

SOCIAL AND ECONOMIC CHANGES IN BLAGOEVGRAD IN CONNECTION WITH THE INTEGRATION OF BULGARIA'S TO EU

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This research aims to demonstrate, analyze and assess the socio-economic changes in Blagoevgrad municipality in connection with Bulgaria's integration to the EU.

The municipality of Blagoevgrad is located in Southwest Bulgaria and occupies an area of 628 km². According to the regional scheme of the country, the municipality includes the town of Blagoevgrad and its adjacent 25 villages. The town of Blagoevgrad is situated of 100 km south of the capital city of Sofia and proximity by the Republic Macedonia and Greece. The geographical location of the municipality favours its development. The demographic factors have a considerable impact on the development of Blagoevgrad municipality. Until 1998 its population was growing but since then it has been slowly decreasing. During 1992–2001 the average annual population drop was by -0.05%. The main causes for this decline are a low birth rate, high death rate, migration, etc. In 2005 the inhabitants of the municipality were 77,183 (data source: GRAO) which constituted 23.2% of the district's population and 1.0% of the country's population (*Table 1, Figure 1*).

Most of the municipality's population lives in the town of Blagoevgrad. The share of urban population in the municipality is 91.2% and has the rural population – 8.7%. For comparison sake the ratio urban: rural population in the whole district is 57.2%: 42.8%. In the district center (the town of Blagoevgrad) is concentrated 40.4% of the district's urban population. Great differences can be observed in the urbanization processes in the individual settlements, which had negative results: depopulation of numerous villages, deterioration of the population age structure, etc. The rural population in Blagoevgrad municipality has been declining since the mid-1950s. The same applies to most of the villages in the Blagoevgrad district. The prognoses are that with Bulgaria's accession to the EU and with the development of the rural and ecological tourism, the population in the villages will increase (*Figure 2*).

Generally, the demographic processes in Blagoevgrad municipality have the following characteristics:

- 1 Preservation of the total number of population, increase of the urban and decrease of the rural population;

- 2 Favorable reproduction potential of the population in the district town (The share of young people is high – over 22 per cent) and degraded reproduction parameters and population aging in the villages;
- 3 Development of population of Blagoevgrad with high labour potential, high educational and qualification level in the town of Blagoevgrad.

The integration of Bulgaria with the European structures is accompanied with difficult and continuous transition to market economy. A number of socio-economic changes have taken place all over the country and in Blagoevgrad municipality in particular, which have led to a considerable decrease in the number of employed persons and to the increase of unemployment. The employment in Blagoevgrad municipality began to drop in the beginning of the 1990s and reached its climax in 1990–1995. In 2003 the employed persons are about a 40–50 per cent less than that in 1990.

Owing to the different economic development rates, to the economic reforms and to the work force changes, substantial transformations occurred in the employment by economic sectors and forms of ownership. The restructuring of the ownership in the sphere of economy and the establishment of the private sector raised the share of the employed in the latter (*Geography of Bulgaria...*, 2002). In 2003 the private sector provided jobs for about 63.9per cent of all the employed people while the public one – for 36.1per cent (*Figure 3*).

Table 1

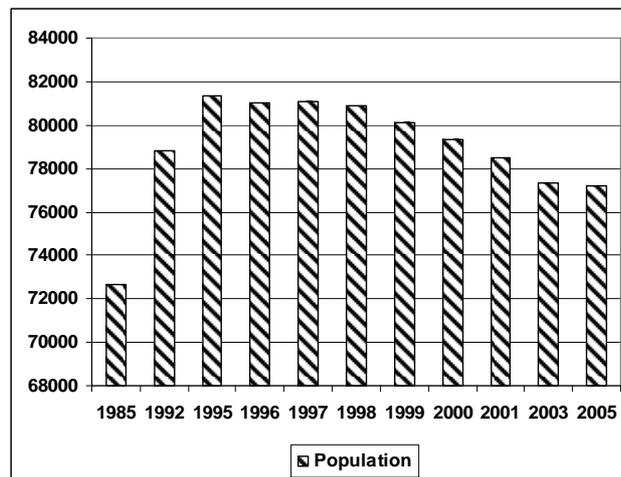
Population by municipalities in Blagoevgrad District 1985–2003

