

Lecture by H.E. Matthias Hoepfner  
Ambassador of the Federal Republic of Germany to Bulgaria  
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“The Future of the Relations between Bulgaria and Germany”

Thank you very much! I really enjoyed your presentations. I'm quite honored to be able to participate in this small conference that involves two of Bulgaria's heavy-weight partners, and these are Russia and Turkey. As you know, Germany maintains very close and very intensive relations with both of those countries. The economic interaction between Russia and Germany is huge, especially in the field of energy. By the way, we just recently finalized the North Sea pipeline, which ends in Lubeck, crossing the Baltic sea. Turkey has a very important role in Germany as well. Perhaps, 20% or 30% of the population of Berlin is of Turkish origins. These people play a very important role in German politics. I'm personally a big fan of Turkey. The economic boom of Turkey makes it an important factor in the region. I just returned from Turkey last week, and I must say again I had a very good time in Turkey.

I have prepared a script for the lecture, but I feel tempted to leave it aside and try to speak more freely. I apologize, this may be a less fluent approach. Let me start with a personal remark.

Now I have finished my fourth year as a foreign diplomat in Bulgaria, extended from three years to four years. Now, I am at the beginning of my fifth year as an additional extension. So, why am I extending my turn here for the second and last time? That's the maximum the foreign office in Berlin will accept. Five years is the absolute limit. But I asked for a fifth year, and they granted it. I'm very happy about it. Why I'm happy about it? Of course, because I like it so much in Bulgaria. Bulgaria is, indeed, a wonderful country. What impresses me so much is the cultural diversity of the country that lies at the crossroads of different cultures, which makes it extremely interesting, with rich and very long history.

While I talk about cultural diversity, I want to tell you about one event that happened recently. The day before yesterday, when the protesters tore down the symbolic replica of the Berlin Wall in front of our embassy, we had a classical concert inside the embassy with a young Bulgarian musician. I'm always mesmerized and totally impressed by the level of qualification and the musical feeling they present. We organized this concert to help them finance a master

class in Vienna. We were very successful. The guests were deeply impressed by their extremely high level of musical skills, and were very generous.

Let me talk a little bit about the beauty of Bulgaria: the wonderful nature of Bulgaria, not just the lovely Black Sea coast, but also the fantastic mountains. It's a privilege to have these landscapes and such a wonderful climate. All this makes my wife and myself like Bulgaria so much. There are many Bulgarians, some foreigners and even foreign diplomats, criticizing the country for not being perfect.

Well, there is a charm in not being perfect. The mayor of Berlin, Mr. Wowereit, some times speaks of his own city as being poor, but sexy. And there is something to that. Berlin is economically in some ways weak, but in the same time attracts many tourists and many young people. Sofia, I think, is a bit like that. You can't directly compare it, but there are similarities. Sofia is very charming, it's not perfect, but this is part of the charm. So you don't have to be embarrassed of not being perfect. In some ways this is a positive aspect.

Now, coming to the topic of the presentation. I was asked to talk about the German- Bulgarian friendship. Let me start by saying that this friendship is indeed deeply rooted. It was formalized by the German Bulgarian friendship treaty of 1992. By the way, there are only 3 other treaties from that period. These are the treaties with Romania, with Hungary and then with the Soviet Union. So, you can see that Bulgaria has always been a high priority in our eastern, south-eastern Europe policy. The roots of our friendship, however, are much deeper than that. Before coming to Bulgaria, I was certainly not aware that the first friendship treaty between our countries was concluded in 853. There was no Germany at the time. It was the Franconian Empire who signed an agreement with Knyaz Boris I.

Now this friendship, particularly in the past decades, has translated into a very intense cultural exchange. This is reflected, and I find this particularly impressive, in a very high number of German-language diploma schools in Bulgaria. There are 2023 German language schools, where the classes are taught in German, so German is not simply a foreign language subject. And when the kids graduate from these schools, they can easily get admitted to any German university, without further language qualification.

And on top of that, we have in Bulgaria two full fletch abitur schulen, schools. One is probably the top school in Bulgaria with a German branch. When I hand out the abitur schulen (the graduation diplomas) to the students, when I look in their eyes, I'm really impressed, but not only by looking into their eyes, but also looking at their grades. I'm really impressed. This is an excellent school with highly qualified young people (I'll came back to that later). They represent not only the future of our bilateral relations. These young people, regardless of the language they have learned, represent the future of Bulgaria.

