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THE GLOBAL ECONOMIC CRISIS AND THE FUTURE OF EUROPEAN INTEGRATION

INTEGRATION OF THE BULGARIAN ECONOMY INTO THE EUROPEAN UNION – ACHIEVMENTS AND PROBLEMS

Nikolay Donchev*

Abstract: *The status of the EU economy and the economies of member states at the beginning of XXI century placed on the agenda a set of questions about future development of integration process and mechanism of its successful management. During the last century, the results at the EU economy level are being related increasingly to unemployment rate growth; lagging of labor productivity growth rate; lagging of technological development and competitiveness in international aspect; incapability for resolving ecological problems while the results at member-states level – to increasing debts and budget deficits, increasing social disaffection, euroscepticism and appearance of first symptoms for arising of disintegration processes. In the report, the achieved results in social, economic and ecological areas in the first programming period of the country as a full member of the EU are being analyzed and evaluated. The main focus is on studying of qualitative changes in the structure of the Bulgarian economy that occurs in the process of its integration into the economy of the EU.*

Keywords*: structural changes in the process of integration; competitiveness of the national economy, social and ecological development.*

1. Introduction

Bulgaria is a full member of the EU over six years but benefits of the integration process are still intangible. A set of questions about capability of the Bulgarian economy to utilize advantages generated by the integration process; to improve its competitive status; to create such results in the future, which to accelerate its integration in the EU. The main fault of discussions on that issue, before the acceleration of Bulgaria and as a full member of the EU as well, is considering of these questions out of the essence of integration process. For example, during the pre-acceleration period, the processes of growth and development of economy and the integration have been considered as independently processes. As a matter of fact, a true concept about these processes requires its

* University of National and World Economy, Marketing and Strategic Planning Department, Sofia, Bulgaria; n.donchev@unwe.acad.bg
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consideration within the philosophy of sustainable development and transition from economy based on industrial technologies to economy based on information technologies; to knowledge economy.

This disadvantage is one of the reasons, the different effects of integration process development to be examined superficially. In this way, the essential changes of development of the integration process, which happens in the basic of economic system, are not being examined. Hence, the analysis and the assessment of the results of the integration process are getting dependent on arbitrariness. In view of that the correct assessment of the integration process results requires clear notion of the essence of the integration process and mechanisms of its successful management. Only then, a clear notion for success of the Bulgaria economy in the integration process could be possible; for problems, which follow this process; for defining the approaches for accelerated development and integration.

2. Main text

The contemporary economic theory considers integration as an objectively necessary process, which allows surmounting the objective discrepancy between volumes of national output for certain type production and national market size for the same type of production. The integration allows achievement of optimal scale of territorial complex in which boundaries the circle between output and consumption is closed (Mateev, Evgeni 1967; Manov, Vasil 2001). The most developed integrated community in the world – European Union – for the last ten years becomes one of the main factors of political and economic scene in the world. The total number of population in 2012 is 503 663 601 people, which presents about 7 % of the world population and the third-largest size internal market in the world. In GDP per an employee (person employed) the EU holds second place in the world after USA. The EU is the biggest investor in the world. Along with it is the biggest receiver of foreign direct investments from abroad. The EU holds leading place in the world in exports of goods and services. The European economy forms about 22 % of world export (18 % of world trade in goods and about 26 % of world trade in services) followed by China (15 %), USA (13 %), Japan (8 %) and India (2 %).

The development of the integration process leads to expansion (absolutely and relatively), absorption and intensification of economic connections between partner countries. That is confirmed by data for rates of foreign trade and GDP of EU countries. At the time the share of trade between member-states of the EU reaches almost 70 % (for particular countries up to 86-88 %) from the total commerce (Eurostat, 2012). This tendency of economy openness to countries of integrated community is typical of Bulgaria. In the period 2000-2012, the share of commerce with the EU member-states reaches up to 60 % of total trade, while the rates of export and import to/from countries in the EU outstrips growth rates of GDP.

The history of European integration shows that beside extension and intensification of external economic relations, essential changes in the structure of export and import between partner countries occurs. Gradually, a transition from trade of finished products of different sectors to trade with modules and details within the sectors has been accomplished. Knowledge-intensive sectors become generators of growth of foreign trade between these countries. This thesis is confirmed by data for structure of export, import and trade as a whole between Bulgaria and countries in the EU.

