

ECONOMIC OUTLOOK ACROSS THE EU

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In cold, windy heart of Sofia, 65-years old Blagoj Georgijev is desperately trying to sell flowers. Eventhough he offers a discount price, none stops at his small wooden bench. Wallets of Bulgarians are empty, just as a vision of future.

„Nowadays situation here does not seem to get better“, says Georgijev, the father of three.

Bulgaria, the poorest EU country, is facing another economic slowdown which has already put unemployment rate over 12 per cent. Even the new government, elected two months ago, estimates tiny economic growth of 0,8 percent for this year, comparing to the previous forecast of 1,5 percent.

When the Balkan country joined the EU in 2007, hope of many touched the sky. But the reality is different, claims a 20-years old man from roma community, who spoked on condition of anonimity.

With his horse-couch he is looking for metals and other useful waste materials in Ovcha Kupel, the poorest neighbour, in the south of Bulgarian capital.

His everyday work - a search through garbage containers - is a good indicator of economic activity. „The people not put away things as before“, says indicating the slump of private consumption.

George Angelov, the senior economist at the Open Society Institute in Sofia, shares the view. „Consumer confidence and business is deteriorating“, says.

Bleak outlook put on hold entrepreneural quests. „Metal waste worker“ from Ovcha Kupel was thinking to join some neighbours in transforming raw materials into products which they can sell togethter in a local flee-market. From the shadow economy they were hoping to secure an income which would increase their consumption for basic needs, as clothes for forthcoming winter for their families. That could, however, underpin Bulgarian economic growth.

„But we decided to abort our joint venture until we collect enough materials“, explains the Roma man while bad smell is spreading from a rust garbage box. „It is difficult to say when will be enough inputs“.

Austerity measures imposed by the government, to fullfil the obligation given to the EU that it will keep the budget deficit at 3 percent of GDP, is sucking liquidity.

Clothes factory „Nianel“, located in the small Lozen village, 17 kilometers from Sofia, is passing through the trouble waters due to lack of demand. Among it's 30 workers there are refugees from war torn Syria who are entering the country through the neighbouring Turkey, and who accept salaries far lower then Bulgarians do.

However, the competitive wages of aproximately 230 euros per month can not rein sharp decline in company revenues.

„I am at my wit's end“, says Ani Lefterova, the owner and chief executive officer at „Nianel“. „Companies are going bankrupt and the unemployment is on the rise“. A worker from Syria, who identified himself as 23-years old Aras, understands that he could be fired at any time.

„Uncertainty is spreading around the country. The outlook in a short run is quite pessimistic“, claims, while dark circles under his eyes confirm his words.

„The Eastern doors of the EU does not seem attractive as before“, points out.

Life on western shores of the continent, where warm Mediterranean sea washes over sandy beaches might seem as a paradise. But for many economic perspective is rather a permanent struggle.

Javier Rodriguez Moreno, 80-years old pensioner, remembers tough times in a dictatorship period, after the Spanish civil war. When the current crisis broke out in Spain, seven years ago, fear of hunger kept his mind again. He lined up with his neighbours in Vallecas, southern working-class Madrid, where he helps local aid community.

„We are still waiting for glimmers of hope“, says the old man walking through a block of five flat buildings made of red bricks. Vallecas, with its bad reputation among citizens of the capital, looks like a forgotten place. Cold wind is shuffling papers on Avenida de Albufera, the main local street, where left-wing posters calling for a revolution. Rodriguez Moreno has never talked to journalists. „Does my opinion serve for something?“, asks. The neighbourhood with approx. 400.000 people is hit hard by the crisis due to the fact that a majority of people used to work in collapsed construction sector. People in extreme need are coming to a small office, where autoorganized community helps with goods provided by others. Rodriguez Moreno, a former lawyer, gives them law advices as many indebted have problems with bills. „A number of people who comes here shows that the crisis is far from over“, says.

Fitch, the rating agency, expects GDP growth of 1,7 per cent for the next year. Spanish prime minister Mariano Rajoy, who is facing general elections in 2015, claims that the country is doing better than its eurozone peers. Football club Real Madrid, a symbol of power and the monarchy, is definitely making a progress as it is on the way to defend a prestigious Champions League title and to increase revenues to all-time high level. But just under the glorious stadium of Santiago Bernabeu, located in the northern business area, the outlook is different.

Carlos, 20 years old student, sells football scarves on a bench close to a metro stop. „This is the last one!“, he shouts towards local supporters who are passing by.

„Ok, it is not the last one“, confess smiling, „but nowadays it is really difficult to sell items“. The demand is on the same level as year before even though he is ready to decrease price from 10 to 8 euros.

„People still hesitate to spend money on things that are not necessary“, explains.

Bankia, the fourth biggest Spanish bank, based close to the stadium is still recovering from a deep financial crisis caused by property crash in 2008. In a sign of Spain's slow moving recovery it reported a 5,4 per cent drop in lending.

„Demand is still low and we have much stricter rules“, says a source from the bank who didn't want to be named. Its bad loan ratio is 13,6 percent, down from last year's 14 percent but still at a high level.

Spanish central bank, the regulator, warns that economic growth is under threat.

The news published on TV concerned 23-years old Gustave Diouf, who sells music and movie CD-s on a street, close the central park „Retiro“.

„I share the central bank's view. From people faces, here on the street, I not see optimism“, says Senegal born entrepreneur. He is showing some new movies, put on white sheet, to a girl who started to negotiate discount.

„It is always like this. I call it the crisis discount“, says.

Though his work is part of informal sector, being not booked in the states account, Gustave is increasing economic activity. His dream is to establish a real shop.

„I was talking about that with some friends here“, explains, „because our challenging conditions will change one day“.

Financial and political institutions around Europe are showing positive numbers, calling them signs of recovery. However, they are still too small for some analysts.

„The real recovery will start when people start to buy again“, says flower seller Georgijev in Sofia. The economic outlook still seems much less colourful then his flowers on the windy street.