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# **Effects of Migration on Sending Countries: lessons from Bulgaria**

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# Effects of Migration on Sending Countries: lessons from Bulgaria

Eugenia Markova<sup>#</sup>

## ABSTRACT

Research on Bulgarian migration has been rather sketchy often based on small purposive samples in selected host countries or on macro data of unreliable quality from Bulgaria itself. A thorough understanding of the impacts of migration for Bulgaria is needed to heighten the possibility for policy makers in both sending and receiving countries to help optimise the benefits of migration. This paper aims to enhance this understanding by offering an historical overview of migration dynamics and showing that in recent years there has been a growing trend towards temporary and seasonal migration rather than permanent settlement, the preferred destinations being Greece, Turkey, Italy, Spain, Germany and Netherlands. Seasonal and circular migration is becoming more ethnically and regionally specific. The paper shows that current emigration trends have substantial economic and demographic consequences, both positively (the contribution to loosening of labour market pressures, poverty alleviation, and an increase of small businesses through remittances) and negatively (the danger of brain drain and depopulation of peripheral regions of the country).

Keywords: Brain drain; Demographic impacts; Home country; Migration effects; Remittances.

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# Effects of Migration on Sending Countries: lessons from Bulgaria

## 1. Introduction

Research on Bulgarian migration has been rather sketchy, often being based on either small purposive samples in selected host countries or on macro data of unreliable quality from Bulgaria itself. More recently, some analyses have focused on certain socio-economic impacts of the emigration phenomenon on Bulgaria. These analyses mainly refer to the effects of remittances and of a 'brain drain' on labour supply, and on family structures, particularly on the children of migrant parents.

A better and more thorough understanding of the positive and negative consequences of migration for Bulgaria is needed as this will heighten the possibility for policy-making, both in receiving and origin countries, to help optimise the benefits of migration. This paper aims to enhance this understanding by identifying the size and nature as well as the dynamics of emigration, providing empirical evidence on the economic and social costs and benefits of emigration for Bulgaria and discussing the most recent government measures to maximise the benefits of migration. The paper concludes by summarising the major challenges for policy makers in Bulgaria.

The discussion is supported by data from the 2001 Population Census in Bulgaria, the Bulgarian National Bank, the National Statistical Institute, the

Institute for Market Economics, the OECD and the Council of Europe, the Agency for Bulgarians Abroad, in-depth interviews with local authority officials and returned seasonal migrants (Guentcheva et al. 2003) and quantitative evidence from household survey data (Mintchev & Boshnakov, 2005), together with micro-survey data collected by the author (Markova 2001; Markova & Sarris 2002; Markova 2006; Markova & Reilly 2007). The last section of the paper draws on policy documents produced by the Bulgarian government.

## **2. The dynamics of migration from Bulgaria: an overview**

### *2.1. The period: September 1944 – November 1989*

The end of WWII marked a fundamental change in the migratory processes and policies in Bulgaria and a new era for Bulgarian ethnic minorities as well. A ban on the free movement of Bulgarian citizens was introduced through sophisticated border policing systems and very restrictive and highly complicated system for issuing passports. Bulgarian emigration in this period was predominantly motivated by political reasons or was related to ethnicity. Labour emigration was entirely controlled by the state. Labour supply was regulated by bilateral agreements either with other countries from the Warsaw Pact or with countries in the Arab world, such as Syria, Libya, Tunisia, Iraq and others that followed policies that were sympathetic with the communist principles.

## *2.2. Ethnic emigration*

The first wave of post-WWII ethnic emigration occurred in the period 1946-1951 when predominantly Bulgarian Turks, Jews, Armenians and Russians left Bulgaria. The emigration of Bulgarian Turks remained the most significant phenomenon in the history of this period. Facilitated by a bilateral agreement signed with Turkey, some 154,000 Bulgarian Turks migrated to Turkey in the period 1950-1951. They settled primarily in the Marmara and the Aegean Sea regions. The collectivisation of land in Bulgaria was also considered a strong “push” factor for the first mass outflow of ethnic Turks since the majority of them were farmers and the expropriation of the land in 1949 was felt as a severe shock. In the following years, several agreements were signed with Turkey to reunite divided Turkish families, and another 130,000 people left for Turkey between 1968 and 1978 (Zhelyaskova 1998; Petkova 2002). After the Turks, Jews were the second largest group involved in the post-WWII ethnic emigration flows from Bulgaria<sup>1</sup>. Between 1948 and 1949, some 32,106 Jews emigrated from Bulgaria to Israel. Earlier, another 4,000 Jews, mainly youth and children, had migrated to Israel to join the Zionist struggle (Guentcheva et al. 2003: 12). In the period 1946-1951, there was a mass emigration of Armenians as well. Actively facilitated by the Soviet government, about 8,000 left, mainly to Armenia (Mintchev 1999). Several dozen Russian families from north-eastern Bulgaria also left for the Soviet Union. Around 2,000 Slovaks

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<sup>1</sup> With the help of prominent Bulgarians, MPs and the Bulgarian King himself, some 50,000 Jews were saved from the Nazi concentration camps during the WWII (Guentcheva et al. 2003: 12).

and Czechs returned to their home country from Bulgaria between 1949 and 1951 (Guentcheva et al. 2003: 12-13).

The second wave of mass ethnic emigration occurred during the period 1966-1980, when the total net emigration from Bulgaria reached 115,309 people. Almost all of these emigrants were ethnic Turks who moved to Turkey in accordance with bilateral agreements (Guentcheva et al. 2003: 11). This emigration was particularly intense between 1976 and 1979, with a highpoint in 1978 when net emigration from Bulgaria reached 33,000 (Gächter 2002).

In the spring of 1989, a few months before the fall of the Communist government, there was a large exodus of Bulgarian Turks, leaving for Turkey. This was the infamous mass exodus, ironically called 'the big excursion', which, most political scientists in Bulgaria believed, had a great impact upon the shattering of the Communist regime (Guentcheva et al. 2003: 14). It marked a dramatic culmination of years of tensions and resilience among the Turkish community, which intensified with the Bulgarian government's assimilation campaign in the winter of 1985, which attempted to make ethnic Turks change their names to Bulgarian Slavic names. The campaign began with a ban on wearing traditional Turkish dress and speaking Turkish in public places followed by the forced name-changing campaign. This 'Bulgarization' policy provoked resistance among the Turkish minority, expressed in the form of protests and demonstrations, many of which were violently suppressed by troops. Some Turks went on hunger strike. In May 1989, the Bulgarian



authorities began to expel Turks (Poulton 1993). When the Turkish government's efforts to negotiate with Bulgaria for an orderly migration failed, Turkey opened its borders to Bulgaria on 2 June 1989. A mass influx followed. Some claimed that Turkey was given more than US\$ 250 million in grants and loans by the United States government and the Council of Europe in order to open its borders to Bulgarian Turks (Bobeva 1994: 225). However, the Turkish government decided on 21 August 1989 to reintroduce immigration visa requirements for ethnic Turks, which had been temporarily lifted in June (Kirisci 1996). It was estimated that about 360,000 ethnic Turks had by then left for Turkey (Zhelyazkova 1998). More than a third would subsequently return to Bulgaria once the ban on Turkish names had been revoked in December 1989 (Guentcheva et al. 2003: 14).

