RUSSIA’S INFLUENCE IN BULGARIA

DEFENCE, FOREIGN POLICY AND SECURITY

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NEW DIRECTION
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This report by New Direction comes in a very important moment in time, especially in light of recent developments taking place in Ukraine, in Syria, as well as in different European countries. Using its old divide et impera tactics, Russia is challenging the unity among EU Member States by taking full advantage of different factors, including economic links or support from political parties which have especially strong ties with Moscow (like Ataka in Bulgaria). It is time we look closer at Putin’s game, big part of which is a conflict in the East of Ukraine and react before it is too late.

If Ukrainian conflict teaches us something, it is that Russia has recently diverted much of its resources and focus from mobilising hard power in protecting its interests to soft power, including funding media outlets and political parties.

The Bulgarian case study presented here by Dr. Dimitar Bechev precisely identifies this new aspect of the Russian influence across the EU. His study describes in detail the ongoing game played by the Russian regime and neatly sums up the contemporary Russian policy towards its former Near Abroad and its attempts to undermine European unity.

By using gas exports as a political weapon in Bulgaria, Russia has succeeded in undermining European solidarity by creating political and economic rifts. As a result, Kremlin (and Gazprom) benefit from these divisions and retain the status of main supplier, while using Bulgaria to promote reviving of the now aborted South Stream project.

However, energy is only one of many ways in which Russia interferes in Bulgarian domestic political and economical life. It has increased its role in the Bulgarian banking system and real estate market, with most recent purchase of almost 64000 houses by Russian citizens in Varna and Burgas. With regard to (dis)information, Russia exerts a firm influence by generously funding Bulgarian media’s both at local and national level.

One could argue that one of the main pillars of the common market is the opportunity to invest abroad, which usually has nothing to do with geopolitics. However, the case presented by Dr. Bechev proves otherwise. For instance when talking about Western sanctions against Russia, the reluctance of Bulgaria can be explained by its tight economic links with Russia and the pro-Kremlin Ataka party. When part of Bulgarian politicians started a debate on defence and security, which has shown the true extent of Russian interference in Bulgaria, pro-Kremlin parties caused a political crisis. Those are only two of many examples of the negative Russian impact on Bulgaria that can be found in this report.

This new research by New Direction should be used by policy advisers and politicians to help them better understand Moscow’s way of acting and to reshape our policy towards Russia. It is important to understand that before being able to compete in the external dimension, we must secure our internal fundamentals first.
In spite of previous Western efforts to welcome Russia into its club, through economic engagement, a NATO-Russia Council and membership of the G8, Russia under Vladimir Putin seemed to prefer a more traditional view of Russia’s interests and strategic posture. He would like to weaken, disarm and neutralise those European allies previously part of Moscow’s fiefdom, and split Europe from the United States (hence his encouragement of distinctly European political initiatives and support for EU defence initiatives separate from Nato).

Through its influence in countries with significant Russian minorities or residues of support among the population, Moscow seeks to undermine Western resolve and the cohesiveness of Nato. Putin has trumpeted the spurt in Russian defence spending as he creates and uses more agile, professional and rapidly deployable military forces. Through limited military operations and by raising the spectre of a wider war, he hopes to intimidate western political leaders and public opinion, to strengthen opposition to Western military intervention and force recognition of Russia’s renewed importance.

Russian adventurism in the Ukraine and its dramatic engagement in Syria are only the most obvious examples of Russian efforts to reassert its influence in countries previously under its direct or indirect control and to reclaim its seat at the top international table. Behind the military power we witness the continued application of other Russian capabilities – the political, financial, economic and other instruments to create constituencies of support and to weaken western affiliation.

After all, in terms of methods President Putin is who he is – a former KGB First Chief Directorate (Foreign Intelligence) officer who has surrounded himself with former intelligence officers. So-called “active measures” are a key KGB function - giving currency to false rumours and conspiracy theories, spreading scare stories, and covertly supporting groups or individuals whose activities may serve Russian purposes. Russia respects strength. But it will exploit weakness for its own purposes.

While Russia’s GDP is less than Britain’s and its per capita GDP no greater than Poland’s its combination of military and diplomatic strength and economic resources rank it once more among the powers. It has its own unique, historic world view. Under Putin Russia seeks to use all the instruments at its disposal to reassert influence internationally and in its near abroad.

Bulgaria, for many historic and other reasons, has long been regarded as the European country most vulnerable to extended Russian influence. Dimitar Bechev explains the deep and complex connections in Bulgaria used by Russia to promote support and muffle criticism. He explores a relationship which is most visible in the energy sector and its financial entrails and endures in the state security and media, in political parties and in defence industries. Our Bulgarian colleagues Nikolay Barekov MEP and Angel Dzhambazki MEP provide their own comment.
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He is the author of The Historical Dictionary of the Republic of Macedonia (2009), Mediterranean Frontiers: Borders, Conflict and Memory in a Transnational World (2010, co-edited with ECFR Council Member Kalypso Nicolaidis) and Constructing South East Europe: the Politics of Balkan Regional Cooperation (Palgrave Macmillan, 2011) as well as articles in leading periodicals such as the Journal of Common Market Studies and East European Politics and Societies. He holds a D.Phil. (2005) in International Relations from the University of Oxford as well as graduate degrees in International Relations and Law from Sofia University. His areas of expertise include EU enlargement and Neighbourhood Policy, the politics of wider South East Europe (post-communist Balkans, Greece, Turkey), EU-Russia relations, and Euro-Mediterranean relations.

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Russian influence has always run strong in Bulgaria - once known, half-jokingly, as the Soviet Union’s 16th republic. Its faces are manifold. A stroll in downtown Sofia or any other city takes one through streets, squares, monuments and churches named after Russian generals, diplomats and cultural figures. An equestrian statue of Emperor Alexander II, one of only two remaining anywhere in the world, has been standing proudly opposite the Bulgarian National Assembly since 1907. Though trading relations have declined since 1989, Bulgaria imports most of its oil, gas and nuclear fuel from Russia. VTB, a large Russian bank, has been playing a prominent role in the Bulgarian economy. Media outlets are linked to Moscow and echo the Kremlin’s message. Human ties are durable too. Scores of prominent politicians, diplomats, business people, civil servants, military officers and technocrats, hailing from generations born before the late 1960s, have been educated in the former Soviet Union. Russian is often heard in Varna, Burgas and many other towns and resorts along the Black Sea coast, where Russian Federation citizens own thousands of second homes.

Such links have proven, time and again, an asset for Russia’s foreign policy. In November 2006, Moscow’s Ambassador to the Union Vladimir Chizhov famously called Bulgaria “Russia’s would-be Trojan horse in the EU”, mere weeks before the country entered the Union. Other member states have vied for the unflattering title since. And while there is an element of truth in the statement, dependence on Russian energy imports and links at various levels do not necessarily make Bulgaria a proxy of the Kremlin. But they do go a long way in shaping a cautious, risk-averse attitude, with successive governments in Sofia trying their best to balance the competing demands of Moscow and Bulgaria’s Western allies. Russia moreover can count on many friends in Sofia. Political parties and social organisations and lobby groups proudly wear their links to the Kremlin, extoll the benefits of closer cooperation in energy, argue fervently against the Western sanctions, and often point a finger at the EU and US as the root of all evils befalling Bulgaria since 1989. Vladimir Putin has his loyal following, with rallies sporting the orange-and-black ribbons worn by separatists in the Donbass.
Bulgaria and Russia share long-standing historical links. Although it is not common knowledge within Russia itself, Cyrillic script and the Slavonic Church made their way from the medieval Bulgarian Tsardom to Kievan Rus as the latter adopted Orthodox Christianity from Byzantium. In the 18th and early 19th century, the rapidly expanding Russian Empire became a magnet and patron for many Bulgarians, much like for other Orthodox peoples living under Ottoman rule. Numerous Bulgarian colonists, traders, and educationalists found home there. Modern Bulgaria emerged as a result of a war led by Emperor Alexander II in 1877-78, the “Liberator Tsar” credited for the abolition of serfdom in Russia. Russian administrators planted the seeds of state institutions, including the army, the courts and prosecutorial offices and the civil service and were instrumental in the adoption of a democratic constitution in 1879 (at the time when Russia itself lacked one).