In the structure of total trade as a whole the share of row materials and materials decreases, while the share of consumer goods, investment goods and energy resources increases (if only slightly). In 2000, the row materials and materials presented 48 % in the export structure for countries in the EU and 45 % - in the structure of import. In 2012, the share of row materials and materials in the structure of export and import to/from countries in the EU decreased respectively to 44 % and 37 % respectively. The share of investment goods in the structure of export to countries in the EU significantly increases. If in 2000 it was 11 % of the total export to countries in the EU, in 2012 this share increased to 20 %. However, Bulgaria still significantly falls behind with export of high technology products. Their share in the export of the country is under 3 % compared with 16 % for the EU.

The tendency of increasing the share of products of the high-technology sectors in the foreign trade between partner countries, owing to absorption of integration, leads to change in the type of competitiveness on the international markets – from competitiveness based on prices and quality to competitiveness in the field of technologies. The high expenses on research and development activities and the high risk of market failures of each new product provoke the interest in expanding the collaboration between countries in the field of science researches. It leads to expansion of the scale of production, enhancing effectiveness and rate of integration.

Bulgaria significantly falls behind European standards in this field too. Bulgaria takes the last place in gross domestic expenditures on scientific research and development. According to the last research of European Innovation Union (2013), Bulgaria is in the group of modest innovators countries.

As main reasons for the weak progress in the field of science, technologies and innovations are indicated: insufficient integration between policies in the field of intellectual property defense; innovation policy; small and medium size enterprises policy; entrepreneurship policy; science and technologies policy; low rate of expenditures on scientific researches and innovations (especially in the private sector); inadequate quality of science production; low rate of coordination between the main elements of knowledge triangle – science, education, business; lack of interest from scientists to resolve problems in the industry; lack of motivation amongst the young people to be engaged in science and scientific researches; low rate of defense of intellectual labor.

The integration as an objective process creates possibilities to certain country based on specialization to modernize its economy at accelerated rates, to create and develop competitive advantages and in this way for a shorter time to achieve better economic results. Bringing each one production to its optimal scale and eliminating the obstacles to the free movement of goods, services, people and capitals present the necessary preconditions for building the specialized vector of national production and the universal vector of national consumption. They form the base for a dynamic competitive development of each member state.

The theory of regional economic integration connects these possibilities to creation of two types of effects – static and dynamic. In the base of static effects is the change of relative prices of goods and factors of production owing to eliminating of tariff and non-tariff restrictions. Hence, a number of other effects are ensued – generating and diversion of trade; prosperity; specialization; change in the structure of consumption; etc. The dynamic effects raise significantly higher interest. They are related to enhancing the investment

activity, enlarging the production and increasing the rate of its specialization, technological innovations, enhancing production effectiveness, improving of manufacturing organization and management, achieving higher economic growth rates (Marinov, Velko 2004).

The historical view to European economic integration shows that if a country with a lower rate of social-economic development joins to the integrated community, initially the country relies on advantages based on basic factors – mainly natural resources and low labor costs. However, the specialization in low-technology and labor intensive manufacturing could extend structure problems in addition, if the country does not prepare its economy for transition towards creation of advantages based on development of superstructural factors (knowledge, innovation, etc.). According to Paul Krugman, extending of specialization and resource concentration in regions with intensive economic activity originate unbalanced development and arising regional disparities. He expresses doubts concerning the ability of market forces to manage with these regional disparities in development and because of that recommends purposeful community and national policy for overcoming of regional disproportions (Krugman, Paul 1993).

Does the integration process in the EU create preconditions for enhancing the national competitiveness based on international specialization? The answer of that question requires a clear notion of competitiveness of a national economy to be provided since that topic is quite broad and is examined by different points, at first. A universally accepted method for assessment of national competitiveness is the method of The World Economic Forum. It is based on 12 criteria for assessment of competitiveness: institutions; infrastructure; macroeconomic environment; health and primary education; higher education and training; goods market efficiency; labor market efficiency; financial market development; technological readiness; market size; business sophistication; innovation. All of these determinants impact on competitiveness in different ways. Their influence is visible on the top of national economic system`s structure, i.e. changes in economic system`s fundamentals remain concealed.

According to Michael Porter (Porter, Michael 2004), a necessary condition for enhancing the competitiveness of a national economy is its international specialization. There is no country which could be competitive in everything. He defines the efficiency with which a national economy uses its resources to achieve a final single objective as a main determinant for competitiveness. Because of that, the main criterion for success in the field of economic development in quality aspect is the efficiency. Based on that fundamental, the development of integration process is justified if expanding of international specialization leads to enhancing efficiency with which national resources are used.