### *2.3. Political emigration*

The establishment of the communist regime determined a wave of political emigration from Bulgaria, especially since 1948 when the leftist opposition parties were dissolved. The largest communities of political emigrants were concentrated in the neighbouring countries of Greece, Turkey and Yugoslavia, and in Western Europe, namely Italy and France. Bulgarian political emigration was ideologically and politically divided. It was even more divided in 1950 when the Communist government decreed an amnesty that allowed a one-year grace for all political refugees to return to Bulgaria, the only exception being those found guilty of political espionage. As a result, Bulgarian political emigration never managed to consolidate itself and to become a powerful

opposition to the communist government (see Guentcheva et al. 2003). The number of Bulgarian political asylum-seekers grew in the late 1940s and early 1950s, and then decreased in the late 1950s, when only 1,063 managed to emigrate. The numbers decreased further in the 1980s to just 684 registered emigrants between 1981 and 1988 (Table 1). However, the accuracy of the official emigration data contained in the Statistical Yearbooks of Bulgaria, from 1952-1989, is highly debatable as it would not have captured those who had used ‘illegal’ ways to leave the country and requested asylum abroad. For example, the official statistics in Bulgaria point to 684 emigrants who left the country in 1981-1988. For the same period, the statistics of the host countries have registered 2,761 asylum applications lodged by Bulgarian citizens: 893 in Germany, 851 in Austria, 384 in Italy, 166 in Switzerland, 119 in Greece, 105 in Turkey, 67 in Belgium, 55 in Sweden, 44 in Spain, 24 in the Netherlands, 20 in the UK, 19 in Denmark, 13 in Norway, 3 in Portugal and 1 in Finland (calculations based on data in UNHCR 2001).

**Table 1 Total number of emigrants from Bulgaria, 1946-1988.**

<b>Year</b>	<b>Emigrants</b>
1946-1950	100,121
1951-1955	101,454
1956-1960	1,063
1961-1965	429
1966-1970	14,280
1971-1975	27,139
1976-1980	73,890
1981-1988	684

*Source:* Statistical Yearbooks of Bulgaria, 1952-1989.

#### 2.4. The period after 10 November 1989

On 10 November 1989 the Bulgarian communist regime fell after 45 years of uninterrupted rule and Bulgarian citizens were allowed freedom of travel again. According to the National Statistical Institute (1992) some 218,000 Bulgarians left the country in this particular year and emigration flows were mainly directed towards Turkey (Table 2). This emigration wave is estimated to have been the highest since 1989.

**Table 2 Bulgarian emigration 1989-2009.**

<b>Year</b>	<b>Men</b>	<b>Women</b>	<b>TOTAL</b>
1989	106,432 (48.8%)	111,568 (51.2%)	218,000 (100%)
1990	68,759 (78.2%)	19,136 (21.8%)	87,895 (100%)
1991	19,112 (47.5%)	21,152 (52.5%)	40,264 (100%)
1992			65,250
1993			69,609
1994	Figures for these years are not broken down by gender		64,000
1995			54,000
1996			66,000
...			
2007*	1,119 (37.8%)	1,839 (62.2%)	2,958 (100%)
2008*	766 (36.3%)	1,346 (63.7%)	2,112 (100%)
2009*	8,353 (43.9%)	10,686 (56.1%)	19,039 (100%)

*Source:* National Statistical Institute. *Note:* \* The figures include only those people who've declared change of address (from Bulgaria to a foreign country) to the administrative authorities in Bulgaria

The second emigration wave was prompted by continuously deteriorating economic conditions and widespread disillusionment, especially amongst young people, with the first democratic elections in 1990 won by the renamed communist party. Almost 88,000 people left in 1990. Once again, most of them were Bulgarian Turks. At the end of 1990 the total official number of unemployed reached 70,000. Although this was a small proportion of a

workforce of almost 4 million, it had a significant psychological impact. Many people were leaving the country because of fears of growing unemployment (Hutchings 1994). Highly skilled migrants were leaving for more permanent settlement in Austria and Germany in Europe and in the transatlantic countries of US and Canada. The main driving force for emigration was the desire to work in their chosen professions while there was a growing threat of unemployment due to the closure of many Bulgarian research institutes and the redundancy of management posts in the public sector (SOPEMI 1993). Neighbouring countries of Turkey and Greece were absorbing predominantly migrants from the lower skill end of the labour market and the main 'pull' factor was survival. In 1993 Bulgaria was placed on the EU's 'black' visa list. Restrictive visa regimes by EU countries changed significantly the direction and character of the migration flows. Official emigration to Western Europe - excepting Austria, a traditional economic and commercial partner, and Germany - dropped dramatically. Emigration to Greece and Italy was largely undocumented in character. Higher living standards and the desire for prosperity were the most important 'pull' factors for emigration. By 1996 Bulgaria was facing its most severe political and economic crisis, with an officially recorded inflation rate at 310.8% for 1996. Survival, once again, was the most powerful reason for leaving the country. In 1997 and 1998 emigration was facilitated by the Central European Free Trade Area (CEFTA), which favoured migration between the countries in transition. Emigration was directed mainly towards the Czech Republic, Hungary and Romania (SOPEMI

1999). Spain in particular became an attractive destination for Bulgarian migrants in the second half of the 1990s. Anecdotal evidence attributed this migration mainly to the comparative tolerance of the Spanish authorities, employers and local people towards undocumented foreign workers. Researchers at the Gabinet d'Estudis Socials (GES) in Barcelona estimated the total number of registered Bulgarians in Spain on 1 January 2007 to be 118,182 (GES 2008). In the second half of the 1990s, the number of Bulgarians choosing the UK as a destination became more significant, when Bulgarians started making use of the ECAA visas that allowed them entry into the UK as self-employed businessmen and women.