Municipalities	1985	1992	1995	1996	1997	1998	1999	2000	2001	2003
Bansco	15,442	14,600	14,071	14,032	14,010	13,769	13,574	13,472	13,988	13,394
Belitsa	9,757	10,110	9,956	10,007	9,915	9,861	9,783	9,748	9,748	9,539
Blagoevgrad	72,681	78,810	81,357	81,011	81,114	80,882	80,094	79,312	78,467	77,346
Gotse Delchev	32,110	33,074	32,796	32,963	33,144	32,894	32,716	32,745	32,784	32,136
Garmen	14,636	15,014	15,063	15,185	14,832	14,764	14,697	14,620	15,114	14,705
Kresna	7,108	6,947	6,867	6,837	6,758	6,651	6,568	6,432	6,284	5,948
Petrich	57,483	57,829	57,709	57,775	57,477	57,223	56,955	57,490	58,086	57,450
Razlog	24,211	23,508	22,999	22,888	22,821	22,608	22,331	22,218	22,197	21,652
Sandanski	45,143	45,097	44,634	44,668	44,347	43,746	43,407	43,442	43,403	42,475
Satovcha	16,851	18,350	18,309	18,392	18,385	18,366	18,277	18,265	18,032	17,576
Simitli	16,722	16,840	16,766	16,771	16,800	16,623	16,488	16,353	16,173	15,531
Strumiani	8,719	7,957	7,624	7,722	7,629	7,412	7,261	7,038	6,881	6,564
Hadjidimovo	12,219	12,147	12,053	12,064	11,956	12,044	11,966	11,870	11,037	10,551
Yakoruda	11,113	11,354	11,204	11,195	11,139	11,064	11,021	10,914	11,176	10,771

Source: GRAO, DSRD of a District with Blagoevgrad as its Administrative Center during 2005–2015.

Figure 1

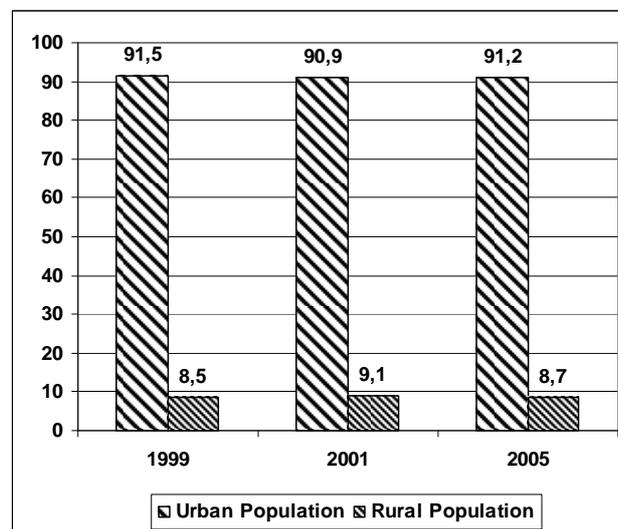
Dynamics of Population in Blagoevgrad Municipality 1985–2005



Source: GRAO; OSRR.

Figure 2

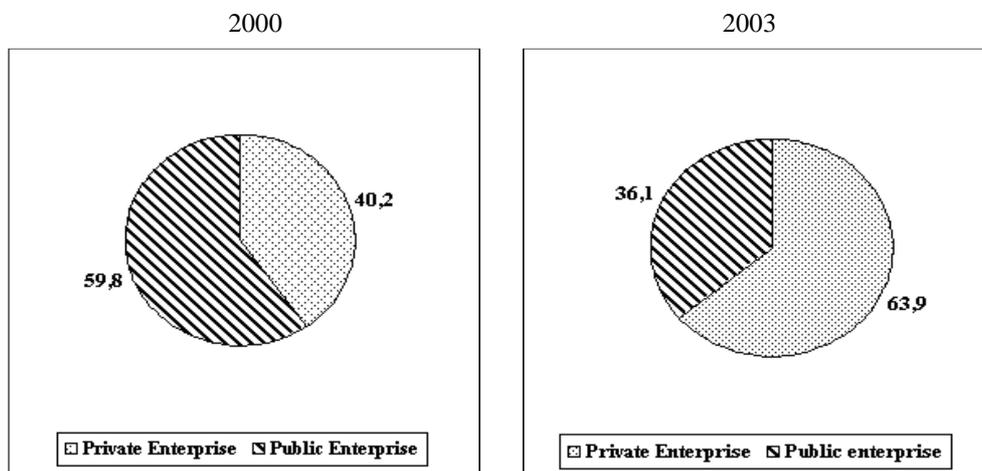
Share of urban and rural population in Blagoevgrad Municipality



Source: GRAO;

Figure 3

The Structure of Employment by Form of Ownership



Source: GRAO; OSRR.

The structure of the employed is changing: the number of people, working in primary sector is going down whereas in manufacturing industries and service sector it is going up. This is also due to the development and high share of labour intensive branches in the economic sector – food industry, textile, apparel and shoe industry, etc. second comes the service sector. The trend towards an increase of the number and share of employed persons in the small and very small enterprises and towards their decrease in the big ones, which is common for the whole country, can be observed in Blagoevgrad municipality as well (Ilieva-Roukova, 2005).