In the current report efficiency of national economy is examined in three aspects. The Leontief model is used (more familiar in practice as “input-output” model) as a main instrument in the study of efficiency in its three aspects (Eurostat Manual of Supply, Use and Input-Output Tables, 2008). The first aspect examines the efficiency with which a particular sector uses production of other sector to produce one unit of its own final output (regular scalars of the matrix $(I-A)^{-1}$ are mainly used). The second aspect examines the efficiency with which the particular sector is functioning (elements on the main diagonal of the matrix $(I-A)^{-1}$ are used). The third aspect examines the efficiency with which the economic system is functioning as a whole (the value of determinant of the matrix (I-A) are used) (Manov, Vasil 2001). The main idea, competitiveness to be examined through

elements of the matrix $(I-A)^{-1}$, is that competitiveness at national economy level has expression in reducing expenditures (materials, labor, capital, import) for producing one unit total and one unit final output.

The examination of connection "specialization – competitiveness" is accomplished by comparisons of changes in total (i.e. direct and indirect) material costs for one unit final output in sectors in which the country acquires or enhances its specialization. The specialization is calculated as a ratio between a share of a sector in the structure of national economy and a share of a sector in the structure of the EU-27 economy. During the last two decades, the Bulgarian economy keeps high specialization of production in sectors and activities, requiring usage of comparatively low qualifications and technologies (agricultural, extractive industry, textile and leather industry, oil products). Practically, the competitive advantages of Bulgarian economy are based on low prices of basic factors – labor, natural resources not to specialized factors as innovations, trainings, scientific researches and technologies, etc.

The data shows that Bulgaria receives specialization in four sectors, enhances its specialization in three sectors and decreases (but keep) its specialization in four sectors. In both sectors in which the country receives specialization - non-metallic mineral products and metal products – total materials expenditures decrease, while in the other two - food products, beverages and tobacco products and public administration services – total materials costs for one unit final output increase owing to receiving specialization. In two of sectors in which the country increases its specialization in the EU - textiles and wearing apparel and transport and communications – total materials costs increase, while in the other sector - extractive industry – total material expenditures decrease owing to increasing specialization. In three (agricultural and forestry, oil products and electricity, gas and water) of four sectors in which the specialization of the country significantly decreases, total materials expenditures decrease too. In the other sector (shoes and leather products) total material expenditures increase owing to decreasing of specialization.

The "input-output" model enables extensive research of national competitiveness, i.e. examination of structural changes in fundamentals of the economic system. Firstly, it accomplishes through tracing changes in direct input coefficients and the inverse input coefficients for particular resource (direct and total (direct and indirect) consumption of materials; direct and total (direct and indirect) consumption of energy). Secondly, through examination of elements of the final output impact on the import, labor costs and consumption of fixed capital. Thirdly, through change of the direct expenditures matrix (I-A) determinant.

The assessment of national competitiveness through direct input coefficients and the inverse input coefficients for particular resource is made by tracing change of consumption dynamic in different sectors. In the examined period, in the economy of Bulgaria (compared with other EU member-states) the most significant changes are observed in direct and inverse input coefficients of consumption of materials. Only in one sector for each of the two groups (10 sectors with the highest and 10 sectors with the lowest direst consumption of materials), Bulgaria retains its position at the end of the period compared with the beginning. Although, as a whole, the number of sectors in which the direct consumption of materials reduces (in 30 out of 59 sectors) is larger than the number of sectors in which it increases (29 out of 59 sectors), in 6 sectors the growth is significant. In

sector “Professional, trade, political, religious and social organizations services”, the direct consumption of materials increases 72,47 times; in sector “Education services” – 68,06 times; in sector “Secondary raw materials” – 35,39 times; in sector “Health and social work services” – 15,93 times; in sector “Air transport services” – 11,78 times; in sector “Wearing apparel, furs, leather and leather products” – 7,19 times. In three sectors, the direct consumption of materials increases over four times; in three sectors over three times and in five sectors over two times.