Intimacy never meant harmony. Influential liberal nationalists detested the Romanov autocracy and looked to Germany and Austria-Hungary as a counterweight to meddling Russia. It is often forgotten that relations went through a number of crises, with St Petersburg orchestrating several coups and Russophile and Russophobe factions jockeying for power. Frustrated by the failure of Russia to support its cause in the Second Balkan War (1912-13), Bulgaria opted for the Central Powers in the First World War, fought against the Tsarist army and was a signatory of the March 1918 Brest-Litovsk Treaty.

In the interwar period the Bolsheviks capitalised on residual pro-Russian sentiments. They were bolstered by the influential Bulgarian Communist Party (BCP) whose exiled leader Georgi Dimitrov became head of the Comintern in 1934. But it was the arrival of the Red Army in early September 1944 that soon turned Bulgaria into a loyal satellite - in contrast to Hungary, Poland, Czechoslovakia or even next-door Romania. From the mid-1950s all the way to 1989, communist leader Todor Zhivkov survived successive power shifts in the Kremlin. Bulgaria transitioned from an agrarian economy to heavy industry thanks to the import of Soviet technology, funds and raw materials. Yet, as socialist development went downhill in the 1970s and 1980s, it became dependent on re-exporting cheap oil to balance the books. It was Mikhail Gorbachev’s decision to discontinue this form of indirect subsidy, as well as the liberalising influence of perestroika, that eroded Zhivkov’s rule. He was deposed by a palace coup in November 1989, with the Soviet Embassy in close communication with the rebels.

Perestroika influenced as much Bulgarian Socialist Party (the name BCP adopted in 1990) as it did the fledgling opposition. The first non-communist president Zhelev cultivated close ties with Boris Yeltsin and is even said to have had him recognise newly independent Macedonia in 1992. BSP, paying attention to Moscow’s sensitivities, opposed membership in NATO or sought to fudge the issue. The turnaround came in 1997 with Ivan Kostov’s centre-right cabinet succeeding the Socialists. The pro-Western administration pushed for NATO accession and, during the 1999 Kosovo crisis, joined Romania in thwarting Russia’s attempt to fly reinforcements to its troops in Pristina via the Bulgarian airspace. Kostov’s government moved against murky companies used by Gazprom as intermediaries in the export to Bulgaria. Yet in the same period Lukoil took over the country’s sole refinery at the Black Sea port of Burgas, part of an ambitious privatisation programme. Russia’s economic influence grew steadily in the 2000s as the cabinet led by ex-King Simeon Saive-Cobourg-Gotha (2001-5) negotiated a deal on Russia’s outstanding debt and, even more importantly, restarted the Belene nuclear plant project. The most prominent promoter of deepening ties with Russia was President Georgi Purvanov (2002-10), formerly leader of the BSP. Under his stewardship, Sofia and Moscow sealed a package of energy projects – dubbed a “Grand Slam” by Purvanov himself - worth billions consisting of Belene, the oil pipeline between Burgas and the Greek port of Alexandroupolis and South Stream. Despite much political capital spent and the appealing prospect for rents distributed at various levels, all three projects failed. Bulgaria suspended Burgas-Alexandroupolis in December 2011 because of environmental concerns and lacking commitment on transit volumes. Belene followed suit in March 2012 due to absent funding. Finally South Stream was called off by Vladimir Putin in December 2014, having faced resistance by the EU (see below).
Russia is a major trading partner for Bulgaria and consistently ranks as No 1 amongst importers. This is largely because of oil and gas. According to the Centre of Bulgarian Industry in Moscow, hydrocarbons account for 76.4% of imports from Russia corresponding to USD 5.3 bn (See Table I). Russia is not a key market for Bulgarian firms and trails far behind leading partners such as Germany, Turkey, Italy and even neighbouring Romania and Greece. At USD 707.3 m (2014), or about 3% of Bulgaria’s total, exports to the Russian Federation are nearly eight times less than imports. Because of energy dependence, the trade deficit is structural. Put another way, two companies, Lukoil and Gazprom, dominate trading relations between Sofia and Moscow. Another significant point is that, contrary to perceptions, Bulgaria is not vulnerable to the ban on EU agricultural products Russia introduced in 2014 as a tit-for-tat for the sanctions, as it does not export large quantities in the first instance.

FDI tells a similar story. Russia is the tenth largest investor in Bulgaria, with a total stock (1999-2011) worth EUR 1.485 bn. The global economic crisis after 2009 affected both countries and led to a significant decrease (Table II). One caveat is that the Bulgarian National Bank monitoring financial flows often lists the most prominent investors - Lukoil Neftochim, operating the refinery at Burgas, and Lukoil Bulgaria, the trading arm – as based in the Netherlands, Austria or Switzerland, depending on which branch takes charge of a particular piece of investment. Another point worth noting is the large number of Bulgarian companies where Russian individuals and entities hold from 5 to 100% of shares: 4 652. Presumably, a significant chunk of those have been registered to enable the purchase due to the legal prohibition of foreign ownership (companies incorporated in Bulgaria count as local).

Tourism is a key sector of economic relations but even there Russia, with 666,538 visits in 2014 according to Bulgaria’s National Statistics Institute, trails behind Romania (about 1.5m), Greece and Turkey (1.1m each) and Germany (900,000). After several years of growth, there has been a fall in the number of tourists by more than 3% in 2014 (see Table III). Bulgarian authorities are now considering measures to facilitate the granting of visas to Russian citizens (Sofia introduced visas in October 2001, in order to secure a visa-free regime with the Schengen countries). In South East Europe Russians prefer destinations like Turkey (more than 4 million visits in 2014, up from 3.8 in 2013) and Greece (1.3 million).

