

**CONFERENCE ON ACCESSION
TO THE EUROPEAN UNION
- BULGARIA-**

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Subject : Additional information
Chapter 11 - Economic and Monetary Union

SUPPLEMENTARY INFORMATION
TO DOCUMENT CONF-BG 43/00 AND CONF-BG 77/01
ON CHAPTER 11 – ECONOMIC AND MONETARY UNION

The Republic of Bulgaria wishes to refer to document CONF-BG 43/00 (Negotiating Position on Chapter 11 “Economic and Monetary Union”) and document CONF-BG 77/01 (Supplementary Information to Negotiating Position) and wishes to provide supplementary information on the adoption and implementation of the *acquis*.

OVERALL POSITION

The Republic of Bulgaria accepts and will implement in full the EMU *acquis* by the date of accession and does not request any transitional periods under this chapter.

The Republic of Bulgaria assumes that on the date of accession it will enter the third stage of the Economic and Monetary Union as a “Member state with a derogation” as defined by Article 122 of the EC Treaty.

The Republic of Bulgaria declares that since the date of accession it will treat its exchange-rate policy as a matter of common interest (as per Article 124 of the Treaty) and accepts the clarifications given in the Council (ECOFIN) Report on exchange rate strategies for the candidate countries of 7 November 2000.

From the date of accession Bulgaria will act in accordance with the objective of adopting the euro.

Bulgaria understands the necessity to ensure free movement of capital as a prerequisite for full compliance with the EMU requirements and takes into account the respective negotiating chapter as well as the links with the other negotiating chapters, in particular free movement of goods, freedom to provide services and freedom of movement for persons.

ADOPTION AND IMPLEMENTATION OF THE ACQUIS

1. Central Bank Independence

1.1. Institutional Independence

The Republic of Bulgaria declares its commitment to amend Article 44 of The Law on the Bulgarian National Bank according to all the requirements set up in Article 108 of the EC Treaty and Article 7 of the ESCB Statute in order to assure the independence of the BNB and all members of the Managing Board. Neither BNB, nor any members of its decision-making bodies shall seek or take instructions from the Council of Ministers and from Community institutions or bodies, from any government of Member State or from any other body.

1.2. Personal Independence

1.2.1. Dismissal Procedures

The Republic of Bulgaria declares that Article 14, para 1 and 2 of The Law on the Bulgarian National Bank will be amended in full compliance with Article 14.2 of the second paragraph of the ECSB Statute. The amendment will include provisions that any member of the Managing Board may be relieved from office only if he no longer fulfils the conditions required for the performance of his duties or if he has been guilty of serious misconduct.

1.2.2. Conflict of Interests

The Republic of Bulgaria declares that Article 12, para 5 and 6 of The Law on the Bulgarian National Bank will be amended in full compliance with the EC Treaty and the ECSB Statute in order to assure that no person should be qualified to be a member of the Managing Board who performs a function that may create a conflict of interest with their duties as a member of the Managing Board. This provision will be applicable to all members of the decision-making body.

1.3. Other Clarifications

1.3.1. The Bulgarian government commits to introduce in the Law on BNB a judicial review against dismissal from office of members of the Managing Board of the Bulgarian National Bank in compliance with Article 108 of the EC Treaty.

1.3.2. The Bulgarian Government reconfirms that its involvement in this provision relates only to the setting of the level of minimum salaries, and not to the setting of the fines referred to in Article 61. Furthermore, according to Article 62, para 1 “Statements for breaches detected under Article 61 of this Law shall be drawn up by officers authorized by the Governor of the Bulgarian National Bank, and the penalty decree shall be issued by the Governor of the Bulgarian National Bank or by an official authorized by him.”

2. Prohibition of Direct Financing

2.1. Article 45 of the Law on the Bulgarian National Bank

Article 45 of the Law on the Bulgarian National Bank will be amended according to Article 101 of the EC Treaty. Furthermore, the exception made for credits against SDR from the IMF is in compliance with Article 7 of Council Regulation 3603/93, according to which the financing by the national central bank of obligations falling upon the public sector vis-à-vis the IMF shall not be regarded as a credit facility within the meaning of Article 104 of the EC Treaty.

2.2. Article 26(3) of the Law on the Structure of the State Budget will be repealed in line with Article 101 of the EC Treaty.

3. Prohibition of Privileged Access

Article 52, para 1 of the Law on Insurance shall be amended in full compliance with Article 102 of the EC Treaty and Council Regulation 3604/93, and shall not include any requirements for a fixed percentage of investment of reserves in domestic securities issued or guaranteed by the state or municipalities.

Article 176 of the Compulsory Social Security Code shall be amended in full compliance with Article 102 of the EC Treaty and Council Regulation 3604/93, and shall not include any requirements for a fixed percentage of investment of pension funds' assets in domestic securities issued or guaranteed by the state or municipalities.

Article 44 of the Law on Supplementary Voluntary Pension Security shall be amended in full compliance with Article 102 of the EC Treaty and Council Regulation 3604/93, and shall not include any requirements for a fixed percentage of investment of voluntary pension funds' assets in domestic securities issued or guaranteed by the state or municipalities.

Schedule on the Amendments to the Law on the Bulgarian National Bank and to the Legislation on Domestic Institutional Investors

All the above-mentioned amendments will be adopted according to the following timetable:

- The Minister of Finance is to put forward the necessary amendments for consideration and approval by the Council of Ministers by mid-2005.
- The amendments as approved by the Council of Ministers will be tabled and voted by the National Assembly no later than mid-2006.
- All amendments to the laws should enter into force on Bulgaria's date of accession to the EU.

4. Harmonisation of Government Financial Statistics

The harmonisation of government financial statistics will be completed according to the following schedule:

Requirements of Eurostat concerning submitted fiscal notification tables on the budget deficit and government debt	Deadline
1. The sub-sectors' balances under "General Government" on an accrual basis, according to ESA 95, incl.: <ul style="list-style-type: none"> • Analysis of budgetary organizations' trial balances data for 2001, except the operations of the central government budget • Pilot consolidation of the trial balances data for 2002, except the central government budget data • Preparation of a new GFS format tables for General Government and its sub-sectors with data for the year 2003 	After the implementation of the budget accounting on accrual basis for the operations of the central budget - 07.2004 07.2002 07.2003 07.2004
2. Data for the government debt including the debt of Social Security funds and Local Governments (change of the data statute is expected)	03.2003
3. Information about the government debt on an accrual basis.	After the implementation of the budget accounting on accrual basis for the operations of the central budget - 07.2004
4. Evaluation of the exchange rates fluctuations impact on foreign currency denominated debt	03.2002
5. Evaluation of the difference between the nominal value and the market price of the issued government securities	03.2002

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The Bulgarian Government proposes the negotiations on this chapter to be provisionally closed on the basis of the existing *acquis*.

Should new elements of the *acquis* necessitate it, Bulgaria recognizes the possibility of opening additional negotiations on this chapter before the end of the Intergovernmental Conference.