The picture of efficiency is quite similar, based on assessment through change of inverse input coefficients of consumption of materials. In 31 sectors out of 59, the total (direct and indirect) consumption of materials increase but significantly less than the growth of direct input coefficients of consumption of materials. In 27 sectors, the total (direct and indirect) consumption of materials decreases but the difference in efficiency between Bulgaria and other examined countries increases. At the beginning of the period, Bulgaria has lower values of total (direct and indirect) consumption of materials in 26 sectors compared with the average levels in the EU, while at the end of the period – only in 11 sectors.

An unfavorable picture is observed for change of efficiency with which the energy resources are generated and utilized. In “input-output” model, the energy sector is presented under code 40 according to NACE and is named “Electrical energy, gas, steam and hot water”. The efficiency of generation of one unit energy is examined by column-vector of matrix of input coefficients for intermediates (technology matrix “A”) and column-vector of Leontief inverse matrix $(I-A)^{-1}$. The efficiency of utilization of one unit energy is examined by column-row coefficients of the two matrices (i.e. coefficients of direct costs of energy for one unit of total output by sector and total costs (direct and indirect costs) of energy for one unit of total output by sector). The efficiency with which “Electrical energy, gas, steam and hot water” sector is functioning is examined by change of element  .

From the viewpoint of efficiency, with which one unit total output in sector “Electrical energy, gas, steam and hot water” is produced, Bulgaria is amongst countries in the EU with significant higher values compared to the average level of materials consumption. At the beginning of examined period, the coefficient was 1,1309, while at the end of the period decreased to 1,1017. That enhancing of the efficiency with which the sector is functioning impacts on country’s position compared with other EU member-states – from 11^{th} the country climbed to 5^{th} place. However, significant retreat is observed in the efficiency of utilization of each energy unit. Although, tendency of decreasing over years occurs, the difference retains too large. Direct input coefficients and the inverse input coefficients of consumption of energy show that sectors in the Bulgarian economy consume almost twice more energy to produce one unit total output and own final use output compared with the average level for the EU and over four times more compared with leading countries.

The next aspect of which valuation of efficiency in the process of Bulgarian economy integration in the EU is followed is connection between primary resources (presented in the third quadrant of the model) and elements of output for final uses (presented in the second quadrant of the model). This connection is essential for implementing of the economic policy since it reveals the impact of output for final uses elements (consumption by households, consumption by government, investments and

export) on primary resources (import, compensation of labor and consumption of fixed capital). The impact is measured by two types of coefficients – horizontal and vertical. Horizontal coefficients show allocation of particular primary resources between elements of output for final uses while vertical coefficients show the structure of primary resources in each element of output for final uses. According to some authors, who have examined that connection in different national economies, vertical and horizontal coefficients are most stable in the time.

For Bulgarian economy vertical coefficients show that:

- ⇨ Consumption by households is mostly import intensive, secondly – labor intensive and thirdly capital intensive.
- ⇨ Consumption by government is mostly labor intensive, secondly – import intensive and thirdly – capital intensive.
- ⇨ Investments are mostly import intensive, secondly labor intensive and thirdly capital intensive.
- ⇨ Export is mostly import intensive, secondly – labor intensive and thirdly capital intensive.

During the study period, with exception of consumption by households, there is a growing tendency to increase the share of import in the other three elements of output for final uses. In other words, each one unit of output for final uses, which is used for investments or export, leads to increase of the import. For the four elements of output for final uses occurs a tendency to decrease the share of compensation of labor and to increase the share of consumption of fixed capital.

Horizontal coefficients show that:

- ⇨ The biggest consumer of imported raw materials and materials is the consumption by the households, secondly – the export, thirdly – the investments and fourthly – the consumption by the government.
- ⇨ The biggest consumer of compensation of labor is consumption by the households, secondly – the consumption by the government, thirdly – the export and fourthly – the investments.
- ⇨ The biggest consumer of fixed capital is the consumption of households, secondly – the consumption by the government, thirdly – the export and fourthly – the investments.

For the three elements in the third quadrant – export, compensation of labor and consumption of fixed capital – the most significant changes in allocation to the particular elements of output for final uses are observed in the import. There is a tendency to decrease the share of consumption by the households and the export and to increase the share of investments. The share of consumption by the government retains relatively constant. In the study period, the shares of the four elements retain relatively constant in the distribution of compensation of labor and consumption of fixed capital (the change is about 1-2 %).

