

# *Bulgaria Eager For Commerce With the West*

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**SOFIA, Bulgaria** — If all goes well, 10 Pizza Huts will spring up across Bulgaria within the next few months and Pierre Cardin, the French fashion designer, will open two boutiques in the special "dollar shops."

So Bulgarians who can afford it will be able to munch their pizzas while dressed in the latest Parisian styles, a prospect that would have been unthinkable only a few years ago.

Bulgaria, like the rest of Eastern Europe, is succumbing to the inroads of Western capital. Elsewhere in Eastern Europe, the commercial side effects of 10 years of détente can be seen in large things and small, in the Coca-Cola commercials playing at Warsaw movie theaters and in the luxurious new Hilton Hotel in Budapest.

But the phenomenon is particularly striking here because Bulgaria is bound to the Soviet Union with hoops of steel. The Government describes its relationship with Moscow as one of "lips and teeth."

Of the country's \$16 billion in foreign trade last year, over half was with the Soviet Union and 30 percent more was

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# Bulgaria Yearns to Expand Business Ties to West

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with Soviet bloc nations. Those proportions are higher than for any other country in the bloc.

The fact that Bulgaria is looking westward for partnerships to bring in new technology is an indication that Eastern Europe is hoping that its commercial ties will not suffer because of the interruption of trade between the United States and the Soviet Union as a result of the Afghanistan problem.

Bulgaria is courting the Japanese, who recently opened the modern Vitosha Hotel here. It is negotiating with Sears, Roebuck & Company over a tool factory and with a West German catalogue house over a department store. The Occidental Petroleum Corporation recently signed an agreement to explore for oil, and Shell International struck a 10-year arrangement for joint research, prospecting and production of mineral resources, chemical products and metals.

How is all this activity possible given the political freeze between Washington and Moscow?

"I guess in business circles," said Georgi Musorliev, director of the Ministry of Foreign Trade, "realism and common sense prevail."

He said that by increasing commercial contacts with the West, Bulgaria hoped to raise the scientific and technological level of production, improve the quality of its goods, increase its resources for export, and supply the needs of its own economy and market.

## Guidelines for Joint Ventures

The Government signaled its interest three months ago when it set new guidelines for enterprises in which Western and Bulgarian companies share the equity. The joint venture as a way of combining Western capital and expertise with Eastern labor or other resources has long

been backed as a potentially useful wedge in opening up East-West industrial cooperation.

But so far only Hungary, Poland, Rumania and Yugoslavia have allowed joint ventures on their territory, and of the dozens of agreements signed, only a handful in each country have turned into successful and mutually beneficial partnerships.

The Bulgarian guidelines, which expand on an earlier decree that allowed joint ventures only in third countries, appear to be the most liberal in the Eastern bloc. They set no limit on the degree of foreign participation, so that a Western company could theoretically own 90 percent of the enterprise. They allow the foreign company to repatriate all of its share of the profits, after taxes that could be about 35 percent, and they permit foreign workers here to send home up to half of their income.

## Effective Veto Over Decisions

A key stipulation is that the chairman of the joint enterprise must be Bulgarian and that all decisions must be made by consensus so that he has effective veto power over questions that could run against the national interest.

"We consider the decree as a model," said Mr. Musorliev. "It is a formula that is flexible. We drew upon the experiences of other socialist countries, and we hope what we came up with will widen and enrich cooperation with Western firms."

Unlike other countries in Eastern Europe, Bulgaria registered a respectable growth rate last year — 6.5 percent. In addition, its balance of trade is improving, and both industrial and agricultural production are expanding.

But, as in other Eastern European nations, economic targets have had to be scaled down, and Western economists believe that inflation is four times the official figure of 4.5 percent and that the estimated indebtedness of \$4.6 billion is high for a nation of only 8.8 million people.

One impediment to greater trade with the United States, which was only \$90 million last year, is that Bulgaria has not been granted the lower tariffs that would come with most-favored-nation trading status.