The number of newly created jobs is still insufficient but in comparison with other municipalities and with the national average figure, the unemployed persons who apply for one vacancy are fewer in Blagoevgrad municipality (the unemployment coefficient is 7.14% as of 31 December, 2004).

Standard of living, incomes, poverty

On the average, the level of incomes and poverty in Blagoevgrad municipality is similar to that throughout the country. The 1992–1997 periods is characterized by a steady decline of incomes, followed by a slight rise, which, however, does not affect considerably the purchasing power of the people. The municipality of Blagoevgrad is not amidst the poor ones. The social policy, recently carried out by the municipality, has resulted in:

- increase of the purchasing power of the people;
- slow income equalization in the state-owned and private sector;
- development and operation of a new pension system;
- Growing importance of the programs for employment encouragement.

Due to the economic crisis, which took place in the 1990s, and the resulting from it privatization, restructuring etc., substantial changes occurred in the production volume, forms of ownership and branch structure of industry in the municipality. 'This is the period when the production drop was most marked and when most of the plants in the sphere of machine building, metalworking and electrical industries were privatized. A lot of firms were established in light industry, owing to which significant part of the output was produced by the private sector' (*M. Ilieva, Geography of Bulgaria 2002*).

The manufacture of food, beverages and tobacco participates with the highest share in the industrial structure of the municipality. Very important for the development of this economic branch are the abundant raw materials and the great consumption closely associated with the demands of plenty of students and tourists. The small and medium-sized firms constitute 60% of the total number. Prevailing is the private ownership.

Most significant for the economy of the municipality is the manufacture of tobacco. The largest and the most modern tobacco plant are built in Blagoevgrad, which produces 40% of the total output. The other manufactures (mainly of meat, meat products and alcoholic drinks) are concentrated in small and medium-sized enterprises. (*District Strategy for Regional Development of a district with Blagoevgrad as its Administrative Center during 2005–2015*).

Recently the manufacture of wearing apparel and knitwear has gained in importance for the economy of Blagoevgrad municipality. Various articles are produced – ladies and men's ready-made clothes, shirts, overalls, woolen knitwear, cotton fabrics, etc. This branch is remarkable for the participation of foreign investors in it (Greek, German, French) having established either their own firms or set up joint ventures in the municipality. Many of these firms are competitive and export-oriented ('Stroumatex' JSC, 'Milena' Crafts' Cooperative, 'Balkantex', etc.). The development of wearing apparel manufacture is stimulated by small investments, cheap work force and low labour qualification at the very appointment of the employees. Therefore, the branch is very mobile and with uncertain perspectives for development within the municipality limits. Most of the Greek workshops perform assembly production activities, which are temporary and can be removed from the region. Hence, an alternative to this type of production has to be found in the future (*District Strategy for Regional Development of a district with Blagoevgrad as its Administrative Center during 2005–2015*).

The manufacture of castings, metal articles and machinery is concentrated in about ten firms mainly in the district town. A persistent downward trend can be observed in the manufacture of electrical machines and high-precision equipment. In the 1980s this branch made an impressive progress but in the 1990s experienced a deep crisis. This is caused basically by the reduction of markets, the lack of investments, etc.

The manufacture of wood, wood products and furniture is based on the local raw materials and has good perspectives. There are about 15 wood processing enterprises. Most of them are small and are either affiliates of foreign companies or export their production to Greece, Turkey, Germany and some other countries. Most of the enterprises have been recently established and afford opportunities for alternative employment because of the closure of the enterprises where the new entrepreneurs have worked before. The main problem this industrial branch faces is, on the one hand, the insufficient quantities of timber (the forests cover 45% of the municipality's area) and on the other, the illegal export of timber.

The tertiary sector is the second important economic sector in the municipality. In compliance with the growing and development the economy, the business and finance services, credits and insurance become more intensive. 'A big contribution to the development of service sector has the town of Blagoevgrad where are located all state municipal administrative bodies, higher schools, health, transport, trade and financial establishments. Predominant in this sector are trade, communications, tourism and finance-and credit institutions' (*Boris Kolev, Geography of Bulgaria 2002*).

Two types of transport are developed in Blagoevgrad – railway and motor ones. The transport network density of the municipality (290.3 km per 1000 km²) is higher than that of the district (267.7 km per 1000 km²) and slightly lower than the national one (333 km per 1000 km²). The municipality is cut through by the international motorway E-79, (Blagoevgrad-Simitli-Koulata) which plays a significant role in the district town's development (*Table 2*).