At that rate of development of the integration process in the EU, the impact of the entity (i.e. integrated community) on its parts (i.e. member-states) is getting more visible. In this way, the objective laws of development of the integrated community, as a whole, influence more intensive on development of particular national economies. Their successful

development in the future is getting more and more dependent on development of the integrated community, as a whole. In brief, this dependence could be examined through the determinant of the matrix (I-A).

It presents an integral assessment of efficiency with which the economic system is functioning, as a whole, since the determinant of the matrix (I-A) shows the activity coefficient with which the economic system process input resources into output for final uses. According to the theory, the determinant varies between 0 and 1. If the value of the determinant moves to 0, it means the economic system, as a whole, gets more unproductive. Vice-verse, if the value of the determinant moves to 1, it means the economic system, as a whole, increases its activity coefficient of processing resources into output for final uses.

The method which Eurostat uses to collect, process and present information in Symmetric input-output table for domestic output for the EU-27 and the EU-17enables connection between efficiency, with which particular elements are functioning (i.e. particular national economies) and efficiency, with which the whole is functioning (i.e. the economy of the EU) to be examined. Based on the system theory, the efficiency with which the whole is functioning cannot enhance without the efficiency with which its element are functioning to increase too and vice-verse – to increase the efficiency of particular elements, the efficiency with which the whole is functioning needs to increase too.

Data for determinants of the matrix (I-A) for the economy of the EU as a whole show that during the last ten years, there is a sustainable tendency to decrease of the efficiency with which the economy of the EU is functioning, as a whole. This tendency of deterioration of the efficiency is typical for the economy of countries in the euro zone (EU-17). From this point of view, comes that, the integration process in the EU has not subserved to increase competitiveness of the European economy as a whole. These tendencies of deterioration of the integral efficiency have been extending additionally since the beginning of world financial and economic crises in 2008.

The picture of integral efficiency with which the Bulgarian economy is functioning in that period does not look different. Data show that the country does not fully utilize the possibilities of the integration process. Unfortunately, the study shows that it concerns the other member-states in the EU. Only for 7, out of 20 examined countries, there is a tendency to increase value of the determinant of the matrix (I-A).

Table 1. Value of the determinant (det) of the matrix (I-A)

	2000	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**
det EU 27	0,26795	0,26991	0,26701	0,26308	0,25746	0,25018	0,24328	0,24597	0,00114	⋯
det EU 17	0,00257	0,00228	0,00255	0,00170	0,00229	0,00200	0,00170	0,00159	0,00154	⋯
det Bulgaria	0,01412	0,01417	0,00130	0,00105	0,00752	0,00679	…	…	0,02612	0,003306

Source: Own calculations based on Eurostat data.

Significant lagging occurs in indexes describing the transition towards sustainable development. For example, in 2000 the difference measured by GDP per person in EUR between Bulgaria and the average level in the EU is 8,55 times, while compared with the leading country (Luxemburg) - 26,45 times. In 2010, the difference is respectively 6,07

times и 18,74 times. In 2000, labor productivity per hour worked in Bulgaria (3,6 euro/hour) is 14,16 times lower compared with the leading country in the EU (Luxemburg – 51 euro/hour) while compared with the following two countries – Sweden (38,5 euro/hour) and Denmark (40,5 euro/hour) and the average level for the EU-27 (26 euro/hour) – the difference is respectively 10,69 times, 11,25 times и 7,20 times. In 2010, the difference compared with the leading country Luxemburg (54,6 euro/hour) gets 14,75 times while compared with the following two countries – Sweden (45,6 euro/hour), Denmark (42,5 euro/hour) and the EU-27 (28,4 euro/hour) it is as follows: 12,32 times, 11,48 times и 7,67 times (Sustainable development in the European Union 2011).

The difference in the efficiency of resource usage (Domestic Material Consumption - DMC) between Bulgaria and countries in the EU is significant. In 2000, in Bulgaria with one unit expenditure of materials 0,13 euro GDP is created while in 2007 – 0,14 euro GDP. In Luxemburg, in 2000 with one unit expenditure of materials 2,70 euro GDP is created, in Holland – 2,2 euro GDP, in the EU-27 – 1,2 euro GDP. In 2007 these values for Luxemburg, Holland and the EU-27 are respectively 4,32 euro GDP; 2,6 euro GDP и 1,3 euro GDP. In other words, if in 2000, the difference in efficiency with which one unit expenditure of materials is used, between Bulgaria and Luxemburg was 20,7 times, compared with Holland 16,9 times, compared with the EU-27 – 9 times, in 2007 г. the difference with Luxemburg gets 30,8 times and with Holland – 18,6 times.