Recently, young Bulgarians form the second largest group of foreign students in German universities, after the Chinese. This is an impressive number, comparing the sizes of the two countries. By the way, recently, many Russians have also came to study in Germany.

Later on, some of these graduates go elsewhere or stay in Germany. But yet, many go back to Bulgaria and contribute to the development here. They are, of course, very valued by the German investors. German investors appreciate highly qualified young people, who speak German fluently, but at the same time have deep rotes here in Bulgaria. This is a comparative advantage.

Speaking of German investors and economics, this leads me to my next topic: the economic relations between Germany and Bulgaria. Until very recently, Germany was the biggest trade partner of Bulgaria. Last year we were overtaken by Russia, due to the very high energy trade between your countries. Nevertheless, German investors continue to plays very important role in Bulgaria. The numbers have gone down, due to the economic crisis and some other factors (I will talk about this later), but it is important to note that many German companies in Bulgaria play a very positive role in terms of corporate-social responsibility. We have a number of German companies, engaged in vocational training. Also, the bilateral chamber of commerce has recognized that vocational training is a high priority in bringing forth the possibilities for German investors.

I must also say that we as an embassy have started to put a strong focus on that. I'm in a close dialog with the Bulgarian ministers, and recently talk to Mr. Oresharski about this. We try to promote the concept of a dual vocational training, where the young trainees will receive a practical training in respect to the needs of a working company. There are some legislations on the way in Bulgaria, which will put a stronger focus on this concept. In Germany, this concept

has been extremely successful, explaining the low rate of youth unemployment in Germany. Here in Bulgaria, it is way too high and something needs to be done. I heard from German investors that they need qualified workers. I also heard from Bulgarian companies that there is a lack of qualified workforce. There is no lack of engineers among the university graduates, but a lack of qualified technicians and trained people.

German businesses are very active in Bulgaria. We are close to 500 companies. We also have a very active bilateral chamber, which has 460 members – the biggest bilateral chamber of commerce in Bulgaria.

They made a survey a while ago, and what came out was indicative of some of the problems in Bulgaria. The main problems are still connected to justice and home affairs, which is also the topic of the Cooperation and Verification Mechanism of the European Commission. Foreign investors have the same observations. For them, it is very important to have a solid, and reliable legal environment, when it comes to commercial disputes. They hope for predictability and reliability of the law enforcement agencies, especially when it comes to public procurement. There are still too many complaints about its transparency and some cases of corrupted practices. These problems are not specific only for Bulgaria, we have seen such phenomena in many countries, including Germany. Nevertheless, measures taken in Bulgaria against these cases are not fully satisfactory, and we hope for progress. Some, however, has been achieved, and this is maybe the explanation why we have recently seen some new German investments.

But definitely more progress is needed in the area of law enforcement, and the legal environment in general, to attract small and medium size companies, not only from Germany, but also other foreign countries. Because, they are the most vulnerable. If they lose a case in a legal dispute, they may lose their business. The big players can defend themselves, but for the small and medium size companies it's more difficult. At the same time it is very important to accommodate small and medium size companies, because, as demonstrated in Germany, they are the innovative force of the economy, they are the ones to push forward the national economy, and create jobs.

The political relations between Germany and Bulgaria, well, I don't need to mention that there is an abundance of bilateral context on all levels. Bulgarian prime minister has been in Berlin several times. The president, who is a very special friend of Germany and speaks German

fluently was in Berlin recently. I'm not telling any secrets, when I say, well, that they are "pick up the phone" type of relations between our governments on the highest levels. But from today's prospective, bilateral political relations have to be always put into the contexts of European integration.

In 2007 Bulgaria joined the European Union. At that time, Germany had the EU president seat, as during the acceptance of Bulgaria to NATO. This was a very important step, not only for Bulgaria, but for all of Europe. Since then, we are observing a process of continuing integration of Bulgaria into the EU structures. In the year of 2007 everyone was aware that certain criteria, the so called Copenhagen criteria, were not fully met. This is particularly true for the area of justice and home affairs and the general the business environment, which I already mentioned. That is why the Cooperation and Verification Mechanism was introduced and has been in place now roughly for 6 years. Some progress has, indeed, been achieved, which is part of this regular progress we posed. But, in the same time, there are still some benchmarks that have so far not been met.

