



# The New York Times

INTERNATIONAL REPORT; In Bulgaria, Hard Times Are Harder

DAVID BINDER, Special to The New York Times. **New York Times, Late Edition (East Coast)** [New York, N.Y.] 09 Apr 1990: D.5.

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## Abstract (summary)

In an interview, Vladimir Lambrev, the chairman of the Bulgarian Chamber of Commerce, noted that there was "a downward trend" in both exports and imports. "I am pessimistic about our ability to retain the standard of living," he said.

Another serious **foreign trade** problem facing **Bulgaria** is commerce with the Soviet Union, far and away its largest partner and its principal supplier of petroleum products. Even five years ago, under the regime of Todor Zhivkov, who was ousted in November, the Soviet Union was complaining bitterly about the shoddy goods it received from **Bulgaria** in exchange for oil and ores. Tied to U.S.S.R. Now the Soviet Union is insisting that **Bulgaria** pay in hard currency for Soviet raw materials, starting next year. And Mr. Lambrev said **Bulgaria** had no alternative. "We are absolutely connected to the Soviet Union," he remarked. "We have 6 billion to 7 billion leva in exports to the Soviet Union annually."

"We hope to have maybe 40 percent of prices liberalized by the end of the year," Mr. [Andrei Lukanov] said, adding that **Bulgaria** was embarking on the establishment of "a national currency market" as a step toward making the leva convertible.

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LEAD: The economy of **Bulgaria** is in bad shape.

The economy of **Bulgaria** is in bad shape.

The economic indexes tell the story, but so does the look of the country: sooty facades of buildings, many with peeling plaster; giant potholes in streets and highways; road tunnels closed indefinitely for repair and long lines of shoppers for scarce meat and vegetables at the stores of the capital.

A cucumber at a private market stand in Sofia cost the equivalent of \$2 late last month at the official exchange rate of 2.4 leva to the dollar.

This is a poor country. A salary equivalent to \$270 a month is considered relatively high. 10 Percent Inflation In a report in February to Western countries, the Government said the economic situation was characterized by "an increasing budget deficit, considerable **foreign** debt and a structure of economy favoring production of capital and industrial goods and underestimating consumer goods."

The inflation rate is estimated to be about 10 percent. **Foreign** debt has "surpassed \$10 billion," the report stated, an enormous burden for a country of nine million people.

In an interview, Vladimir Lambrev, the chairman of the Bulgarian Chamber of Commerce, noted that there was "a downward trend" in both exports and imports. "I am pessimistic about our ability to retain the standard of living," he said.

One reason exports have dropped, Mr. Lambrev said, is that **Bulgaria** recently ceased shipping large quantities of weapons to Middle Eastern countries.

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Another factor pressing hard on **Bulgaria**'s economy is a persistent drought, which has significantly reduced agricultural output. There has been no notable rainfall here since the beginning of the year.

As the Government report put it, "unfavorable weather conditions, neglect of agricultural development and a decrease in traditional agricultural exports have turned **Bulgaria** into a net importer of such products, the net deficit since 1985 surpassing \$1 billion."

With Bulgarians free to travel abroad, many hundreds of highly trained specialists have left. "We are already on the threshold of translating into reality the age-old Communist dream of a workers and peasants society," said an editorial last month in the weekly Sofia News newspaper.

## Sweeping Changes

Now on the Bulgarian agenda are sweeping changes in the management and structure of the economy, including fresh legislation. All the political parties that have emerged since the overthrow of Mr. Zhivkov, including the reform Communist Party that is currently in power, agree on the need for basic changes.

Prime Minister Andrei Lukanov said in a recent interview that economic reform was his top priority. He pointed out that his Government had acted last month to end the system of fixed prices for agricultural goods and was doing the same for consumer goods and services.

"We hope to have maybe 40 percent of prices liberalized by the end of the year," Mr. Lukanov said, adding that Bulgaria was embarking on the establishment of "a national currency market" as a step toward making the leva convertible.

On the concept of private ownership, there is still sharp debate.

A lawyer working on the drafting of a new constitution observed: "The Communists dread the phrase 'private property.' They don't even want it to cross their lips."

### Photograph

Prime Minister Andrei Lukanov of Bulgaria said in a recent interview that economic reform for his poverty-stricken country was his top priority. (The New York Times /David Binder)

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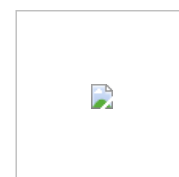
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