The railway Sofia-Blagoevgrad-Koulata is electrified and guarantees fast and high-quality service of the passenger and freight traffic. The socio-economic changes during the transition period substantially affected the transport activities.

The present-day characteristics of the social infrastructure in the region are a consequence of a continuous development and restructuring. The trade network is in very good shape. It is concentrated in the town of Blagoevgrad where are located over 90% of the trade establishments in the municipality. Some big Bulgarian and foreign supermarket chains such as Technomarket, Metro, etc., operate here. The market infrastructure incorporates a lot of institutions, (banks, insurance companies, stock markets) which directly serve the municipality's economy.

The educational infrastructure in the municipality takes shape on the basis of the current requirements and demands of society. It functions due to the relatively

good material equipment, the availability of professionals and children. With its two universities (the Southwestern and the American) and three colleges Blagoevgrad has become an important center of higher education. The location of universities and vocational schools of national and regional importance encourage the development not only of the municipality, but also of the whole district. Nevertheless, the socio-economic and demographic changes (the reform in education, the declining birth rate, etc.) will make an impact on the future development of education.

Table 2

Density of Road Network (1000 kv.km)

Territorial Units	I class	II class	III class	Total
Bulgaria	27.1	34.5	107.1	333
Blagoevgrad District	13,50	24	63	267.7
Municipality in Blagoevgrad District				
Blagoevgrad	22	–	77	290.3
Bansco	–	65	5	158.4
Belitsa	–	34	50	417.4
Gotse Delchev	–	70	53	214.5
Garmen	–	–	100	230.6
Kresna	32	–	12	164.7
Petrich	18	–	116	473.8
Razlog	–	63	7	146.6
Sandanski	20	–	80	277.5
Satovcha	–	–	113	207.1
Simitli	41	39	11	211.6
Strumiani	28	–	121	424.8
Hadjidimovo	–	48	112	267.9
Iakoruda	–	74	–	169.6

Source: DSRD of a District with Blagoevgrad as its Administrative Center during 2005–2015.

The health network is unevenly distributed. It is most dense in the town of Blagoevgrad. It is most dense in the town of Blagoevgrad where there are 5 hospital establishments. In comparison with 1999, the health establishments, that are functioning, have not decreased in number but by contrast, their beds have (by 10percent). The health service in the municipality encounters problems, which are common throughout the country and are related to the on-going health reform. The reduced medical staff influences the health insurance of the population (*District Strategy for Regional Development of a district with Blagoevgrad as its Administrative Center during 2005–2015*).

Blagoevgrad has well-developed network of cultural institutions (a drama theater, a puppet theater, Ensemble "Pirin", a historical museum, etc.) which stimulates the tourism. The inadequate financial resources in the last 10 years adversely affected the development of culture in the municipality.

In Blagoevgrad municipality there are splendid opportunities for the development of different types of tourism (cultural-cognitive, mountain-recreational, congress tourism, eco-tourism, etc.), which can rely on the favourable natural conditions and on the rich cultural heritage. A mountain resort of national importance is 'Bodrost'. The congress tourism makes a success in the town. At present, the possibilities for the development of cognitive tourism are not explored to the fullest extent yet.

The technical infrastructure in Blagoevgrad municipality is in a relatively good shape. A lot of reconstructions took place in the last 5 years, owing to which it was upgraded. The problem of water supply in the municipality has been successfully solved. The water supply network is well developed but it needs from a renewing.

The municipality is cut through by the main gas pipe to Greece which follows the natural infrastructure corridor along the Strouma River. A project about Blagoevgrad gasification is being implemented now which is a great advantage for the municipality as the utilization of natural gas has undoubted economic and ecological effectiveness. (*District Strategy for Regional Development of a district with Blagoevgrad as its Administrative Center during 2005–2015*).

The reforms that are going on all over the country adversely affect the agrarian sector. In all settlements of Blagoevgrad municipality (except for the town of Blagoevgrad) the areas under crops, the number of farm animals and the farm produce are decreasing. This sector is the main source of incomes in the villages and its decline encourages the development of natural economy and the out-migration of working age population because there is no alternative for employment and earnings. The agrarian sector is financed both by the municipal and state budget through the State Fund "Agriculture" and the "Tobacco" Fund. But the allocation of funds by the state is a difficult process as the relationships between producers and creditors are not clearly defined. Thus, these funds are not used to promote the development of agriculture (*District Strategy for Regional Development of a District with Blagoevgrad as its Administrative Center during 2005–2015*).

The favorable geographical location of Blagoevgrad municipality is an important prerequisite for its progress. After Bulgaria's integration with the EU a lot of positive changes are expected in the socio-economic structure of the municipality.

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