And while the progress is visible namely in the legislative area, the lack of law enforcement implementation in the daily work of the law enforcement agencies of the country remains an issue. When I say law enforcement agencies, of course, it is not limit to the police, the national investigation agency, and the judges, but includes also the other law enforcement institutions, like the competition commission, which is very important. The number of convictions is still not sufficient, especially when it comes to high level crime and high level corruption. This leaves the impression of a selective approach in the law application. Selective in the sense that there are groups that still today seem to manage to intertwine their interest and their power within the political level, reaching into the judicial level. This, according to some observers, is characterized as being "state within the state." You have democratically elected parliament, democratically appointed government, but the same time, there are very powerful interest groups, working in the background. Sometimes is not quite clear who really is in the lead.

I want to be clear, lobbyism is a phenomenon that we have in all our countries. In Germany, for example, it has strong ties to commerce, where lobbyists form associations in close relations with the political environment, and everyone tries to promote their interest: this is a normal phenomenon. This is a normal phenomenon. It comes critical, when this "state in the state"

phenomenon appears, and it becomes unclear who is really in charge for certain things, and to what degree the political ladder is actually influenced.

This is typical for the transitional periods, and Bulgaria is still a country in transition, but we believe it's moving through the end of the transition period and we hope that also the media environment will improve in this context.

As recently noted, ownership concentration of the media in Bulgaria should be addressed. This is one point that I have personally raised recently with some critical remarks, because we feel that the ownership concentration of the print media, but not only the print media, should be improved. There are some other phenomenon that derives directly from this high level of concentration of ownership, and it should be counted.

I want to remind you of the fact that the trade without borders has gone down, while Bulgaria quite recently has fallen to the bottom, at number 87. This is not good for the European Union, and everyone agrees that it needs to be addressed. It is important to mention that these observations come at a time of a crisis within the European Union. Previously, there was more patience, more flexibility, perhaps more hope that things will kind of resolve themselves over the years. Now we are facing a very serious crisis within the European Union. We are convinced that it can be resolved, but it's not over yet.

And while it is namely an economic crisis of indebtedness, one of the lessons learned from this crisis is that it's also a crisis of government. The level of tolerance, when it comes to the basic values of European Union has gone down. Politicians everywhere in the European Union, but certainly in Berlin, have become more and more insistent on the fact that the European Union is not just an economic union obviously, but a union of certain basic values. These values need to be protected, if the European Union shall succeed in the long run. We see some deficiencies in this regard, and this is not limit only to Bulgaria, but also includes some of the founding members of the European Union.

Therefore, the German foreign minister, together with some colleagues, has taken the initiative to found the so called future group of foreign ministers. The Bulgarian foreign minister will participate in one of these meetings, discussing ways and means to better promote and also control these values. There is a letter of four foreign ministers, among them again the German foreign minister, sent to minister Barroso, expressing that point.

The current state of affairs in the European Union is concerned with article 7 of the Lisbon treaty, which is still more of a theory than of practical use. There is also the infringement procedures of the European Commissions. That's a fairly technical instrument, and we need something in between to defend the central European values. If we don't address that issue urgently and find solution soon, we, in Germany, are afraid that the sentry forces that we are starting to see in the European Union would increase, and would become more difficult to control.

In this general political framework, the topic of Schengen becomes more difficult. Although, Germany had contributed a lot to make sure that Bulgaria is meeting the technical requirements. We attended experts that contributed some of the necessary funding. Indeed, your Bulgarian border police is a state of the art: they are perfectly equipped and are doing an excellent job. But there is this general political context that has slow down the membership.

Talking about European integration, and European orientation, I want to bring up another important topic: the energy sector. Russia plays a very important role, not only here in Bulgaria, but also in Germany. The only thing I want to say is that energy security, seen from the European point of view today, includes the necessity of diversification of energy sources, it includes the necessity to improve energy efficiency, saving energy and incorporating more energy friendly approaches in all aspects. This, of course, includes the future of renewable energies. Here in Bulgaria the catchword of the discussion is Belene. You know Germany is phasing-out the nuclear power. This is a national decision and other countries can take different decisions.