For the period 2000 – 2008 (before the beginning of the crisis), Bulgaria marks the highest rates of employment growth and GDP compared with other member states in the EU. What is behind these high rates of growth? Data shows that these high rates of growth are achieved in conditions of outpacing dynamic of growth of extensive component (i.e. number of employees) compared with dynamic of decrease of intensive component (labor productivity of an employee).

For achieving success in enhancing competitiveness, it is possible to speak when this employment leads to systematic increase standard of living and all social stratums. In view of that, a criterion for success in the field of employment should be not that much achieved rates of employment while change in level of human development, i.e. in degree of necessity satisfaction (physical, social, intellectual). It refers to change in the structure of human needs in approach to increase share of those necessities which characterize human development in proper sense of the word. One of main indexes of success assessment in this field is structure of expenses by households' budget.

Main share in the structure of expenses by households is still for food. It presents about 36 % of total consumer expenditures which is a mark of low grade of satisfaction. In comparison with leading countries in the EU based on economic development, the share of food presents fewer than 10 % of total consumer expenditures (Germany, Denmark, Ireland, Holland, and Luxemburg). Share of expenditures for health services; transport; telecommunications; entertainments; culture; variety of goods and services retains relatively constant in the structure of total expenses – 20-22 %. For development member-states of the EU, these expenditures form about 40 % of total household expenses (respectively on average base per person).

For the whole period, there is a tendency to increase of income but data for poverty threshold show that the increase does not succeed to pull out people from poverty and social exclusion. In 2008, the share of people living in households under risk of poverty,

physical privation or low intensity of labor goes up to 39 % in Bulgaria. There is no essential change of reduction in inequality of total income distribution. For the study period, ratio between incomes of 20 % of population with highest income and incomes of 20 % of population with lowest income retains relatively constant. The difference in incomes for Bulgaria is almost 7 times while for countries as Finland, Sweden, Denmark varies between 3.3 – 3.5. In 2001, Gini coefficient for Bulgaria and Romania is respectively 26 and 30 while in 2008 increases relatively to 35,9 and 36. In Sweden, Denmark, Slovenia this coefficient varies between 22-24. Inequality in distribution of national wealth is most significant in the country with highest growth of GDP and employment.

High hopes for accelerated modernization and integration in the EU of the Bulgarian economy lay on resources of European funds. Data for utilization of funds by operational programmes show that there is high probability the country to become net contributor to the EU budget in the first programming period. For the period 2007-2011, the country has paid in the EU budget EUR 1 812 121 535. For the programming period 2007 – 2013, the amount of EUR 11 404 648 986 (EUR 9 395 886 548 grant and EUR 2 008 762 438 national co-financing) have been agreed for operational programmes in Bulgaria while as of 30.11.2011 the amount of EUR 2 210 920 615 is utilized or 19,39 % of which EUR 1 817 658 518 – EU' funds. In other words, for the first five years of Bulgaria's EU membership, the net effect of European funds is positive – EUR 5 536 983. Reasons for the low level of utilization should be looking in public administration and firms.

As main weaknesses of the EU funds utilization at national level are identified – delay in preparation and acceptance of legislation, instructions, guidelines for beneficiaries and application forms for each operational programme; lack of administrative capacity at national and regional level; problems with launching and operation of information systems for management and control of operational programmes; lapse in education of management authorities at national and regional level; problems with introduction of adequate control procedures in time; essential lapses in process of public procurement.

What are adjustments of business in regard to European funds resources? Data of 10 years study of business environment show that before acceding and after acceding, interest of enterprises in utilizing these funds for development is not significant. In 2006, 76,1 % of enterprises stated that are not familiar with application requirements of operational programmes. In 2011, 75,6 % of examined companies are not interested in opportunities to apply for the EU funds. There is a tendency to increase the share of enterprises which have no intention to apply for resources to any of operational programmes. In 2007 this share is 73,4 %, in 2008 – 74,2 %, in 2009 – 87,5 %, in 2010 – 91,4 %, in 2011 – 86,9 %. At firm level, the basic problem areas in utilizing funds are related to ensuring of needed own resources for co-financing; approving of managerial, production and financial capacity for management of funds; lack of ideas for future development – most of Bulgarian enterprises (especially small and medium sized) have no strategies for future development, the basic rule is: "having money – looking for ideas and way of investing"; inadequate qualification of preparing, defence and management of projects.