Since 2001, Bulgaria has experienced appreciable though declining rates of emigration. According to OECD data for the period 2001-2004, an estimated 60,000 to 100,000 people left the country, which represented a considerable fall compared to an estimated 210,000 people who emigrated during the period 1998-2001, with about 88,000 Bulgarian immigrants registered in the European countries in 2004<sup>2</sup>. Bulgaria ranked fourth amongst the top 10 countries of origin for migrants in the EU, after Romania, Poland and Morocco (SOPEMI 2006). This was a period of intensive reconstruction and implementation of sound macroeconomic policies in an attempt to fulfil the EU accession criteria. As a result, the average growth exceeded 6 percent per year in 2004-07. The country successfully completed EU negotiations in June 2004 and then, in

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<sup>2</sup> It should be noted, however, that this figure includes new residence permits as well as renewed ones for people who had left the country in previous years and had returned.

April 2005, the accession treaty was signed in Luxemburg. On 1 January 2007 Bulgaria joined the European Union. Per capita income increased by an average of 6 percent per year since 1998 (at purchasing power parity in real terms). Unemployment was reduced substantially from close to 20 percent in 2000 to below 7 percent in 2007. In the first half of 2007, the tendency for a real growth of GDP above 6% continued signifying a stable pattern of economic development in the country<sup>3</sup>. However, despite an overall positive performance Bulgaria continued to be one of the poorest countries in the EU. The country's per capita income in 2006 at purchasing power parity was just 37 % of the average level of EU27<sup>4</sup>. The large income differences reflected significant gaps in investment and productivity and in the functioning of product and factor markets, and still propel emigration. EU audit of the management of EU funds in the country published in July 2008 revealed that Bulgaria was not able to fully benefit of the EU assistance because of critical weaknesses in administrative and judicial capacity at all levels. High level corruption and organised crime exacerbated these problems<sup>5</sup>. Later on, the global economic and financial crisis caused deterioration in the country's economic conditions with GDP declining by 3.5% and the unemployment rate reached 8% at the end of 2009. 'Push' factors once again reminiscent those of the 1990s while 'Pull' factors for emigration have changed as the host countries are plunged in recession. Notwithstanding, some Bulgarians continue to leave because of low living standards, for better professional realisation and for

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<sup>3</sup> <http://www.ime.bg>.

<sup>4</sup> <http://www.worldbank.org>

<sup>5</sup> <http://www.europe.bg/en/htmls/page.php?category=230&id=15949>

access to education, while others return. Anecdotal evidence suggests that a significant number of Bulgarian migrants from Spain are returning in response to worsened economic conditions there.

Mainly young people accepted at universities and seasonal workers are emigrating. The growing tendency towards temporary and seasonal migration rather than permanent settlement further expanded with Bulgaria's EU membership. Most member states have imposed labour market restrictions for Bulgarian citizens except for self-employment; however, Bulgarian workers are exercising their right for free movement in the EU zone; while doing so they often undertake semi-legal jobs for a few months; they are a particular mobile category of temporary semi-legal workers. The rise in temporary or circular (repeated) economic migration, predominantly undocumented or semi-documented (legal right for residence but not for work) in character, is attributed to increased unemployment in certain regions within Bulgaria. Pockets of extreme poverty persist in the country, especially in ethnically mixed rural areas. Thus, seasonal and circular migration becomes more ethnically and regionally specific. In some municipalities in Bulgaria, the emigrants are entirely of Turkish origin while, in others, there are ethnic Bulgarians. In some other municipalities, Roma people are predominant. For example, of all undocumented Bulgarian migrants in the Netherlands, 80% were said to be ethnic Turks, most of them coming from the south-eastern Bulgarian district of Kurdzhali (Guentcheva et al. 2003). Last but not least, the US, via its Green Card lottery system, remains an important destination for

permanent settlement, attracting annually between 5,000 and 6,000 Bulgarian immigrants (SOPEMI 2005).

### **3. Review of the empirical evidence on the effects of migration on Bulgaria**

Migration impacts on a home country in a variety of ways depending upon the magnitudes, composition and nature of migration flows, as well upon the specific context from which migrants are drawn. This paper will consider four key aspects of migration: demographic and social impacts; labour market impacts; brain drain, brain gain and Diaspora and, the effects of remittances. What does the evidence on Bulgarian migration indicate with respect to each of these?

#### *3.1. Demographic and social impacts of migration*

One of the most immediate effects of Bulgarian emigration was the drastic reduction in the population. In the years between the last two Censuses of 1992 and 2001, the Bulgarian population fell by 6% and over one-third of the reduction was attributed to emigration – some 217,809 people left the country during this period (National Statistical Institute 2004: 43). This figure is inconsistent with previous official statistics for the same period. For instance, for the period 1993-1996, National Statistical Institute estimated that the number of emigrants was 253,609 people (Table 2). For 1998-2001, official estimates put the emigrant number at 210,000 people (SOPEMI 2006). Results



from Bulgaria's 2001 Census put the country's population at 7.9 million, a decrease of about half a million from the previous census in 1992. The Economist Intelligence Unit in London gave even lower population figures, estimating Bulgaria's population in 2001 at 7.7 million and forecasting a further fall to a total of 7.4 million by the year 2012<sup>6</sup>.

At the end of 2004 the permanent population of Bulgaria was 7,761,049, a decrease of 40,224 people compared to the population figures of 2003 (National Statistical Institute 2005: 14). The negative development in the last few years is attributed to both a negative natural population growth (a low fertility level and an extremely high mortality-rate) and emigration. Bulgaria is amongst the five 'oldest' countries in Europe together with Italy, Greece, Germany and Spain, with a share of the older-age group (65 years and over) at more than 16% of the total population (Council of Europe 2004). At the end of 2004, the share of young people under fifteen years of age was 1,073,000 (13.8%). For the period 1998-2004, this share decreased by 268,000 and the share of people above 65 years of age increased by 26,000, and by the end of 2004 reached 1,331,000 people (17.1%). In 2004, the working age population was 4,782,000 people (61.6%); as a result of mainly legislative changes, this category of people has increased by 35,000 people (0.7%) compared to 2003. Nevertheless the country's old-age dependency ratio (the number of people below 15 and over 64 per 100 of the population between 15 and 64) dropped to

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<sup>6</sup> [http://sofiaecho.com/2007/07/26/654886\\_eiu-economic-indicators-in-bulgaria-to-weaken-through-2011](http://sofiaecho.com/2007/07/26/654886_eiu-economic-indicators-in-bulgaria-to-weaken-through-2011).