<table>
<thead>
<tr>
<th>YEAR</th>
<th>EXPORT</th>
<th>IMPORT</th>
<th>BALANCE</th>
<th>TOTAL TURNOVER</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>614.4</td>
<td>5369.0</td>
<td>-4754.6</td>
<td>5983.4</td>
</tr>
<tr>
<td>2009</td>
<td>4075</td>
<td>3125.5</td>
<td>-2718.0</td>
<td>3533.0</td>
</tr>
<tr>
<td>2010</td>
<td>584.7</td>
<td>4150.6</td>
<td>-3565.9</td>
<td>4735.3</td>
</tr>
<tr>
<td>2011</td>
<td>754.1</td>
<td>5738.1</td>
<td>-4984.0</td>
<td>6492.2</td>
</tr>
<tr>
<td>2012</td>
<td>722.0</td>
<td>6805.6</td>
<td>-6083.8</td>
<td>7527.6</td>
</tr>
<tr>
<td>2013</td>
<td>775.8</td>
<td>6360.1</td>
<td>-5584.3</td>
<td>7155.9</td>
</tr>
<tr>
<td>2014</td>
<td>707.3</td>
<td>5334.2</td>
<td>-4626.9</td>
<td>6041.5</td>
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<table>
<thead>
<tr>
<th>YEAR</th>
<th>MLN. EURO</th>
<th>%</th>
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<tbody>
<tr>
<td>2008</td>
<td>298.2</td>
<td>+18.4</td>
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<tr>
<td>2009</td>
<td>166.1</td>
<td>-1.5</td>
</tr>
<tr>
<td>2010</td>
<td>202.8</td>
<td>+32.0</td>
</tr>
<tr>
<td>2011</td>
<td>179.4</td>
<td>+20.3</td>
</tr>
<tr>
<td>2012</td>
<td>185.8</td>
<td>+31.5</td>
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<tr>
<td>2013</td>
<td>75.9</td>
<td>+14.1</td>
</tr>
<tr>
<td>2014</td>
<td>173.0</td>
<td></td>
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Nowadays, the 1990s divide, with BSP backing Russia and the anti-communist rallying against its influence, is largely blurred. The current governing coalition led by Boyko Borisov’s centre-right Citizens for European Development of Bulgaria (GERB, in power 2010-3 and after October 2014) steers a middle course. On the one hand, the cabinet features prominent critics of Putin like the Ministers of Foreign Affairs and Defence, Daniel Mitov and Nikolay Nenchev, member of the pro-Western Reformist Bloc. President Rosen Plevneliev has been making hawkish statements too. On the other hand, Borisov keeps a low profile and is on reasonably good terms with the pro-Kremlin Purvanov, whose new party, ABV, participates in the government.

BSP is pursuing a balancing act of its own, as the Kremlin friendly messaging to its ageing electorate harbouring nostalgia for the golden days of communism differs from the pro-EU rhetoric Bulgarian socialists adhere to in Brussels and elsewhere. Humiliated by Putin on several occasions, ex-leader Sergey Stanishev used to position himself as a Westernising force within the party – and in 2013 backed the deal with the US corporation Westinghouse to counterweight Russian interest in the nuclear sector. Even in the 1990s, Soviet-educated Prime Minister Jean Videnov resisted pressure from Moscow, notably Gazprom’s bid to take over Bulgaria’s gas grid. Socialists tilted into a markedly Putin-friendly direction only after they lost power in the summer of 2014 and Stanishev, leader of the Party of European Socialists (PES), was succeeded by Mikhail Mikov.

The leader of the Bulgarian ‘ultra-nationalist’ ATAKA Party, Volen Siderov (right), is awarded the Russian “Star of the Fatherland” Order in Moscow.

The case of the influential Movement of Rights and Freedoms (MRF), supported by Bulgarians Turks and Muslims, is also telling. Styling itself as the most pro-Western party and a staunch supporter of NATO it has an extensive business clientele with interests in lucrative projects such as South Stream.

At the end of the day, Russia’s most loyal ally and only true friend is the ultranationalist Ataka – a party fighting “US neoliberal colonialism” as the source of all evils befalling Bulgaria since 1989. It is a small wonder that Ataka replaced the Socialists but also Purvanov as the partner of choice for the Kremlin.

The caution prevailing in GERB as well as in much of the political spectrum is in tune with popular attitudes. In March 2015, a survey by Alpha Research, a respected polling agency, found that even after the invasion of Ukraine 50% held positive views of Russia, of which 6.9% admitted that the annexation of Crimea had strengthened their favourable perspective. While those sharing a negative opinion had grown rapidly from 9 to 40%, compared to a year before, the shift was not as dramatic as elsewhere in the EU where the average percentage was 57%. Importantly the survey found that 61% of Bulgarian citizens were against new sanctions against Russia, while the rest were in favour. Unsurprisingly, pro-Russian views are most common with supporters of BSP, ABV and Ataka. Between 59 and 62% say they will vote for Russia and against EU and NATO in a putative referendum. 1

1. The report is available at http://alpharesearch.bg/bg/socialni_izsledvania/socialni_publikacii/balgarskata-vanshna-politika-
It is hard to overstate the momentous role the past plays in the battles over Russia’s place in Bulgarian politics and society. The image of the Russian Empire as a Slav brother and liberator is firmly embedded in both history textbooks and national literature. March 3 – the date in 1878 when Count Nicholas Ignatieff, Russian Ambassador to the Sublime Porte, signed a peace treaty at the gates of Istanbul – is Bulgaria’s official holiday. While a handful of revisionist scholars and commentators interrogate the Romanov Empire’s expansionist and self-interested agenda, their message reaches only a niche audience of hardline anti-communists. The themes of liberation, brotherhood and historical debt resonate with large swathes of society. The contribution to the war by many nationalities in the multiethnic and multiconfessional Tsarist Empire (e.g. Finns, Ukrainians, Germans, Poles, Armenians and others) or indeed the allied states of Romania, Serbia and Montenegro is rarely mentioned. Russia takes all the credit and uses it to its best advantage. For instance, in January 2008, Vladimir Putin was in Sofia to take part in festivities surrounding the 130th anniversary from the emergence of modern Bulgaria. The president’s trip culminated in the signature of the Intergovernmental Agreement (IGA) regarding South Stream – accompanied by the announcement of a “Year of Russia in Bulgaria” and a “Year of Bulgaria in Russia” in 2008-9.

History resurfaced six years later when Sofia walked out from the South Stream project – found to be in breach of EU competition rules. Media close to the Kremlin saw the decision as an act of betrayal and ingratitude. “Bulgars have backstabbed us yet again”, read the headlines. Russian pundits pointed out that it was not the first instance of Bulgarians’ being ungrateful to their Slav Orthodox brethren.

The alliance with Germany in the First and Second World War along with the decision to join NATO all sprang up as past precedents.

History and identity have come to the fore with the rift between Russia and the West over Ukraine. Pro-Kremlin voices inside Bulgaria have been berating the “unnatural” alignment with Moscow’s adversaries, linking it to political, intellectual and NGO elites out of touch with their people and/or driven by Western money. On the other side of the ledger are the centuries-old bonds with Russia. In March 2014, during a talkshow aired by the Bulgarian National TV, Nikolay Marinov, an MP from the BSP and prominent member of the so-called Russophiles National Movement, congratulated “all Orthodox Slavs” on winning “the Third Crimean War”, as Putin’s “green men” took over the Black Sea peninsula. For their part, Ataka rallied on 3 March under the slogan “It was Russia, not the EU, that liberated us from Turkish slavery”. Ironically, the event was part of the ultranationalists’ campaign for the European Parliament elections that were forthcoming in May 2014. Nationalists also draw a parallel between Russian territorial revisionism and Bulgaria’s historical aspirations: “Ukraine is an artificial state just like Macedonia”.

Another strategy of choice for the pro-Kremlin advocates has been to highlight the persecution of the 250,000-strong Bulgarian minority in Ukraine (living mostly in the Odessa oblast). Bessarabian Bulgarians are used to corroborate Moscow’s version that power in Kyiv has fallen to a Nazi junta. In the spring of 2014 nationalists announced they were organizing volunteer units to protect Bulgarian populations – in addition to the observers despatched to Crimea to monitor the secession referendum set up by the Russian authorities. As fighting in Donbass peaked in early 2015 Sofia media started circulating alarmist stories about Bulgarians being mobilised in disproportionate numbers into Kyiv’s forces.

Those portraying Russian and Bulgarian nationalisms as natural allies inevitably cast the West as the enemy. Ataka staged a protest against a plaque installed by the US Embassy to commemorate the American pilots downed during the 1943-44 bomb attacks against Bulgaria, then allied with Nazi Germany. In another ironic twist, a year later in May 2015, the party’s leader Volen Siderov was a guest of honour at the military parade in Moscow celebrating the 70th anniversary from the Soviet victory in the Second World War.