The only thing we are trying to point out is that any such decision should be made in a very sober, economically minded view, involving cost and cost-benefit calculations. When it comes to the cost of nuclear plant, you must not forget the cost of the nuclear wastes, and also the cost of the decommissioning of the nuclear power plant. At the end of the North Stream pipeline project, Germany has a very impressive example of decommissioning of nuclear power plants. They are dismantling six or seven reactors, piece by piece, and it's really done with precision. But when you take a closer look at it, it comes quite clear that this is a very expensive venture. So, all this needs to be added up and then you have to put a line on that and see if it's economically valid. This is our recommendation.

Let me briefly touch on one more aspect, since I'm already a bit over the time. In the context of political relations, and again, political relations is part of European relations at this point, I would like to talk about the role of civil societies. No modern democracy will be successful without an active and engaged civil society. Civil society has been relatively weak in Bulgaria for historical reasons, which is quite understandable, but recently we have seen a fairly significant increase in the civil or civic energy and civil society engagement.

When this happened for the first time in February, my colleagues in Berlin asked some critical questions. They were concerned about the austerity policy in Bulgaria. You know that Germany is promoting austerity to maneuver out of the crisis, combined, of course, with growth creating policies. But they were a bit concerned that now, as is the case in another EU countries, support for austerity would perhaps go down in Bulgaria; a concern about a new extreme right and extreme left in the country.

Well, I convinced my colleagues in Berlin that Bulgarians, in principle, have a general inclination towards fiscal discipline – they don't spend more than they can afford –but perhaps austerity should be more balanced, should be put more into a social context. Indeed, your macroeconomic numbers are fantastic, being way below the 3 % budgetary deficit limits and indebtedness is way below 20%. So, you are among the champions in the European Union, in regard to macroeconomic numbers. That means that there is indeed some room for flexibility. At the same time that flexibility should be handled carefully and the austerity approach should not be left out of view.

The civil society engagement, that I mentioned, has also shown some very deep frustrations in the society; frustration about the passive lack of justice, about the ostentatious wealth of some of the profiteer of the transition period. These profiteers continue to search for monopolies to further increase their “marje di manovra,” decimating the importance of market economy type of competition. Only when such a competition is up welled, economy will be able to prosper in the long run. Thus, this civil society revival, in our view, is a positive thing. As I said earlier, without it modern democracy will not be able to function. Modern democracy needs to be monitored by civil society, and by the independent media, another integral part of democracy.

But, I sometimes hope that the forces, on the opposite side, who are defending their gains from the transitional period, will enter into a kind a pact for Bulgaria. We have seen this in Germany,

where the entrepreneurs from diverse backgrounds entered into a joint venture, a pack for their country. This could certainly help to bring things forward. This, however, would require a change of attitude. To put it into a short formula, it would involve, I think, the voluntary end of what Bulgarians sometimes call “svobodia.” It’s a special kind of freedom; a freedom that goes a bit over the top. This should be slowed down and it should be done voluntarily by several means, including measures by the authorities. It is in the long-run interests of everybody that “svobodia” is turned into a market-economy-style freedom. If civil society fails, if such a pact for Bulgaria fails, then my optimism would be limited. Then, we would face economical problems; we would face problems in regard to the stability of the democratic institutions in the area of justice and home affairs; we would see problems in terms of demography: too many young people would actually leave their country and not come back.

So, to conclude, I want to explain why, after being here for 4 years, I am personally an optimist. This brings me back to what I said at the beginning, it’s these young people that I tend to call the Erasmus generation, the young Bulgarians. They are polyglots, they speak, English, German, Russian, Turkish, they are cosmopolitan, they are independent in their minds, they are engaged, they are interested in their own country, while being open, and really not only seeing themselves, but living up to be Europeans. And this is something we observed in all of Europe, in Germany, even when I talk to my daughters. It’s so natural these days that in high schools, students go for 3 months to France, to England to the United States, to here and there. The Erasmus Program has widened their thoughts: many go to Turkey, to Istanbul, to Russia. This is what Europe is all about, and it doesn’t end at the Schengen borders or the borders of the European Union. It reaches its way into the neighboring regions. In view of our topic today, the Future of our Relations: this is the future of our relations.