44.9% in 2004, a reduction of 4% compared to 1998 (National Statistical Institute 2005: 16).

Massive emigration, especially from the ethnically mixed regions in southeast Bulgaria resulted in the depopulation of some areas<sup>7</sup>. According to the 1992 Census, some 344,849 Bulgarians of Turkish origin had migrated to Turkey between 1989 and 1992, which resulted in significant demographic decline in southern Bulgaria and the complete depopulation of some municipalities (SOPEMI 1995). Research on the home impacts of seasonal migration from Bulgaria (Guentcheva et al. 2003) pointed to some serious political consequences of the phenomenon. For example, as a result of the decline in the population in the ethnically mixed Kurdzhali region, two parliamentary seats were lost, which diminished the region's overall political power. Bulgaria is already experiencing labour shortages both of high- and low-skilled labour. Recently, the government announced the transformation of the country from a migrant sending and a transit country into a migrant receiving one (Ministry of Labour and Social Policy 2008).

Forecasts by the National Statistical Institute (NSI) of Bulgaria indicate that in the next 50 years the population of Bulgaria will shrink to 5.1 million, regardless of the increasing birth rates. The annual drop will be by 40,000 people if the current socio-economic development persists and the policies

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<sup>7</sup> At the end of 2004, 144 formerly populated areas in the country became entirely depopulated (population=0). These areas are mainly border regions in the south and west of the country (*Capital* 2006). "Peasants of urban Type: Government policy is needed to put an end to the depopulation of villages", issue 28) (in Bulgarian). This is due to increased urbanisation and external migration. According to NSI data, 67.1% of the population in 1990 lived in urban areas while in 2004 this figure had risen to 70%.

remain unchanged. The Director of the NSI's Population Department has commented in the press that emigration was the main reason for the dramatic population decrease. His calculations pointed to about 20,000 Bulgarians leaving the country each year. However, the Minister of Labour and Social Policy presented a more optimistic picture of the Bulgarians' intentions for emigration; in 2007, the share of Bulgarians who were planning to work abroad decreased by 80% compared to 2001. Employment agencies in the country claim that in recent times they have been receiving requests by mainly qualified Bulgarians living abroad who are interested in finding a job and returning more permanently in the country.

There is little empirical evidence - with the exception of a few studies- on the social effects of emigration in Bulgaria. Most of the available information is anecdotal and discussed in the press. The main social effects of emigration in Bulgaria consist of changes in family composition and child outcomes in terms of health and education.

Changes in family composition occur either only one partner emigrates – which sometimes leads to a break-up – or when both partners emigrate and the children are left at home. Research on East European immigrants in London and Brighton, UK, conducted in 2005, revealed that a little over one in five Bulgarians had left their partners in Bulgaria and most of their children lived there (Markova & Black 2007). Some male migrants involved in circular migration to Greece reported having families in both the home and host

country. Many have been reported as saying: 'I have a home here and there; I have a wife in Bulgaria and two children; now, I have a partner and a child in Greece as well' (Markova 2005).

Children are most affected by the emigration of their parents. A study by Guentcheva et al. (2003) warns of the high dropout school rates amongst children of migrant parents who have been left behind in Bulgaria in the care of grandparents or aunts. According to teachers such pupils enjoy the freedoms associated with having more money than children whose parent did not migrate. They become easily spoiled and undisciplined and they do not obey their elderly grandparents or other relatives serving as their guardians. They start smoking, drinking and eventually leave school altogether.

In the last few years, the Bulgarian press has often described these children as having 'Skype parents'<sup>8</sup>. One study on access to education in Bulgaria found that the most frequently cited reason for dropping out of school was to join family members who have left for seasonal short-term or longer-term stay abroad (Iliev & Kabakchieva 2002). However, research also reveals some positive stories of families of returned seasonal migrants who have invested their savings into securing a better education for their children (Guentcheva et al. 2003).

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<sup>8</sup> So-called after the Skype voice over internet programme that facilitates free video and telephone calls.

### *3.2. Labour market impacts of emigration*

Lucas (2005:89) maintains that ‘economic theory offers very few unambiguous hypothesised effects of emigration upon local labour markets’. It’s plausible to assume though that emigration reduces labour supply overall and more specifically, the supply of the particular categories of emigrating workers, even in the long-run. Whether this will diminish unemployment pressures and pressures on the government budget (social support programmes) or increase wages in the labour market where the emigrants had departed from depends upon migrant employment status prior to departure - whether employed or unemployed. Assuming the former, the effects on the origin labour markets will depend upon the prevalence of surplus of particular type, the institutional barriers to wage flexibility in that particular market, the role of international trade in the respective product markets, and the ability of those left behind to acquire skills or move to where the vacant positions are.

At the beginning of the 1990s, most emigrants were Bulgarians of Turkish origin ‘pushed’ by economic decline in the ethnically mixed regions where they were residing. They were leaving because of lost livelihoods – tobacco growing and construction. The prices of tobacco were plummeting, the markets in the former socialist countries were lost, and the construction sector was collapsing, whilst residents in the border regions no longer enjoyed state privileges as part of the border control system during communism. Anecdotal evidence suggests that the majority of them went to work in low skilled jobs in Turkey. Overall, however, this emigration was characterised by ‘brain drain’ as well because

over half of the emigrants had educational levels higher than secondary school and some 12% were university graduates. Of the highly qualified workers, 10% came from engineering and technical professions, followed by economics and agricultural specialisations. These people were either unemployed or threatened to become unemployed due to the closure of many research institutes and the redundancy of managerial posts in the public sector (SOPEMI 1993). At the same time, the demise of the cooperatives and the privatisation or closure of many industrial plants produced a large number of unemployed workers across all skill categories.

The massive emigration that started in 1989-1992 and continued though at a declining rate throughout the 1990s, took place from a domestic labour market characterised by dramatically increasing unemployment rates and rapidly deteriorating GDP growth rates. The market was distorted and could not operate properly as there were no institutions and mechanisms for social partnership on a national level to allow salary negotiations at branch and company level. In the first half the 1990s, the whole public sector was hit by massive wage erosion; the real wage rate dropped by 52% (Beleva et al., 1996). In 1996, the Bulgarian labour market entered its most dramatic phase of development, with drastically devaluated national currency and the rate of inflation reaching its record of 435.8%.

In this process of transition in the Bulgarian labour markets emigration has played a major role. In the absence of the emigration alternative, domestic

unemployment and the downward pressure on the wages of both the newly emerging private sector and the restructured public sector would have been much sharper.