Russia has done its best to enlist the Bulgarian Orthodox Church (BOC) in its diplomatic effort. In August 2014, Patriarch Neophyte received a letter from Cyril, Patriarch of All Rus raising concern about “our flock in Eastern Ukraine” and linking the Maidan demonstrations to the influence of Greek Catholic (Uniate) Church as well as the unrecognised Ukrainian Orthodox Church (“schismatic communities”) seeking “to take over holy Orthodox sites and uprooting Orthodoxy from the territory of Ukraine”. 3 Although BOC has declined to take a stance, Cyril’s letter features on its website. As many high clerics Patriarch Neophyte of Bulgaria is a graduate of the Moscow Theological Academy. For his part, Patriarch Cyril chose Bulgaria for his first official visit to an Orthodox country in April 2012, an act of respect to the 97 year-old Patriarch Maxim. The leader of the Russian Orthodox Church was seen as one of the arbiters over the succession to Maxim who passed four months later.

What stirs the Kremlin’s supporters, in addition to the memory of 1877-78 and Orthodox Christian faith, is the remembrance of the Second World War. It holds particular significance to the elderly BSP’s electorate ridden with nostalgia for the communist period. Hundreds gathered on Victory Day (9 May) in 2015 at the Red Army monument in Sofia to condemn President Plevneliev’s decision not to go to Moscow. The site carries a great deal of symbolic weight owing to repeated campaigns for its relocation undertaken by anti-communist groups since the 1990s. More recently, especially during the civil protests directed against the BSP-MRF cabinet in 2013-4, the monument became the target of subversive action. On 21 August 2013, for instance, it was painted in pink with the graffiti “Bulgaria is apologising” (in Czech), a reference to the 1968 suppression of the Prague Spring, left as caption. The statues of Soviet soldiers – in honour of Pussy Riot. Such episodes invariably lead to calls by the Russian Embassy to Bulgarian authorities to investigate and punish vandalism.


Russia was a significant partner of business conglomerates surfacing in the early year of transition. The best example is Multigroup, a holding company that dominated over large swathes of the Bulgarian economy in the 1990s, and its boss Iliya Pavlov, whose worth at the time was estimated at USD 1.5 bn. In 1992, Pavlov established Overgaz, a joint intermediary company with Gazprom, which would become the largest importer of Russian gas. Writing after his assassination (March 2003), US Ambassador James Pavlov described Multigroup as “the once doyen of organized crime”. Pavlov was not alone. Emil Kyulev, another prominent businessman, president of Bulgarian-Russian Investment Bank and later ROSEXIM Bank, financier and advisor to President Georgi Parvanov, was shot dead in 2005 while driving through Sofia’s city centre. The 1990s saw the rise to fame of two tycoons with Russian passports: Denis Ershov, owner of gasoline stations operator petrol AD, and Mikhail “Michael” Chorny who set up the country’s first mobile operator MTEL. Both were expelled from Bulgaria in August 2000 on grounds of national security - shortly after a visit by the then FBI chief George Tenet. Ambassador Pavlov identified business group Tim, a prominent business group which owns the national carrier Bulgaria Air and has large presence in Varna and its region, as linked to Russia. In more recent years, influential oligarch Tzvetan Vassilev also cultivated close ties with big Russian business, notably Vneshtorgbank (VTB) (see below).

Networks connected to the so-called Committee for State Security (DS), the secret police under communism, are commonly believed to enjoy close contacts with Moscow. Under a law passed in 2006, a special government panel has disclosed the files of public figures collaborating with the regime’s services in the period prior to November 1989. Hundreds of politicians, diplomats, journalists, intellectuals etc. have been exposed. Given DS subordination to its Soviet namesake, widely known under the acronym KGB, many of those connections and networks survive to this very day. The list of agents and collaborators feature prominent names such as Presidenti Georgi Parvanov, the MRF leaders Ahmed Dagom (once close to Iliya Pavlov) and Lutfi Mestan, Galaktion, Metropolitan of Stara Zagora, bankers Ivailo Mutafchiiev and Georgi Agafonov, founder of the now defunct Slavic University and once a partner in Multigroup, amongst countless others.

Is the Kremlin using long-standing contacts to bankroll and direct individual politicians, pressure groups and lobbies or even entire parties? While there is plentiful speculation in media, it is not easy to establish the existence and scope of such links. There are, of course, notable exceptions. In the 1990s, Lukov was installed as Gazprom’s representative in Topenergy, an intermediary gas trader set up with the Bulgarian government. He had been recently fired as government representative in the same company by the Prime Minister Vidinov as a result of a turf war. The reappointment sent a clear message: Lukov was Moscow’s man in Sofia. Later on, Iliya Pavlov became Topenergy’s president. The practice of high-profile Russian firms employing senior politicians, whether active or retired, has continued. Rumen Ovcharov, who served as Energy Minister both under Videnov (1994-97) and Stanishev coalition cabinet (2005-9), is at present member of Lukoil Neftochim’s Supervisory Board. Únal Lutfi, one of the founding figures of the MR, is a board member of Petrol, which was acquired in 2012 by the tycoon and former president of the Republic of Kalmikya, part of the Russian Federation, Kirsan Ilyumzhinov. Yneshtorgbank (VTB) is represented in Bulgaria by Milen Velchev, finance minister in the government of former King Simeon Saxe-Cobourg-Gotha (2001-5), with Krasimir Katev, his deputy minister who had once led the negotiations on Russia’s debt to Bulgaria, also sitting on the board (more on VTB below).

Much ink has been spilled on the friendship between Prime Minister Boyko Borisov and the head of Lukoil in Bulgaria Valentin Zlatev, described by none other than US Ambassador John Beyerle in a leaked cable as an influential behind-the-scenes powerbroker. Although Borisov does not deny his relations with the boss of the energy firm in Bulgaria, his government carried out a probe against the large company on suspicions of tax avoidance and petrol smuggling in 2011. The investigation was inconclusive and Lukoil was allowed to resume full operation, even if no prosecutions deriving from it have been installed – which was the main issue at stake. Bolivar, an independent whistleblower website associated with Wikileaks, alleges that the Rosenets sea terminal operated by Lukoil, is a de facto tax-free trading zone outside the purview of the Sofia government. In December 2014, Bulgarian Customs declared that the excise collected from Nettochim had declined by EUR 140 m.

The response to the Ukraine crisis in Bulgaria has raised once again suspicions that the Kremlin is pumping money into political groups and leaders willing to argue its cause in domestic debates. Ataka has attracted the most attention. A frequent visitor of Moscow, its leader Volen Siderov chose the Russian capital for the kick-off of the party’s campaign for the European elections. His lavish lifestyle, with trips to Cuba and stays at exclusive hotels in West European capitals, has come into focus too. In April 2015, the Bulgarian Court of Accounts (Smetna palata) opened an inquest into donations received by Ataka worth EUR 650,000.

