

Document provided by Bulgaria

**SUPPLEMENTARY INFORMATION TO
NEGOTIATING POSITION
ON CHAPTER 11 – ECONOMIC AND MONETARY UNION**

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

ADOPTION AND IMPLEMENTATION OF THE *ACQUIS*

The Republic of Bulgaria accepts the Economic and Monetary Union (EMU) *acquis* as adopted by 31 December 2000 and does not request any transitional periods under this chapter.

1. Economic Policy Co-ordination and Multilateral Surveillance

The joint monitoring and assessment of Bulgaria’s economic performance continue to be carried out within the framework of the regular meetings of Subcommittee 4 “Economic and Monetary Affairs, Free Movement of Capital and Statistics” under the Europe Agreement. The European Commission’s Regular Reports on Bulgaria’s Progress toward Accession as well as the National Economic Development Plan for the period 2002–2007 (which is updated on a regular basis) contain assessments of the country’s economic developments as well. Bulgaria also participates in the fiscal surveillance procedure of the European Commission. In May 2001, Bulgaria submitted its first Pre-Accession Economic Programme to the European Commission. The Programme covers a five-year period up to 2004 and is going to be updated and extended by one year on an annual basis.

The changes in domestic and external environment after May 2001 necessitated the updating of the Pre-Accession Economic Programme. The new government of Bulgaria formed after the general elections of 17 June 2001 reaffirmed the country’s accession to the EMU as one of the principal priorities of the ruling political majority. The Government will strictly fulfil the previously assumed commitments to improve the country’s economic policy and ensure full compliance with the *acquis*. The changes in the economic policy underlying the new Government Programme and 2002 Budget Act aim exactly at the acceleration of the accession process.

2. Fiscal Policy, Avoiding Excessive Budget Deficit and its Monetisation

The reforms in the public sector aim at optimising its relative share in GDP and maintaining a stable consolidated general government budget balances. The medium term objective of the Government is to achieve a balanced budget. Based on a three-year macroeconomic policy programme, the Annual Budget Act formulates the fiscal policy target for the following year as well as the main instruments for its achievement. Important steps have been undertaken to strengthen fiscal surveillance. Until the end of 2003, the establishment and introduction of the Treasury System for all-budgetary and extra-budgetary accounts and funds should be completed. The reform in the fiscal sector fully conforms to the practice and experience in the European Union.

Within the framework of the fiscal surveillance procedure, Bulgaria prepared and submitted on 30 March 2001 fiscal notification tables on the budget deficit and government debt. In the last several years, the government debt/GDP ratio has been reduced, with a current level at below 73%. In the next three years, Bulgaria's target is to further reduce the debt/GDP ratio to 60% and then maintain it within this limit. The Law on Government Debt Management is to be adopted by Parliament in 2002 since the Ministry of Finance has already prepared the draft-bill. The adoption of the Law was intentionally postponed over time due to the Government's aspiration to ensure better consistency and quality of the bill.

3. Statute of the National Central Bank and Monetary Policy

Further amendments to the 2000 Foreign Exchange Law, which shall be adopted by the Parliament by the end of 2002, will ensure full compliance of the Bulgarian foreign exchange legislation with the EU *acquis*.

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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.