To sum up, the Bulgarian labour market of the 1990s was characterised as 'loose' with huge labour surplus and large pool of unemployed workers across all skill categories. By definition, in such contexts, all departing workers and low skilled workers in particular can be easily replaced at little or no cost to employers usually through on-the-job-training. For the highly skilled though – engineers, scientists, teachers, accountants, doctors – in the short run, their departure only alleviated pressures on the labour market created by the surplus of this type of highly qualified labour and the inability of the market to absorb them. However, in the long-run, the specific geographic locations of migrants' origins have important implications for the local labour markets. For instance, labour markets in the peripheral regions of the country are likely to prove more inflexible in replacing the departing workers. The departure of migrants may result either in increase in wages or reduction in under-/unemployment in the areas from which migrants depart. However, given the segmented character of the Bulgarian labour market, these benefits are more likely to be disproportionately distributed across the country with the capital Sofia and other urban settings benefitting most and the peripheral regions being most disadvantaged. As a result, regional disparities have caused increased rural to urban migration. The rate of internal movement to urban areas (especially Sofia) has accelerated significantly. The increased concentration of high skilled

workers in the urban centres is likely to create new surplus putting downward pressures on wages. Similarly, the global economic and financial crisis will put additional pressure on the local labour markets – through contraction in the labour markets, slow down in wage growth and reduction in government spending on social protection programmes (World Bank 2009) – with peripheral markets likely to be the hardest hit.

### *3.3. Brain drain, brain gain and the Diaspora*

Data from the National Statistical Institute suggested that, in the 1990s, a large proportion of emigrants from Bulgaria were highly skilled, alarming that Bulgaria might be losing development potential. According to the director of the Sofia branch of Gallup international polling agency, ‘50-60% of the emigrants were highly-educated, including well-trained specialists’ (Tomiuc 2002). Analysing ‘brain drain’ and ‘brain gain’ within Europe, Wolburg (2002) points out that some 20,000 scientists left Bulgaria in 1989 heading West, primarily to Germany, Ireland, the UK and France. In the period between 1990 and 1992, another 40,000 specialists left the country (Straubhaar 2000). For the same period, Bulgarian sources reported an exodus of some 40,000 Bulgarian scientists (Sretenova 2003). Chobanova (2003: 24 cited in Gill & Guth 2005:6) states that in the case of Bulgaria: ‘The country has lost one small town of 55,000 to 60,000 of its highest educated and skilled population each year during the last decade (1990s)’. Horvat (2004) argued that Bulgarian students



were among the largest South and Eastern European student populations in many European countries and scientists from Bulgaria usually had a very high skill ratio. An increasing number of Bulgarian citizens had applied for the Highly-Skilled Migration Programme (HSMP) in the UK during 2002-2005<sup>9</sup>. The number of successful applicants ranged from six in 2002 when the scheme began to 40 in 2005.

A significant number of the high skilled personnel leaving Bulgaria were school teachers. Due to dramatically declining birth rate and the emigration of young people and whole families, there were not enough children to enrol at school, which resulted in job losses for teachers. The number of children enrolled in primary, secondary, and high-school education in 1993-1994 has dropped by 39.0% (167,732 children); 37.3% (166,650); and 7.2% (26,346), respectively, in 2007-2008. The number of teachers in primary education has dropped from 24,601 in 1993-1994 to 16,585 in 2007-2008, a decrease of 32.6%; the decrease of the number of secondary school teachers for the same period is 33.6% (12,160 teachers)<sup>10</sup>. The author's research has shown that some 6% of the sample of 100 undocumented Bulgarians in Athens in 1996 were last employed in Bulgaria as primary and secondary school teachers; the figure rose to 9% for the interviewed Bulgarians in Athens in 1999 in a sample of 153 (Markova 2001). In a subsequent sample of 202 Bulgarian immigrants interviewed by this author in Madrid in 2003-2004, some 7% were teachers

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<sup>9</sup> The HSMP started on 1 February 2002 and so data for 2002 are for 1 February to 31 December 2002.

<sup>10</sup> Author's calculations based on data made available by the National Statistical Institute in Bulgaria (<http://www.nsi.bg/SocialActivities/Education.htm>) (in Bulgarian).

(Markova 2006). In both countries, the former teachers, mainly women, were experiencing deskilling working in domestic services.

Nonetheless, brain drain had particularly severe consequences for the development of the ethnically mixed regions in the country where the loss of key personnel (mainly doctors) rendered very difficult the delivery of health care. Guentcheva et al. (2003: 52) provide empirical evidence for this, showing that recent emigration from these areas involved the most active and qualified segment of the population i.e. those who had lost their privileged social status during the transition years of the 1990s. Among them were former mayors, representatives of municipal councils, former policemen, technicians, students and doctors. In an earlier piece of research based on a set of Turkish statistics, Bobeva (1994: 227) showed that the community of Bulgarian Turks lost 9,000 university graduates to emigration during the early 1990s.

Other researchers, however, believe that ‘there has been just a trickle of highly qualified emigrants, and even cumulatively it is not big enough to make any difference at all’ (Gächter 2002). They argue that there has been no dearth of professionals and specialists in Bulgaria, at least compared to other Balkan countries. The number of scientists and researchers among Bulgaria’s working-age population still remained high, especially in relation to GDP per capita at purchasing power parity (PPP). And, the reduction in the number of scientists and professionals only served to bring the numbers of technicians to a more

realistic and sustainable level, namely in line with other, frequently much wealthier, countries in the area (*ibid*).

In the last few years, some young Bulgarian financial brokers have set up organisations which aim to attract business interest to Bulgaria. The ‘City Club’ in London and the Wall Street in New York were the most successful among them. It was the former Prime Minister, Ivan Kostov, who in 2000 first attempted to attract the interest and expertise of young Bulgarian expatriates to Bulgaria, organising an event titled ‘Bulgarian Easter’. Shortly after this, a similar initiative followed in the summer of 2000, and was organised by the then President, Peter Stoyanov. Ironically, just a year later, some of those invited to the event, such as financial brokers from London, became the main reason why Kostov’s party suffered major losses in the elections of June 2001. These elections presented a very interesting situation when a last-minute formed party led by a former king won and promised to save the country in 800 days. Amongst the party’s candidates were professional Bulgarian emigrants – one of the most prominent participants in the recent Bulgarian government initiatives for attracting high skilled migrants to Bulgaria -who put on hold their careers in the west to participate in Bulgarian politics. They formed the first government comprised mainly of returned professionals. Even without repatriation, migrant communities have the potential to contribute to home country development. Remitting to or investing in the home country is one primary route. In addition, however, transnational networks via flows of economic and social capital are recognised today as the most important

developmental resource associated with international migration (Newland, 2003).