5. Enkov managed to overturn the ban in 2004 thanks to an appeal to the Supreme Administrative Court.
6. Ilyumzhinov bought 41.5% of Petrol’s shares from Denis Enkov as well as 5% from Alexander Melnik, another Russian businessman.
7. See https://bivol.bg/abokishcherpeni.html . Lukoil Neftochim was also the target of an investigation by the French magazine L’Express published in 2011. Alexandre Levy, “Le port bulgare et la raffinerie russe”
In the winter of 2009 Bulgaria was amongst the countries worst hit by the gas cut-off during the dispute between Gazprom and Kyiv’s Naftogaz. As in 2006, the crisis yet again exposed Sofia’s dependence on Russian gas. The disruption of deliveries brought to a near standstill heating plants in large cities as well as several enterprises in industrial sectors such as iron manufacturing, fertilizers and ceramics. Reserves at the Chiren storage and the gas extracted domestically – near Cape Galata close to Varna – could not compensate for the shortfall. The freeze sent a strong signal that Central and Eastern Europe needs to diversify gas supplies away from Russia. Bulgaria has launched plans for interconnectors with all neighbours, including Romania (Giurgiu-Ruse), Greece (Komotini-Stara Zagora), Serbia (Nish-Dupnitsa) and Turkey. Beyond ensuring security of supply those projects aim at fostering gas-to-gas competition and bringing down prices. This goal is not so pressing now as in the very recent past. Gazprom charges currently USD 278 for 1000 cubic meters on its long-term contract. This is not reflective of Moscow’s generosity but rather a function of the plummeting oil prices. As other traders, Gazprom uses a standard formula in its long-term contracts indexing gas to the fluctuating prices of crude on the global market. Still, Bulgaria continues to pay more than other member states of the EU, with the average levels at USD 220 or so. However, back in November 2012, Gazprom gave a 20% discount to Sofia – an incentive for participating in South Stream.

Vested interests around the state-owned Bulgargaz and Bulgartransgaz (the grid operator), both part of the Bulgarian Energy Holding (BEH), are delaying the other projects too by keeping the country’s market off limits for rival suppliers. That rules out private investment and makes cross-border infrastructure dependent on public funds from Brussels and the national budgets. Although the existing link to Greece, at Kulata-Sidirokastro, currently allows reverse flow there is no gas coming from the south at present. Even if politicians are fond of diversification, there is a strong pro-status quo bias at the level of the company’s management, which favours Gazprom as incumbent supplier. The Russian behemoth still has an upper hand in its dealings with Sofia. The so-called “statement of objections” released by the European Commission in April as part of its anti-monopoly probe against Gazprom alleges that Bulgaria was disadvantaged as the wholesale gas supplies was made conditional on involvement in South Stream, a large-scale project linked to high costs and uncertain economic outlook. **\(^{[8]}\)**

Russia’s influence is not as extensive at first glance because Bulgaria consumes insignificant volumes of gas. Demand has shrunk from 6.7 bcm in 1989 to about 2.9 bcm at present, while gas accounts for roughly 12% of the primary energy mix. Russian leverage has more to do with the control over financial resources linked to projects like South Stream whose Bulgarian section would cost as much as EUR 4.1 bn - compared to EUR 3.1 bn in 2012 and even lower at the very outset. The tender was won in March 2014 by Stryotransgaz, a company owned by businessman Gennady Timchenko - a personal friend of Putin’s. As early as August 2013, even before the official call was released, the Moscow daily Kommersant had floated the name of the likely winner. One of the Bulgarian participants in Stryotransgaz-led consortium was a daughter company of Vodstroy 98, linked by investigative journalists to Delyan Peevski, a media tycoon and Member of Parliament from the MRF whose appointment as head of DANS had sparked off a wave of civil protests in the summer of 2013. Another partner, Technoexportstroy, was managed by President Purvanov’s secretary. A third one was Glavbolgarstroy, one of the most prominent construction companies in Bulgaria, which had won a number of profitable contracts under the GERB government (2009-15). There were two further companies with ties to the First Investment Bank, an influential lender with interests in the tourist sector, and to individuals close to Prime Minister Oresharski. In other words, South Stream came with the promise to generate large volume of business for a handful of well-connected Bulgarian firms.

The main question was how to find the money, given BEH’s 50% stake in the joint venture with Gazprom. In 2012, the GERB government announced that the Russian company was ready to loan EUR 450m repaid by the transit fees charged by Bulgaria over a period of 15 years. Later on, in October 2014, the amount went up to EUR 620m while the repayment period was extended to 22 years. The rest of the funding (corresponding to 70% of the total cost) was supposed to be raised from private banks. Although BEH’s commitment was underwritten, in the final analysis, by the national budget, there was precious little transparency over the terms and conditions. The talks between the Oresharski government and Gazprom’s top management were confidential, on the grounds they involved commercial secrets.

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From the Russian perspective, Bulgaria promised to be a potential advocate in Brussels for exempting South Stream from the requirements on third-party access to the pipeline. Moscow refused to lodge such an application itself arguing the IGAs signed with the countries along the route took precedence over the Third Energy Package, having been signed before its coming into force. Even if it did not go far enough in arguing Russia’s case before the European Commission, Bulgaria took steps to dilute EU procurement rules. The Oresharski government announced itself arguing the IGAs signed with the countries along the route took precedence over the Third Energy Package, having been signed before its coming into force. Even if it did not go far enough in arguing Russia’s case before the European Commission, Bulgaria took steps to dilute EU procurement rules. The Oresharski government announced it was freezing the project until Gazprom and the European Commission would find a common ground, including on the issue of how to apply the Third Energy Package rules on third party access to the pipeline. In August, Stryotransgaz decided to withdraw consortium, while Timchenko was included in the Western list of sanctions.

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The story of South Stream is linked to, but also mirrors, the botched project to build a nuclear power plant (NPP) on the Danube – next to the town of Belene. Construction of Bulgaria’s second such station after the one at Kozloduy (commissioned in 1974) kicked off in 1985 but was abandoned after the end of communism. Plans resurfaced in 2002, justified by the shutdown of four of Kozloduy’s units between 2004 and 2007 in response to the EU’s safety regulations. The decision was advocated by Prime Minister Simeon Saxe-Cobourg-Gotha as well as Energy Minister Milko Kovachev. In February 2006, months before the results of the tender were announced, Energy Minister Rumen Ovcharov declared upon returning from a visit to Moscow of the tender were announced, Energy Minister Rumen Ovcharov declared upon returning from a visit to Moscow that it would be impossible to build Belene without Russia. Ovcharov declared upon returning from a visit to Moscow that it would be impossible to build Belene without Russia. In October 2006, a consortium led by AtomStroyExport (ASE), a subsidiary of Rosatom with Gazprombank holding 49.8% of shares, was awarded the contract to build the NPP. But the NPP ran into trouble as German energy company RWE decided to walk out from its partnership with Bulgaria’s National Electricity Company (NEK) in October 2009. A US Embassy cable linked RWE’s withdrawal with the company’s objections in being kept in the dark with regard to the talks between the BSP-dominated government (in power till July 2009) and their successors from GERB with Moscow over financing NEK’s 51% stake in the joint venture.

Russia made full use of this turn of events to strengthen Bulgaria’s already extensive dependence and opening opportunities for high-level corruption fuelled by money from Moscow. Borisov’s decision to abandon Belene has provided Russia with additional leverage, including on lateral issues such as South Stream. ASE lodged an arbitration suit in Paris demanding in excess EUR 1 bn in compensation. Bulgaria has put forward counter claims for the amount of EUR 44m at the Arbitration Court of Geneva. Yet Russia is seen to have the advantage, with the arbitrators’ decision due in the autumn of 2015. In September 2013, Bogomil Manchev, CEO of Risk Engineering – a former subsidiary of Multigrup which provided consulting services for the Belene project – declared Bulgaria would, in all likelihood, lose the case. Earlier, Risk Engineering’s offices were searched by police and the State Agency for National Security (DANS) staff because of alleged misappropriation of public funds on contracts linked to the NPP. Such conflicts, attributed by Manchev to unnamed competitors’ desire to turf him out from the energy market, give Moscow extra firepower in the legal disputes against Bulgaria.

