not always clear which organisations are being invited and what the criteria for selection are. Consulted parties sometimes complain that their views are neither debated nor taken into account.

2.8. For none of the 19 chapters of the acquis under negotiation the Bulgarian Government has made an impact assessment which could serve as a point of orientation for the consulted organisations. The same is true for the additional chapters not yet opened, but for which a position paper has already been completed. Among the latter is the crucial paper on Agriculture. Impact assessments are an essential instrument for those particularly affected by changes due to implementation of the acquis. Without them, it will be very hard for them to develop their views on as well as their possible role in the implementation process.

2.9. Generally speaking, central organisations at the national level of employers and workers have been most regularly consulted. With the exception of the second largest trade-union centre, Podkrepa, these organisations seem to be fairly satisfied with the opportunity they have to express their views and the impact they have on the Government. They have concerns, though, about their own capacity to make competent contributions. For instance, KNSB referred to the fact that they could only participate in fifty percent of the working groups established by the Government. Sometimes this is due to the fact that they don't have sufficient expertise. Sometimes the expertise is there, but experts face insurmountable language barriers when confronted with EU texts.

2.9.1. Parts of the membership of these organisations do not seem as satisfied as their national leadership. For instance, on the employers' side (in particular among SME and crafts representatives) there are concerns that consultations predominantly take into account views defined at the central (inter-professional) and national level. They maintain that certain sectoral positions and interests outside the capital must be reflected as well.

### 3. The consultation process: specific points

3.1. More specific in the case of consultations regarding the acquis on Consumers and Health Protection (negotiations meanwhile provisionally closed), the major consumers' organisation, FCB, is very critical of the basic legislation now in place, both as regards protective regulations and the implementation and enforcement machinery foreseen in the law. The FCB complains that it has not been sufficiently consulted, that consultation had a purely formal character, and that the Government had completely ignored their suggestions for improvements which, they claim, were fully in line with the relevant acquis. They were highly surprised and disappointed to see that, apparently, the European Commission was satisfied with the Government's legislative performance. They expressed the concern that the Government could and would hide major weaknesses in the law behind the Commission's apparent satisfaction.

3.1.1. Another major point of criticism of the Consumers' Federation was that the Government was unwilling to cooperate with independent organisations which express dissenting views. According to them, such views are being interpreted as 'acts of hostility' (similar comments, not pertaining to consumers' issues but to social policy, have been made by the trade-union confederation Podkrepa).

3.2. As regards the consultations on the chapter on Small and Medium-sized Enterprises (also provisionally closed) criticism concentrated on the lack of attention for sector-specific problems in general, and on the drafting and adoption of secondary legislation without prior consultation of the relevant interest groups.

3.3. Five major national producers' federations in agriculture note that they have not at all been consulted by the Government when it prepared its recently completed position paper on the agricultural acquis.

3.3.1. According to them, the Government has consulted a host of smaller organisations at the regional or even at the local level, some of which had only recently been established, as well as think tanks and research institutes closely related and supported by the Ministry of Agriculture, which cannot be considered to represent civil society.

3.3.2. Their explanation for these practices, which conspicuously differs from the earlier noted alleged tendency to restrict consultations to central organisations at the national level, was that the Government had political motives. They were very critical as to the transparency of the process. As regards the Government's claim that all its positions can be found on the website of the Ministry of Agriculture they observe that it is only the final position paper which appears on the website.

3.3.3. In the course of the JCC EU-Bulgaria's recent work on agricultural issues related to Bulgaria's integration into the EU, such criticism was not voiced by the President of the Federation of Co-operatives in Bulgaria (PMRCA), who represents the interest groups in agriculture on the JCC.

3.4. The Committee has not been able to investigate the socio-economic aspects of two problems which have figured prominently in the Commission's Progress Report: the position of minorities in Bulgaria and the units 1-4 of the nuclear power plan in Kozloduy.

3.4.1. As regards minorities, and in particular the Roma, the Committee's impression is that the involvement of the social-economic interest groups in finding solutions for the difficulties reported by the European Commission has been very limited so far. It thinks that certain aspects of the minority problem are relevant for the interest groups in Bulgaria, in particular for employers' organisations and trade unions (e.g. labour market policies, vocational training). It would welcome a stronger involvement of its counterparts in the future. The Government might benefit in its own efforts of such involvement.

3.4.2. The closures foreseen in the Kozloduy nuclear plant will have important consequences for the community and its vicinity. Thousands of jobs are expected to be lost. The Committee wishes that the local authorities, local as well as national employers (organisations) and trade unions, as well as relevant NGOs, will be fully involved in the Government's and the Commission's efforts to alleviate the economic and social hardship which will be caused. Obviously, the work connected with closures will create new jobs, but at this stage it is not clear to which degree they will sufficiently compensate the redundancies.

### 4. Conclusions

Involvement by the Government of the economic and social interest groups in the preparation of Bulgaria for EU Membership appears to have been rather modest, so far. However, there is no reason to assume that Bulgaria is doing worse than other Candidate Member States in this respect. The Committee has tried to draw a fair and concrete picture of the state of affairs. The structures and practices discussed are still too young to allow it to identify trends. Following developments closely and stimulating positive elements will be an important task for the future.

Consultations of economic and social interest groups on the Government's policies as regards accession to EU membership, so far, have been, generally speaking:

- 4.1. not as systematic and comprehensive as the established structures and the stated intentions would suggest;
- 4.2. rather formal, in some cases perhaps even virtual;
- 4.3. lacking a proper basis: key instruments for meaningful consultations (like impact assessments) have not been developed;
- 4.4. unclear as regards the criteria for invitations used by the Government (with the exception of employers' and trade-union federations);
- 4.5. taking place at a relatively high and general level;
- 4.6. disregarding views critical of Government policies or plans;
- 4.7. primarily a technocratic and legalistic exercise on the part of the Government, and not linked to an approach which includes problem identification and problem solving;
- 4.8. sometimes handicapped by lack of capacity on the part of the organisations consulted.

## 5. Recommendations

### 5.1. The Government should:

- make a joint assessment with the economic and social interest groups of the quality of the consultation process so far and draw conclusions for improvements for the period to come;

- make impact assessments of the introduction of the EU acquis with the involvement of the economic and social interest groups;
- involve these groups not only in the preparation of its future legislation work in the context of accession, but also in the monitoring of implementation in practice of the EU acquis;
- jointly with the interest groups, identify areas in the acquis where the latter could play a role in implementation in practice, and try to find the most appropriate way to let them play this role.
- involve fully the Economic and Social Council in Bulgaria's preparations for accession.

### 5.2. The economic and social interest groups should:

- avail themselves of the opportunities for capacity building, created by the ACCESS — programme of the European Commission,
- in close consultation with the relevant European branch organisations try to find solutions for the problems which a large multiplicity of economic and social interest groups in some sectors creates for the effective involvement of organised civil society in the accession process,
- intensify the dialogue with their European branch organisations with a view to their input in the consultation process, in particular as regards those chapters of the acquis which are of major importance for them as well as for their counterparts in the EU.

### 5.3. The European Commission should:

- include the views of the economic and social interest groups on the progress made by Bulgaria in its future Regular Reports.

Brussels, 11 July 2001.

*The President*  
*of the Economic and Social Committee*  
Göke FRERICHS