There are still no accurate numbers on the size of the Bulgarian communities abroad. The recently published National Strategy of the Republic of Bulgaria on Migration and Integration (2008-2015) contains some estimates both of the old political immigrants and the new immigrants who had left the country after 1989: over 50,000 in Germany, about 25,000 in Austria, about 10,000 in the Czech Republic, about 50,000 in Italy, about 3,000 in the Slovak Republic, about 5,000 in Hungary, about 4,000 in Belgium, about 110,000 in Greece, over 60,000 in the UK, about 2,000 in Sweden, over 15,000 in France, around 10,000 in Portugal, over 120,000 in Spain. Another 200,000 Bulgarians are in the US, about 45,000 in Canada, some 15-20,000 are thought to be in South Africa and another 15,000-20,000 in Australia (Ministry of Labour and Social Policy 2008: 5). About 700,000 are thought to be the Bulgarians of Turkish origin in Turkey. Table 3 provides information on the stock of registered Bulgarian citizens in selected European destinations for the period 2000-2004.

In 2003, the Agency for Bulgarians Abroad conducted a unique survey on the problems faced by the Bulgarian migrant community abroad in their attempts to participate in Bulgaria's economy.<sup>11</sup> The survey found that a lack of sufficient and reliable information on privatisation deals, investment possibilities and other aspects of economic reform in Bulgaria, as well as corruption at all levels of governance and onerous bureaucratic procedures, were amongst the main

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<sup>11</sup> <http://www.aba.bg>.

issues pointed out by Bulgarians abroad as issues that affect the willingness of the Bulgarian migrant community to invest in Bulgaria. Based on their responses, the survey identified four main groups of Bulgarian migrants, according to their economic relations with the country.

The first group consisted of very rich expatriates (about 50-70 persons), who had made some large investments in the country. However, some of them have been accused of destabilising actions against the state. Others were sceptical about investing in Bulgaria, fearing the strong, 'hidden' influence of the former communist party. The second group represented the 'middle class' of Bulgarian emigration (about 20,000 people). It is mainly in the US, Canada, Germany, Austria and other Western European countries. They are considered as an already established Bulgarian 'lobby' and a good investment potential for the country. They are usually in professional occupations, with good managerial skills and in good social and institutional positions in the host countries. The third group comprised a wider range of Bulgarian emigrants, from those who migrate on a seasonal or temporary basis and who are usually undocumented migrants to legal migrants in the lower social strata of the host country. Some 80% of these people were estimated to remit small amounts of money each month to their families and relatives in the country. Finally, the fourth group included ethnic Bulgarian resettlements, usually situated close to Bulgarian borders. They strive to establish economic ties with their motherland.

State measures also include the establishment of websites on the labour market conditions in Bulgaria and current vacancies. Bulgarian students abroad are of special interest. The government plans to include them in a special register that will be made available to interested employers (Ministry of Labour and Social Policy 2008).

**Table 3 Stock of Bulgarian citizens in selected European countries.**

	2000	2001	2002	2003	2004
Germany					
• Council of Europe, 2004	32,290	34,359	38,143	42,419	...
• Federal Office for Migration and Refugees, Germany (in Haug 2005)			42,420	44,300	
Greece					
• 2001 Census		35,104			
• Baldwin-Edwards, 2004					46,114
Denmark**	394	408	426	460	...
Iceland**	44	58	62	72	68
Spain**	3,031	...	...	44,151	63,155
					91,509
					(2005 Census)
Italy**	5,637	6,758	...	...	...
Latvia**	22	24	25	23	28
Norway**	355	...	464	533	567
Portugal**	343	376	431	...	...
Romania**	92	86	92	92	67
Slovenia**	127	66	68	...	...
Hungary					
• Council of Europe, 2004	1,499	1,200	1,146	1,085	1,118
• SOPEMI, 2005.	1,200	1,100	1,100		
Finland**	317	297	308	326	
Netherlands**	713	870	1,074	1,360	...
Czech Republic					
• Council of Europe, 2004	5,454	4,131	3,558	3,783	3,904
	4,000	4,100	4,200	4,100	
• SOPEMI, 2005					
United Kingdom					
• 2001 Population Census (England & Wales)		5,154			
• OECD data base on expatriates		5,350			
Switzerland**	1,943	2,012	2,293	2,596	2,589
Sweden**	1065	1002	805	796	...

\*\* Source: Council of Europe, 2004, p. 310.

### *3.4. Remittances*

Remittances are generally considered to be one of the positive outcomes of the migration process. Most remittances are sent to family members in the home community of the migrant. The income distribution across families will depend upon the type of families that receive the remittances – whether it is the poorer or wealthier families that receive them. Lukas (2005) argues that the increased incomes as a result of remittances can in turn increase incomes for families who receive no remittances at all; one mechanism of doing it is through the multiplier effects of expanded spending – as migrants’ families increase their consumption, the additional demand for goods and services creates jobs for other families that also spend and increase demand. There has been much discussion of using remittances beyond consumption and for investment; spending on education, housing and land are recognised forms of investment. Along Lucas’s (2005) lines of analysis, at macroeconomic level, the amount of remittances that generate national investment is dependent upon the returns that can be obtained from those whose incomes were increased as a result of the remittances. Remittances may increase upward pressures on prices through expansion in consumption much of which is satisfied by imports, thus leading to trade deficits and current account deficits. In addition, remittances can also bring an infusion of foreign exchange may allow a real appreciation of the exchange rate; for economies with high imports relative to foreign exchange reserves, or for heavily indebted economies, the addition to foreign exchange availability can prove valuable (Lukas et al. 2006).

This section of the paper will only provide empirical evidence on the determinants of migrant remittances and their use in the context of Bulgaria.

Data released by the Bulgarian National Bank show that the amount of money sent by Bulgarians abroad to relatives in the country has increased consistently in absolute terms and as a percentage of GDP, from 1998 onwards (Table 4). For example, money transfers in 2004 comprised about 4.2% of Bulgarian GDP and amounted to a greater share of national income than the educational and healthcare budget of the country. In 2006, the World Bank registered an increase in the amount of remittances pointing to US\$ 1,695 million, or about 5.4% of the country's GDP (World Bank 2008: 71). Given the existence of informal methods of remitting money (transfers in cash and in-kind from returning Bulgarians emigrants), this figure is likely to under-report the actual scale of such transfers. Mintchev and Boshnakov (2005) estimate that the official figures register just some 45-50% of actual migrant remittances.

