



PISM | POLSKI INSTYTUT SPRAW MIĘDZYNARODOWYCH
THE POLISH INSTITUTE OF INTERNATIONAL AFFAIRS

BULLETIN

No. 109 (1355), 1 August 2019 © PISM

Editors: Sławomir Dębski • Patrycja Sasnal • Rafał Tarnogórski

Sebastian Płóciennik • Justyna Szczudlik • Daniel Szeligowski
Jolanta Szymańska • Marcin Terlikowski • Szymon Zaręba • Tomasz Żornaczuk

Relations Between Bulgaria and the U.S.: Fields of Cooperation and Disagreement

Jakub Pieńkowski

Bulgaria views the United States as its main military ally and it is an important partner to the Americans in the fight against international terrorism. At the same time, energy cooperation between Bulgaria and Russia clashes with the U.S. desire to limit Russia's influence and to gain the position of a major gas supplier to the Balkans. U.S. opposition is unlikely to halt Bulgarian plans to build an extension of the TurkStream gas pipeline, guaranteeing Russia further energy domination over the region.

Bulgarian society remains hostile to the U.S. and sympathetic towards Russia. This is confirmed, for example, by the Gallup survey from 2016 in which only 17% of Bulgarians described the U.S. as an ally, while 42% preferred Russia (compare this with results from Poland, 49% and 10%, and Romania, 51% and 15%). That is why Bulgarian prime minister Boyko Borisov and his party Citizens for the European Development of Bulgaria (GERB) avoid displaying close contacts with the U.S. and strive for good relations with Russia. The coalition government also includes the alliance of United Patriots, consisting of three nationalist parties of which two are anti-American and pro-Russian. These are the opposition Bulgarian Socialist Party and Volya. The pro-American Movement for Rights and Freedom, the Turkish minority party, is isolated on the Bulgarian political scene. President Rumen Radev, not affiliated to any party but nevertheless lukewarm towards the government, wants to combine Bulgarian NATO and EU membership with close relations with Russia.

Military Partnership. Due to long-standing territorial disputes and a large Turkish minority, Bulgaria constantly considers Turkey a serious threat. This threat should be neutralised by Bulgarian membership of NATO and the alliance with the United States. In order to strengthen this alliance, Bulgarian soldiers participated in the mission to stabilise Iraq (distinguishing themselves, alongside Polish troops, by defending City Hall in Karbala), and 159 personnel are still in Afghanistan. Under the Defence Cooperation Agreement signed in 2006, Bulgaria makes the Novo Selo Range, Bezmer and Graf Ignatievo Air Bases and Aitos Logistics Centre available to U.S. troops. The facilities are mainly used by Americans for exercises, but earlier they were crucial for supplying forces in Afghanistan. The Bulgarian armed forces have received from the U.S. equipment and training worth around \$200 million, and infrastructure investments valued at \$100 million.

In order to avoid accusations from U.S. President Donald Trump of neglecting NATO duties, the Bulgarian government adopted a plan to modernise the armed forces and increase spending on it to 2% of GDP by 2024. In January 2019, it announced readiness to buy eight F-16s. The government negotiated the price until 10 July, because the U.S. asking price was higher than the Bulgarian budget for this transaction. Ultimately, Bulgaria agreed to pay \$1.251 billion, with a \$60 million rebate due after signing the contract. The purchase of the F-16s was criticised by Radev (who trained in the U.S. and is a former commander of the Bulgarian Air Force) as too expensive.

Bulgaria exports Soviet-type personal arms and ammunition to the United States, and with their support also to Iraq and Saudi Arabia, from where it goes to Yemen and Syria. In 2017, these contracts were worth approximately

€1.2 billion. However, the Bulgarian arms industry urgently needs modernisation. Borisov's government hopes that equipment purchases will bring investment from the United States. This would be a great success, as Bulgaria is affected by the foreign investment crisis (which in 2017 and 2018 stood at only 10% of the value in 2007).

Cooperation for Public Safety. The high level of corruption and organised crime in Bulgaria, along with the weakness of state institutions, make the country a favourite territory for illegal logistics operations by terrorists and oppressive regimes. This is confirmed by cases of Bulgarian citizens breaking the embargo on the sale of aircraft parts to the Bashar al-Assad regime, and smuggling €25 million and 100 vehicles for Syrian jihadists. In February 2019, the U.S. detected that the regime of Nicolás Maduro had transferred abroad about \$80–120 million through a small Bulgarian bank (its name was not disclosed). As a result, and in order to strengthen bilateral cooperation, the Bulgarian interior minister, along with heads of police, special services and the prosecutor general's office, were invited for a study visit to the U.S in March 2019.