Surmounting crisis trends in efficiency is possibly only on the base of clear defined movement path of European economy as a whole and defined mechanism by which each national economy is climbing and moving on that path. Out of this condition, each attempt to autonomously increase efficiency as a whole is predestined to fail.

The world financial and economic crisis of 2008 shows high degree of economic interdependence in economic development between partner countries. As higher degree of integration is achieved as much increase the necessity of agreed measures and activities between partner-countries. According to Wim Kok, individual activities of each member-state would be more effective if all other member-states accept coordinated activities and a jointly generated economic wave will have larger capacity to draw out each European ship. As much the EU is able to develop in common its initiatives in the field of knowledge and market openness as the economy of particular member-states will be stronger and more competitive (Kok, Wim 2004).

3. Conclusion

So, each enlargement of integrated community places the issue most suitable way of new elements entry to be found in a way that interests of integrated community as a whole, and the other member-states, and the country which is acceding to be satisfied. The successful integration requires the identity of each element to be saved. Out of these conditions, the probability of disturbance of harmony in functioning of elements and transforming of particular country into millstone of development of the rest economies is increased.

The successful development of the integration process requires harmonization of interests between member-states as well as the community and particular member state. Mutual respect and harmonization of interests between community and member-states should not lead to their depersonalization, to offence against their freedom. Conditions under which the integration process develops have to ensure necessity freedom of the member states to enhance the efficiency of its functioning. The membership of each country in the integrated community has to be a guarantee for realization of this freedom, i.e. the particular member-states to be able to retain and develop its identity.

The membership in integrated community has to be beneficial for both parties – for integrated community as a whole and for the member-state. The fulfillment of that condition is related to decrease of differences in the level of social-economic development of member-states. As smaller are the differences in the level of social-economic development between countries forming certain integrated community, as smaller is getting the probability of raising process of disintegration and increase in contradictions with interests between member-states and between the integrated community and particular member-state as well.

The membership in the integrated community establishes responsibilities and obligations of countries to respect particular standards, rules, etc. Sometimes it happens to be in contradiction with their interests. Each country should be prepared to take the burden of its membership in the integrated community, i.e. to be ready to sacrifice its interest on behalf of the integration community interest. In that case, “the sacrifice” is the price that pays each of both sides (the integrated community and member-states). This price is going to be as lower as larger are benefits for both parties.

The integration is grounded in case that leads to increase of economic prosperity of all countries, when creates conditions for underdeveloped countries to succeed accelerated

economic development based on advantages, owing to the integration process. In that case, the basic task ahead the governance of the integration process at the EU level is creation of necessity environment and necessity conditions that allows the particular economies to develop in most efficient way.

If the economy of the EU is presented as a car, then the particular elements of that car are economies of member-states. (Whereas, each national economy could be presented like separate car.) Hence – as better harmony in interaction between the particular elements is achieved as better the car is moving as a whole. Contrariwise, movement of the car in certain direction, with the necessity speed, places condition to functioning and development of each its components.

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INTEGRACIJA BUGARSKE PRIVREDE U EVROPSKU UNIJU – DOSTIGNUĆA I PROBLEMI

***Rezime**: Status privrede EU i privreda država članica na početku 21. veka stavlja na dnevni red više pitanja o budućem razvoju procesa integracije i mehanizme njihovog uspešnog upravljanja. Tokom prošlog veka, rezultati na nivou EU privreda povezani su sa rastom stope nezaposlenosti, zaostatkom stope rasta produktivnosti radne snage, zaostajanjem tehnološkog razvoja i konkurentnosti na međunaronom nivou, nesposobnosti za rešavanje ekoloških problema, dik su rezultati na nivou zemalja članica – povećanje dugova i budžetskih deficita, povećanje socijalnog nezadovoljstva, euroskepticizam i pojavljivanje prvih simptoma za nastanak dezintegracionih procesa. U ovom radu analizirani su i procenjeni postignuti rezultati u društvenoj, ekonomskoj i ekološkoj obalsti za prvi programski period zemlje kao punopravne članice EU. Glavna pažnja je na proučavanju kvalitativnih promena u sturkuti bugarske privrede, koje se javljaju u procesu integracije u privreddu EU.*

***Ključne reči:** strukturne promene u procesu integracije, konkurentnost nacionalne ekonomije, društveni i ekološki razvoj.*