According to data released by the Agency for Bulgarians Abroad<sup>12</sup> at least 300,000 people send amounts ranging between US\$ 100 to US\$ 300 to their families on a regular monthly basis. Remittances are used primarily to cover basic needs and the purchase of durable goods. Stanchev et al. (2005) argue that remittances have become very important for improving living standards and reviving local economies through increased consumption and investment.

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<sup>12</sup> The Agency for the Bulgarians Abroad (ABA) is a state institution tasked with collecting data about expatriate Bulgarians. It also co-ordinates and supports the activities of state institutions towards expatriate Bulgarian communities (<http://www.aba.government.bg>). It should be noted that ABA uses the term 'expatriate Bulgarian' and does not use the concept 'Bulgarian emigrant'.



These macroeconomic effects, they claim, can also have the effect of delaying government reforms for economic restructuring and policies to tackle underlying causes of emigration. The ability of the private households to satisfy their immediate needs independently from the government can create a disincentive from the authorities to work for a better business environment and to deal with the economic and structural problems that pushed the people to leave initially.

A qualitative study on the effects of seasonal migration on Bulgaria by Guentcheva et al. (2003) confirms the use of remittances for consumption and the purchase of houses and flats. In an interview about the use of remittances, the secretary of the Momchilgrad municipality, in the Kurdzhali region, commented:

In spite of the widespread belief that remittances in the Kurdzhali region are at least €100 million a year, they are considered ‘dead capital’, immobilised into purchases of apartments, houses or luxury cars. This money does not circulate, does not serve local businesses. Money from seasonal workers abroad is not significant, because such people work primarily in low-wage sectors, do not bring much money and whatever they bring is used for consumption (often conspicuous). Our municipality is the region with the most Mercedes cars per person in the whole country. (in Guentcheva et al. 2003: 49)

Bulgarian migrants spend money on health during their short visits home, notably on dentistry as they cannot afford to visit a dentist in Italy or Greece, where they live.

The pattern of allocating migrants' money to houses and apartments has boosted the real-estate market in the region, significantly pushing prices up. A quantitative study by Mintchev and Boshnakov (2005), which used data from a random sample of 1,000 households, found that migrant remittances were mainly used for consumption, purchasing a car and property; very few, though, expressed an interest in buying land. This was explained by reference to the underdeveloped land market. Interestingly, it was also found that every fifth household receiving transfers from abroad was involved in some kind of entrepreneurship – to establish a new business and/or to support an existing one - whilst this was true for only one in ten households not receiving remittances. Transport, services and trade were the main sectors of productive investment. These were usually small and medium-size businesses as well as leasehold (e.g. purchase of a car and its usage for a taxi).

Research regarding seasonal and undocumented migrants suggests that they remit more and remit more often. A study by the author based on questionnaire interviews with 100 undocumented Bulgarian immigrants living in Athens, Greece, in 1996, revealed that undocumented Bulgarians remitted on monthly basis over half of their earnings and there was no differentiation by marital status, number of family members in Bulgaria, intentions to stay in Greece or any other attributes. The only exception was the gender variable, indicating that women were sending a larger share of their income to Bulgaria compared to men. This could be explained by the fact that most of the women in the sample –divorced or married– had their children or whole families in Bulgaria. The

analysis of another sample of 153 Bulgarian immigrants interviewed by the author in Athens and on the island of Crete in 1999, some 10 months after the implementation of the first legalisation programme of the Greek government, showed considerable alteration in immigrants' remitting and saving behaviour. Almost half of the sample, having acquired legal status and access to the banking system in the host country, had started saving more money in Greece, thus reducing the amount sent home. In contrast, undocumented migrants being uncertain about their stay in Greece remitted more often and remitted almost their entire income. The variable on the number of family members in Bulgaria had a significant explanatory power (at 1% level of significance); an additional family member in Bulgaria increased the probability of remitting by 34% (Markova, 2001; Markova and Saris 2002). These findings were resonant of the ones reported by Markova and Reilly (2007). The authors, utilising data from a sample of 188 Bulgarian immigrants living in Madrid in 2003-2004, found that the volume of remittances was higher, on average and *ceteris paribus*, for both females and those married. The impact effect for the gender control suggested that, on average and keeping all other variables constant, a female remitted annually about €588 more to Bulgaria than a male migrant. A married individual remitted over €420 more in the reference year than those in all other marital status categories. If the number of family members in Bulgaria (Spain) rose by one, the volume of annual remittances would rise (fall) by €135 (€402). The legal status of the respondents had the strongest effect reported. Bulgarian

immigrants who were living and working legally in Spain remitted almost €1,220 less per year than those who were undocumented.

**Table 4 The size of remittances and their share of main macro-indicators.**

Year	Remittances (€ mil.)	Exports	% Imports	GDP	FDI	Healthcare budget	Educational budget
1998	170,2	3.18	3.20	1.48	35.61	...	...
1999	233,3	4.30	3.81	1.92	30.75	...	...
2000	305,9	4.01	3.66	2.24	27.82	...	50.0
2001	472,5	5.83	5.01	3.11	52.94	77.3	77.5
2002	531,7	6.22	5.45	3.22	55.90	72.3	76.8
2003	613,0	6.48	5.50	3.48	49.64	89.2	87.9
2004	812.3	7.15	6.08	4.18	35.66	103.2	101.5
2005*	587,0	3.09	2.53	1.95	22.60	...	...
2006**	1,356***	...	...	5.4%	...	...	...

*Source:* Bulgarian National Bank and National Statistical Institute (Kostadinova, 2005 at [www.ime.bg](http://www.ime.bg)).  
*Notes:* \* Jan-Sep \*\* World Bank, 2008: 71. \*\*\* \$1,695 mil. The figure is based on avg. exchange rate for 2006, \$1≈€0.80 ([www.x-rates.com/d/EUR/USD/hist2006.html](http://www.x-rates.com/d/EUR/USD/hist2006.html) ).

Recent projections of the World Bank (2009) point to a decrease of migrant remittances by some 7% because of deteriorating economic conditions in the migrant host countries affected by the global crisis.