Bulgaria is seeking to join the U.S. Visa Waiver Programme. However, the level of visa application refusals currently stands at too high a level for this to be possible. The programme requires less than 3% of applications to be rejected. In 2018, this stood at 11.32% for Bulgarian citizens (3.99% for Poles, 5.92% for Croatians and 10.42% for Romanians). The U.S. is also concerned about loopholes in Bulgarian internal security. In October 2018, a corruption scandal broke out in the agency assessing applications for Bulgarian citizenship, which was granted to 114 people wanted by Interpol, including Sergei Adoniev, the Russian millionaire convicted in the U.S. and sentenced to 20 years in jail for fraud. On the other hand, Trump's restrictive immigration policy intensifies Bulgaria's concerns about the situation of about 400,000 of its citizens in the United States. That is why the Borisov government is asking for an agreement about social policy facilitation for these people.

Gas Controversies. Bulgarian energy cooperation with Russia is the main reason for Trump's postponement of the meeting requested by Borisov. In the coming years, Russia intends to become independent from gas transit through Ukraine by building bypass pipelines. Therefore, in order to keep profits from the transit of Russian gas to the Balkans, Bulgaria wants to build a new branch of the Russian TurkStream gas pipeline, running from Turkey through its territory. These plans were criticised in December 2018 by U.S. Deputy Secretary of State John Sullivan, who said the proposal strengthened the region's dependence on Russia. Bulgaria is also planning to build its own hub to become a regional gas distributor. Meanwhile, the U.S. intends to become a key gas supplier to the Balkans via a hub developed in Greece, including the operational LNG terminal near Athens and the facility in Alexandroupoli, Thrace, is expected to be launched in autumn.

Bulgaria is concerned that the EU institutions and U.S. diplomacy will seek to block the construction of the TurkStream branch. The Bulgarian authorities accuse the European Commission of applying double standards. It was reluctant to intervene in the German-Russian Nord Stream 2, although earlier (in cooperation with U.S. diplomatic efforts) it blocked the construction of the Russian-Bulgarian South Stream gas pipeline, ruling that it was incompatible with EU law. Bulgaria presents the construction of the TurkStream branch as diversification of supplies destined for its own planned hub. In May 2019, to demonstrate its independence from Russia, Bulgaria also contracted small LNG deliveries from the U.S. via Greece. The choice of the Saudi-Italian consortium to build the branch pipeline was designed to prevent sanctions related to competitive energy projects, arising from the Congress Act. It was expected that sanctions against the Saudi company would be politically and economically too expensive for the United States, but the Saudi contractor's later withdrawal blocked the plan.

Conclusions. The mood of Bulgarian society and hopes for profits from the transit of Russian gas, persuade the Bulgarian authorities to moderation in relations with the United States. However, the Borisov government tries to present itself as a loyal ally. Therefore, despite financial difficulties, it is buying eight F-16s. However, the contract is too small to be an important bargaining chip in the eyes of the Trump Administration. At the same time, the U.S. does not consider it necessary to insist on greater efforts towards cooperation, as it understands the resistance of Bulgarian society and the country's limited financial resources. Bulgaria is an important U.S. partner in the fight against terrorism and the financing of oppressive regimes. However, this has not been a priority for the Bulgarian security authorities so far. The fear that gaps in the internal security system exposed by the U.S. will have a negative impact on Bulgaria's efforts to become a member of the Schengen area, ERM II and the banking union, may be encouraging for its institutions.

Unlike most countries in the region, Bulgaria does not intend to seek independence from Russian gas supplies from. With the construction of the TurkStream pipeline branch, it hopes to keep the profits from transit. This is at odds with the U.S. policy of stopping Russia and becoming a key supplier for the Balkans via the Greek LNG terminals. Although the U.S. signals its opposition to these plans, Bulgaria probably will not abandon them. It cannot be excluded that this would result in economic pressure on Bulgarian entities involved in this project.

From Poland's point of view, closer cooperation between Bulgaria and the U.S. through the purchase of the F-16s strengthens the security of the south-eastern borders of the EU and NATO. However, a potential conflict between Bulgaria and the United States over the construction of the TurkStream branch pipeline poses a risk of weakening NATO cohesion, which Poland is seeking to preserve. The participation of Bulgaria in this project would facilitate the maintenance of Russian energy domination in the Balkans. TurkStream, together with Nord Stream 2, will allow Russia to abandon gas transit through Ukraine, which is a strategic goal of its policy.