The termination of the Belene project caused a stir in domestic politics. BSP and Ataka gathered enough signatures to initiate the first referendum in Bulgaria’s post-1989 history. Held on 27 January 2013, it was won by those giving a positive response to the question of “Should Bulgaria develop nuclear energy by building a second nuclear power plant?” (Parliamentarians from GERB and its allies took extra care to drop “Belene” in the wording of the referendum question). Although the plebiscite was invalid due to low turnout, it demonstrated that Russia is in a position to rally allies and shape the political agenda. And as in the case of South Stream, the agony around Belene shed a great deal of light on the extensive networks linked to Moscow.
VTB’S BULGARIA OPERATION

Russian banking groups have long established presence in Bulgaria. Chief amongst them is VTB. The bank entered Bulgaria in October 2011 when it purchased 79.83% from Bulgartabac, formerly a state-owned monopoly, through a Vienna-based offset, BT Invest. The deal proved very lucrative: in 2013 VTB collected in dividends a quarter of the EUR 100m it had paid for the package. Tobacco growing and processing is politically a very sensitive sector in Bulgaria. Many of the Turks and Muslims forming the core electorate paid for the package. Tobacco growing and processing companies close to bankrupt KTB’s owner Tzvetan Vasilev. Though, it appears plausible that the Russian bank entered to Russian oligarch Konstantin Malofeev. 11 Close to the Kremlin, he is known for his advocacy of religious values as well as for funding high-profile Donbas separatists, notably the commander Igor Strelkov (Girkin). That has earned him the place in the Western list of sanctions. Again in March, Malofeev reached an out-of-court settlement with VTB over a long-standing dispute concerning a USD 225 m loan he received from the bank. 12

The alliance with KTB, sealed with the purchase of a 9.9% in April 2013 subsequently rising to 35%, was a sign that VTB had established itself as a central player in Bulgarian politics and business. KTB was no ordinary financial institution but a political slush fund on a grand scale with connections to most, if not all, parties. Starting from the early 2000s the bank grew from obscurity into Bulgaria’s largest telecommunication company which also owns mobile operator Vivacom, in the autumn of 2012. VTB CGI Ltd, a London subsidiary, did so in partnership with Corporate Commercial Bank (Corpbank or KTB).

The prominence of Russian property buyers has exposed the real estate sector to potential fluctuations and slumps in demand. After rapid growth peaking in 2012, the effect of Western sanctions and the rouble’s wobbly exchange rate depressed interest, especially in the lowest band of the market. Statistics shows a decrease by 12.8% in 2014 (see Box II). Along with the decline in tourist visits, it has given ammunition to all those critical of the measures adopted by the EU and the US in response to Russia’s invasion of Ukraine (see below).

Steady interest from Russia has cushioned the negative effects from the plummeting demand by British and Irish investors in the aftermath of the 2008 financial meltdown. According to Eurostat (2013), Russians also make up the largest group of foreign nationals residing in Bulgaria – 12,000, corresponding to about one-third of the total. The number of 300, 000, sometimes cropping up in Bulgarian media, appears to be grossly exaggerated.

According to Russian media the deal was conceived by Luzhkov’s deputy, Valeria Skafida et al. Change in tobacco excise policy in Bulgaria: the role of tobacco industry lobbying and smuggling. Tobacco Control, Vol 23, Issue 1, 2014.

Box: Purchases of Second Homes by Russian Citizens in the Varna and Burgas Areas (Source: Bulgarian Real Estate Capital Weekly)

<table>
<thead>
<tr>
<th>Year</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>419</td>
<td>170</td>
<td>4640</td>
<td>7131</td>
<td>910</td>
<td>10860</td>
<td>11779</td>
<td>9930</td>
<td>8364</td>
</tr>
</tbody>
</table>

13. According to Russian media the deal was conceived by Luzhkov’s deputy, Ludmila Shevtsova (subsequently Deputy Speaker of the Duma) and Elena Shopova, head of the Communist Youth Organisation prior to 1989.
The influence of Russia is also felt in the defence sphere. Despite NATO membership and recurrent efforts to modernise their armed forces, Bulgaria continues to use Soviet-era equipment. This has slowed down the army's overhaul as well as its interoperability with the Alliance, a commitment undertaken back in 2004. When compared to other branches of the army, the airforce raises particular concern as it relies on MIG 29 and MIG 21 fighter jets plus Su-25 ground attack aircraft, none of which meet NATO specifications (See Box III below). The purchase of 3 ALENIA C-27J Spartan transports (made in Italy) and 12 Eurocopter AS532 Cougar (France) has not changed much to improve matters. The use and maintenance of the Soviet-made hardware is expensive (a flying hour costs EUR 25,000 vs. 4500-6300 for Lockheed Martin's F-16) as engines need to be serviced and repaired on a regular basis, a task performed in Russia by RSK MiG, which is also the source of spare parts. The Ministry of Defence is pushing for replacing the MiGs with F16s, as done by Romania and other ex-Warsaw Pact members. But the initiative has met resistance from the top brass. Major General Rumen Radev, commander of the Bulgarian Airforce, is arguing for putting off the decommissioning date until 2019. The Ministry of Finance has been reluctant to endorse rearmament, though with the so-called Bulgaria in NATO and European Defence 2020 the government has accepted to gradually raise expenditure to 2% of GDP by the end of the decade.

Russia has leverage in relation to Bulgaria's defence industry. In the 2000s it demanded compensation over the alleged infringement by Bulgarian arms manufacturers and exporters of industrial property rights. The issue at stake, raised by Putin himself in successive meetings with Prime Minister Stanishev and President Purvanov, was Soviet designs that had passed into the ownership of Russian companies. According to Sofia, the original designs had been greatly modified and were property of Bulgarian firms. The Bulgarian government claimed damages for cancelled contracts. The issue was partly resolved in 2008 when Bulgaria wrote off USD 30m in Russian debt going back to the Soviet period in exchange to Russia giving up its claims. However, it resurfaced once more after 2009 when GERB took power in Sofia.

ARMY AND DEFENCE INDUSTRY

through a variety of means and channels, Russia exerts influence over Bulgarian media too. In September 2014, President Rosen Plevneliev put it very bluntly at a meeting of the European People’s Party ahead of the NATO Summit, “90% of the media in Bulgaria work for Russian masters.” While the statement might sound too alarmist, there is certainly a kernel of truth. Russia’s presence is both significant and takes multiple forms and manifestations.

Firstly, Russia maintains news outlets in Bulgarian: e.g. Ruski dnevnik (Russian Diary), part of the Russia Beyond the Headlines (RBTH) project funded by Rossiyskaya gazeta, a newspaper linked to the Russian government; a Bulgarian section at the Voice of Russia radio; a news and information portal run by the Russian Embassy (www.russia.bg).

Secondly, there are strong links to local media, such as Duma (The Word) daily, the mouthpiece of the BSP. Nikolai Malinov, former partner in Multigroup as well as publisher of RS, has low circulation (around 7000 copies) as a Bulgarian newspaper linked to the Russian government; a Bulgarian newspaper (circulation 6000) as well as Alpha TV, a channel available through all cable networks.