In mid-1990s, the increased transactions by the Bulgarian migrant community in Greece and their rising demand for financial services (sending money home) motivated Greek banks to expand their services into Bulgaria. Legalised immigrants are the main users of the banking system for transferring their money home. Since 1998, when the Greek government implemented its first regularisation programme for granting legal status to undocumented foreigners there, the number of Bulgarian immigrants legally residing and working in Greece has substantially increased. Statistics from the database on residence

permits, cited in the 2004 Hellenic Migration Policy Institute (IMEPO) report and compiled for the year 2003-2004 by the Mediterranean Migration Observatory (MMO), identify 66,787 Bulgarians in Greece (Baldwin-Edwards 2004). This increase may explain the growing number of Greek bank branches in Bulgaria in recent years. For example, Alpha Bank has now opened branches in twenty cities in Bulgaria. The five Greek banks – National Banks of Greece (which owns 99.9% of the United Bulgarian Bank), EFG-Eurobank (affiliated with Postbank), Alpha Bank, Piraeus Bank and Emporiki Bank – currently have a market share of 25-30 per cent in Bulgaria<sup>13</sup>. It's plausible to assume that these bank branches are increasingly turning into important employers for local people, especially for those who had worked in Greece.

In addition to the Greek banks in Bulgaria, there are 419 Greek businesses operating in the country; some 40% of them were registered after the year 2000 following almost a decade of Bulgarian immigration to Greece<sup>14</sup>. Anecdotal evidence suggests that some of them, especially the small and medium-sized companies have been established through connections with Bulgarian immigrants in Greece, and they have been recruiting bilingual returnees from Greece.

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<sup>13</sup> [http://www.invgr.com/se\\_europe.htm](http://www.invgr.com/se_europe.htm)

<sup>14</sup> Data provided by the Economic and Trade Office of the Greek Embassy in Sofia, Bulgaria during the author's research visit there on 7 November 2006.

#### **4. State management of emigration**

State policy towards emigration has changed significantly since the communist era. Prior to 1989, emigration policies were directed at eliminating or reducing international travel. Bulgaria's post-communist migration policy aimed to achieve an optimal balance between the freedom of movement of people and the control of undocumented migration, whilst at the same time respecting the fundamental human rights and freedoms as guaranteed by international and European standards/conventions (Mintchev 1999). Strategic policy goals included: improvement in the management of economic migration; increasing border security in view of taking on regional responsibilities for the protection of the external borders of the EU; protecting the rights and promoting the integration of legal immigrants in Bulgaria; international cooperation and compliance with international treaties on migration (Ministry of Labour and Social Policy, 2004). In an attempt to stem undocumented migration, several bilateral agreements for employment of seasonal/temporary workers have been signed since 1991.

At present, bilateral employment agreements exist with Germany, Spain, Switzerland, France, Luxembourg, Portugal, the Czech Republic, the Flemish Union of Belgium and the region of Lombardy in Italy<sup>15</sup>. These agreements provide for the employment of a limited number of Bulgarian nationals, including students, for specified periods of time and in professions where there

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<sup>15</sup> <http://www.mlsp.government.bg/bg/integration/agreements/index.htm> (in Bulgarian) [retrieved on 17 August 2008].

are skill shortages in the host country. Bilateral agreements on social security exist with Germany, Poland, Spain, Luxembourg, the Czech Republic, Slovakia, FYROM, Ukraine, Croatia, Serbia, Turkey, Hungary, Austria, Cyprus, Romania, Albania, Montenegro, Bosnia-Herzegovina, and Libya.<sup>16</sup>

As a response to the dramatic depopulation of the ethnically mixed regions in Bulgaria, the government attempted to resettle ethnic Bulgarians from abroad. The ‘unwritten’ policy amounted to an attempt to achieve an ethnic balance in ‘ethnically sensitive areas’. Thus, returning ethnic Bulgarians from Moldova and Ukraine were resettled in the Kurdzhali region. However, the programme was not particularly successful as most of the returning ethnic Bulgarians wanted to settle in the cities, where some of the young ethnic returnees were enrolled at universities through a special government programme (Guentcheva et al. 2003: 53).

Recently, the Bulgarian government introduced its long-awaited national strategy on migration and integration for the period 2008-2015. Its main objective is to attract Bulgarians living abroad and foreign citizens of Bulgarian origin to settle more permanently in the country; it also plans to attract high-skilled third-country nationals to cover labour shortages. However, the government tends to ignore the fact that low skilled shortages will be more acute/or as acute as high skilled labour shortages in the medium and long run, and will also need to be covered by migrant labour. The new state policy for attracting Bulgarian emigrants for permanent return will be implemented by

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<sup>16</sup> Ibid.

several institutions that will be established and coordinated by the Council of Bulgarians Abroad of the Council of Ministers. In the autumn of 2008, information campaigns for Bulgarians working in Spain, Germany, Greece and the UK were organised -with Bulgarian employers present- to discuss employment opportunities at home with potential returnees. These four countries were selected because of the large Bulgarian communities there and because of the presence of labour attaches in the respective embassies who are able to inform Bulgarian emigrants about current working conditions and remuneration in Bulgaria.

## **5. Conclusion**

Emigration from Bulgaria continues, albeit at a declining rate. In recent years, a clear pattern of circular and temporary migration can be identified, especially after April 2001 when Bulgarian citizens were allowed a 3-month visa-free stay in countries within the Schengen zone and more recently, after the country's EU membership in January 2007. Preferred destinations are Greece, Spain, Italy, Netherlands, Germany, Turkey and the UK. The US remains an important destination for permanent settlement. Temporary migration has become more regionally and ethnically specific with migrants increasingly originating from poor, ethnically mixed rural areas.

Large out-migrations have considerably distorted the demographic profile of the population between 1989 and 2001. Young people and whole families have



migrated abroad thus contributing to the continuously decreasing birth-rate and steadily placing Bulgaria amongst the five 'oldest' countries in Europe.

Brain drain through emigration is not a clear-cut issue for Bulgaria. However, it has had most severe consequences for the development of ethnically mixed regions in the country, where emigration involved the most active and qualified segments of the population.

An estimated four million Bulgarians live abroad. The newly adopted National Strategy of the Republic of Bulgaria on Migration and Integration for 2008-2015 targets these people for a more permanent return. The group of Bulgarians who do not plan to return but are willing to contribute to Bulgaria's economic development should not be ignored by policy-makers. They need to be provided with accurate and reliable information by the relevant state institutions, such as information on privatisation deals, conditions for investment and other aspects of economic reform in the country. Trade Departments and labour attaches within Bulgarian diplomatic missions abroad can play an important role in the process.

Bulgaria is already experiencing a turn from being a migrant origin and transit country into a migrant receiving country. There is the need not only for high skilled professionals, but also for unskilled labour. This particular development has been ignored in the National Strategy on Migration. It is crucial that policymakers reconsider this issue and incorporate it in their plans. If they fail

to do this, the country risks attracting unskilled undocumented migrant labour and expanding its already flourishing shadow economy.

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