Thirdly, Russian influence is felt in the mainstream media, including national television and radio stations. On the waves of the Bulgarian National Radio (BNR), anchors such as Petar Volgin have openly sided with the Kremlin and decried the crisis in Ukraine as an insidious ploy to stage regime change dressed as popular uprisings in the interest of US global hegemony. Pro-Putin journalists and pundits, members of BSP, Ataka and the Russophile movement, experts and lobbyists making the case for the large-scale energy projects such as South Stream and Belene appear regularly on prime-time talk shows at the three most popular TV channels: bTV, Nova TV and the public broadcaster BNT. Soundbytes from the widely-watched morning shows, running between 7:00-9:30, are then usually reproduced in all internet-based information portals. Stories with a soft propaganda flavour that show Putin in favourable light are the staple of the BGNEWS agency.


designed building South Stream’s Duobach segment before it was abandoned following intensification of the Ukraine crisis.

The debt went back to the 1986 agreement between USSR and Bulgaria concluded in Tymburk, a town in the Russian far north, under which Sofia agreed to build infrastructure in exchange to gas deliveries.

15. E.g. “Putin scores 8 goals against NHL veterans”, 17 May 2015, http://www.c就把 things we could do when the Cold War was over into a Cold War circus, 16 April 2014, published in BGN and BNT and widely shared on social networks.

RUSSIAN INFLUENCE IN ACTION

The above overview of Bulgarian politics, business, society and media demonstrate in ample detail that Russia has a critical mass of allies and levers it could activate at will to put pressure on governments and shape public debate on key issues. As tensions with the West over Ukraine picked up from the summer of 2014 onwards, Moscow did its best to stir its friends into action and keep Bulgaria on its side in the intra-EU deliberations on how to respond to the crisis.

BULGARIA AND THE WESTERN SANCTIONS

The annexation of Crimea and the subsequent war in Eastern Ukraine posed a serious dilemma for Bulgaria. In the spring of 2014, the BSP-MRF cabinet of Plamen Oresharski, reliant on parliamentary support from the staunchly pro-Kremlin Ataka, had to balance between its commitments to Western allies and the pro-Russian attitudes shared by core constituents. As EU was considering the imposition of sanctions in March, Foreign Minister Christian Vigenin argued that Bulgaria ought to move with caution, in that the restrictions would hurt the Union more than Russia. Oresharski, for his part, said that Bulgaria would be amongst the worst affected by the sanctions and initially did not exclude a veto, a demand pushed by Ataka’s Volen Siderov. Though Sofia fell in line in both March and July as the EU took decisions on sanctions, it had clearly been profiled as part of the pro-Russian camp in the Council.

The arrival of a caretaker cabinet appointed in August 2014 by the pro-Western President Rosen Plevneliev ushered in a tougher line on Russia. It fully backed the sanctions and initially did not exclude a veto, a demand pushed by Ataka’s Volen Siderov. Though Sofia fell in line in both March and July as the EU took decisions on sanctions, it had clearly been profiled as part of the pro-Russian camp in the Council.

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The arrival of a caretaker cabinet appointed in August 2014 by the pro-Western President Rosen Plevneliev ushered in a tougher line on Russia. It fully backed the sanctions and pushed for an overhaul of Bulgaria’s security doctrine in light of the conflict in Ukraine (see next section). The policy continued under the GERB cabinet with the caretaker Foreign Minister Mitov keeping his office. Pushed in opposition, BSP has taken a more overt stance against the sanctions tabling motions in parliament for a full revision of Bulgaria’s position on the issue.

Public perception of sanctions is dominated by fears of their cost. In reality the sanctions and the counter-measures unveiled by Putin have not ushered in an economic meltdown in Bulgaria. While exports declined by 18% in 2014 that was driven by Russia’s recession and the corresponding fall in demand, rather than retaliatory measures by the Kremlin. 16 Tourism has been a particularly sensitive subject. Industry analysts have predicted a sharp drop – as much as 50% - in the number of Russian tourists in 2015. In March, business associations demanded compensation from the European Commission. News services ran alarmist headlines that the Russian Federation authorities had prohibited 5m Russians from holidaying in Bulgaria. They quoted BSP MP Petar Kanev’s reference to newly enacted legislation obliging Russian civil servants to take their vacations at home – a form of state-aid to bolster tourism in Crimea. Entering the discussion, Foreign Minister Mitov argued in an op-ed that the decline of Russian tourists had to do with the falling rouble and access to Bulgarian visas had been facilitated. 17 The government expects that the increase of tourists from other countries will compensate for the falling number of Russians.


Bulgaria and Russia have come to blows once again with the political crisis in Macedonia in May 2015. Amidst anti-government protests in the capital Skopje the nearby town of Kumanovo saw a clash between Albanian militants, many hailing from next-door Kosovo, and special police that left more than 20 dead in its wake. Russian Foreign Minister Sergey Lavrov took to opportunity to score points against the West. On a visit to Belgrade, he condemned the alleged push for “Greater Albania” conditioned by the US and EU. Pro-Kremlin media such as RT furthermore linked the crisis with a covert effort puppeteered from abroad to topple the government of Nikola Gruevski because of its commitment to the Turkish Stream gas pipeline and refusal to join the sanctions against Russia.

The facetious conspiracy theory was readily picked up by those friendly to the Putin regime in Bulgaria. They decried the Western plot to instigate colour revolution in Macedonia, on the model of the Bulgarian protests of 2013-4 and Kyiv’s Maidan. Skopje had become a pawn in the competition between great powers – just like Ukraine and Bulgaria which had been forced to sacrifice a project of immense value such as South Stream.

The story took a new turn as Andrew Korybko, analyst at the Kremlin mouthpiece Sputniknews.com, circulated the story that Albania and Bulgaria, two NATO members, were plotting to take advantage of the instability in Macedonia and partition their neighbor amongst themselves. This classic example of propaganda, or “hybrid”, warfare was given credence as it was taken up by Lavrov himself. Addressing the Duma, the Russian foreign minister said “there is even talk along the lines of ‘why not dismember [Macedonia]: give a piece of it to Albania and another piece to Bulgaria’”. The statement caused ire in Sofia: Foreign Minister Mitov called it “irresponsible” and summoned the Russian chargé d’affaires.

In fairness, Korybko / Lavrov’s theory echoed the narrative that Russia has been forced to sacrifice a project of immense value such as South Stream. Bulgaria which had been forced to sacrifice a project of immense value such as South Stream.

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The publication of the report caused, in the words of caretaker Prime Minister Georgi Bliznashki, a “mini crisis”. It was lambasted by the BSP as well as Purvanov’s ABV who blamed the defence ministry of poisoning relations with Russia. Dmitriy Rogozin, Russia’s Vice Premier, tweeted “A certain Shalamanov has persuaded PM Bliznashki to betray Russia”. He berated the report’s reference to the “illegal annexation of Crimea by Russia and the conflict in Eastern Ukraine”. What was missing, too, were the passages about Moscow’s policy of “information war eroding Bulgarian statehood” assisted by “political and economic actors and media”. On balance, the commitments to defence spending and root-and-branch modernisation of the armed forces stayed intact.

Facing pressure, Bliznashki withdrew and redrafted the report. In the new, toned-down version, Russia, its ambitions to control the post-Soviet space, rearmament effort or authoritarian politics were no longer identified as a direct threat. It was replaced by a reference to the “illegal annexation of Crimea by Russia and the conflict in Eastern Ukraine”. What was missing, too, were the passages about Moscow’s policy of “information war eroding Bulgarian statehood” assisted by “political and economic actors and media”. On balance, the commitments to defence spending and root-and-branch modernisation of the armed forces stayed intact.

THE DEBATE OVER DEFENCE AND SECURITY POLICY

In the summer of 2014, the caretaker government took some bold steps to update Bulgaria’s security and defence doctrine, factoring in the developments in Ukraine. Bulgaria in NATO and European Defence, a 14-page strategy paper drafted by a team around the Defence Minister Velizar Shalamanov ahead of the NATO Summit in Wales (4-5 September) posited Russia as a threat to Bulgaria. The report highlighted concerns such as propaganda warfare, Russia’s links with politicians and business people, energy dependence and influence over the media. Bulgarian officials also raised the issues of violations of the national airspace by Russian military jets.

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The current government along with President Rosen Plevneliev is supporting a tougher line on Russia but society as a whole shows preference for a more risk-averse attitude. Still, Bulgarian-Russian relations are not a top priority for citizens and are unlikely to turn into a big electoral issue – e.g. at the forthcoming local polls in October. The government is therefore likely to pursue its policy and argue for the extension of sanctions once the issue comes back to the European Council’s agenda in December. As long as major member states such as France and, especially, Germany embrace such an approach Prime Minister Borisov will move along with the main flow in Brussels. Equally, a change of heart in Berlin will, in all likelihood, lead to readjustment of Bulgaria’s position.

Despite extensive historical, economic and societal links as well as the presence in public debates one should not overestimate Russia’s influence in Bulgaria. Though they would prefer to have their cake and eat it, when push comes to shove policymakers from across the party spectrum opt for strategic ties with the West, with only the radical fringe calling for realignment towards Moscow. To be sure, the Kremlin still has many levers to strongarm Sofia, primarily through domestic politics and energy supply.

CONCLUSION

- The EU and member-states should continue pushing and supporting the reform of Bulgaria’s energy sector to introduce greater competition, openness and transparency. That will limit the Kremlin’s ability to exert influence.

- Diversification of gas supplies, through physical interconnectivity but also pressure on incumbent companies such as Bulgargaz to open the market, should be a priority for Bulgarian authorities, the Commission and member-state governments.

- Special attention should be paid to Prime Minister Boyko Borisov as the ultimate decision-maker in foreign affairs. Big member states and their leaders should use their leverage to make sure he and his party GERB continue on a pro-Western course and follow up pro-reform rhetoric with concrete action in critical sectors such as energy, defence, finance, media regulation.

- Bulgarian civil society should reach out to the Russian opposition to push back against stereotypes linking pro-Russian sympathies with unconditional support for Putin.

POLICY RECOMMENDATIONS
I am highly impressed by the work of Dimitar Bechev - an acquaintance of mine and also a former collaborator, esteemed researcher and lecturer, both in Bulgaria and abroad - because it is very difficult to present the facts objectively whilst talking about “Russian influence in Bulgaria”. From the very beginning, Dimitar correctly points out that the relations between Bulgaria and Russia are highly complex, multi-layered and enshrined in all spheres of life - political, economic and cultural. That is why for many years the Bulgarian nation has been split into two – Russophiles and Russophobes. Gradually these two groups have begun to accept other labels as well such as left - right, communists - democrats, socialists - capitalists or people who generally want closer ties with the West (EU and NATO) or the East (Russia and Eurasia). Unfortunately, this continuous struggle between Russophiles and Russophobes has caused Bulgaria and its citizens to be on the losing side as our national interest is repeatedly correlated with either the interests of the West or the East.

What is the Bulgarian national interest, if is there one to begin with? Dimitar’s report clearly states that there is no consistent national interest to be pursued by our governments, whatever their political views, and that it is fully dependent on who is currently in power. There is a lack of consistency but, worse still, Russian influence in Bulgaria has divided the nation and questions the very existence of the Bulgarian national interest which all Bulgarian politicians should strive to pursue. In the early twentieth century the national interest was the unification of all Bulgarian lands, following the democratic changes in 1989 - Bulgaria’s accession to EU and NATO. However, after Bulgaria entered the Euro-Atlantic structures, the policy pursued by the government lost focus and consistency, while Russian influence began to reach a new extent and carry out concrete projects of “national” importance such as South Stream and Belene NPP. Dimitar described the behind-the-scenes proceedings of these projects in a very detailed fashion and thus demonstrates how both the lack of national interest and the division of the nation benefit only individuals pursuing personal interests.

The absence of a national interest has an impact on Bulgaria’s international position and in our foreign relations. The policy of our governments is consistent only with the bowing of the head and the acceptance of all instructions coming from Brussels, Washington, Moscow and even from Ankara. In his conclusion, Dimitar correctly states that “As long as major member states such as France and, especially Germany, embrace such an approach, Prime Minister Borisov will move along with the main flow in Brussels. Equally, a change of heart in Berlin will, in all likelihood, lead to a readjustment of Bulgaria’s position.” This obedience to major powers leads to a loss of national sovereignty.

In conclusion, I will allow myself to make a recommendation to our present and future governments. Any government’s policy should be focused on the Bulgarian citizen and his life. National interest is the welfare of the whole Bulgarian nation and not that of separate groups that defend the interests of other countries for their personal gain. These people are national traitors and unfortunately Bulgarian history is full of such examples. While corruption is not eradicated in Bulgaria, back-room deals are not stopped, and the governments do not start to pursue a responsible national policy for the good of the whole Bulgarian nation, Bulgaria will remain a battleground between the influence of the East and the West.
The influence of Russia in Bulgaria is measured by political and economic dependencies. Both types of dependencies are interconnected. Over 90% of gas consumption for household and industry in Bulgaria comes from Russia and currently there is no alternative source. 30% of the country’s electricity is produced by only one nuclear power plant, Kozloduy NPP, where two Russian nuclear reactors work with Russian nuclear fuel.

In Bulgaria there is only one oil refinery, located in Bourgas, owned by “Lukoil”. The paradox is that the gas contracts with Russia as well as the sale of the refinery to Russians was signed between 1997 and 2001, during the pro-American reformist and right-wing government, headed by Mr. Ivan Kostov. Nowadays in Bulgaria there are other Russian energy projects, which informally, in the words of Prime Minister Boyko Borisov, have not yet been achieved. One of these projects is “South Stream”, for which the European Commission has imposed sanctions.

The huge cash flows, gained by Russian energy companies in Bulgaria, are converted into grants for certain political parties. One such party in government is the party of the former President Georgi Parvanov / PP ABC/, which nominated Ibaylo Kalfin as Deputy to Prime Minister Boyko Borisov. For the period between 2001 and 2011 Mr. Parvanov was an active lobbyist for Putin and a political propagandist for the “Big energy Russian Slam” - a Russian nuclear power plant, the “South Stream” gas pipeline and the Burgas-Alexandroupolis pipeline, which would directly deliver Russian oil to the Russian refinery. The other party that is a direct conductor of the Russian interests in Bulgaria is the Ataka party, led by Volen Siderov. This trend is part of a wider trend in Europe - European nationalist parties of the extreme right being directly sponsored by Putin.

The behaviour of the right-wing political parties is inexplicable - they condemn the invasion of Putin in words, but in actions they actually support it. A recent example is the position of Borisov’s government which in media statements to a Bulgarian and Russian audience supports the withdrawal of sanctions against Russia. Added to this rather disturbing background in Bulgaria, it should be noted that the overwhelming public opinion supports recent actions by Putin.

Putin and the Russians have many official supporters in Bulgaria. What is cause for concern is that their lobbying interests have entered the political parties in government and in opposition among parties from across the political spectrum. Even the second nationalist formation in parliament is divided on this axis. While VMRO by KP “Patriotic Front” supports Russian policy in Bulgaria, their partners NFSB declared themselves anti-Russian and pro-Western.