



DEVELOPMENT OF THE NATIONAL ECONOMIES AND THE FOREIGN TRADE RELATIONS BETWEEN UKRAINE AND BULGARIA (IN THE PERIOD 2005-20

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ABSTRACT

The paper presents an analysis of the trends in the national economies of Bulgaria and Ukraine based on general macroeconomic indicators. An emphasis is put on the foreign trade between the two countries in the context of the global economic crisis and the crisis related to Ukraine's territorial integrity. The analysis of the foreign trade between Bulgaria and Ukraine covers the main commodity groups in terms of their importance for the two economies.

Keywords: Volume of trade, Economic crisis, Regional integration, Geopolitical conflicts, Bulgaria, Ukraine.

JEL Classification: F14, F19.

Contribution/ Originality

The paper's core contribution is the study of the changes in the trade flows between Bulgaria and Ukraine within the context of the ongoing economic and geopolitical changes. The focus of the study is the impact of the various crises on trade flows and the basic macro-economic indicators of the investigated countries.

1. INTRODUCTION

The economies of Bulgaria and Ukraine in the period under consideration developed in a dynamic external and internal environment, including the transition from planned to free-market economy, the occurrence of a number of internal economic and social crises, changes in the process of their accession to the European Union (EU) and the effects of the global economic crisis. All these factors affected the transformation of the economies of the two countries as well as their bilateral trade. This paper aims to outline the main trends of their economic development and especially their foreign trade relations both in terms of their total volumes of import and export and the volume of trade between Bulgaria and Ukraine. In this respect the main objective of this study is to determine the changes in the foreign trade structure and the volume of trade

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between the two countries due to changes of their economic and political environment. To do this, the author has analysed some of the main macroeconomic indicators of Bulgaria and Ukraine as well as the trade between them over the last 10 years.

The national economies of Bulgaria and Ukraine develop under different circumstances. Bulgaria is a member of the EU, while Ukraine has to choose between the EU and the Eurasian Economic Union (EAEU). Moreover, Ukraine's economy faces additional difficulties related to its internal territorial conflict. These conditions have affected its trade with Bulgaria as well. The analysis aims to determine the effect of the different crises on the trade between the two countries.

2. MAJOR TRENDS OF THE ECONOMIC DEVELOPMENT OF BULGARIA AND UKRAINE

Some of the main economic indicators, such as *GDP, FDI, unemployment, inflation, public debt, and the import and export of goods and services* of the two national economies were analysed in order to track their development throughout the studied period. The various internal or external crises affect not only the trade between the two countries but also their key macroeconomic indicators. The identified trends of economic development of Ukraine and Bulgaria would provide additional information regarding the development of the foreign trade between these countries.

- **Analysis of the changes in the GDP of Bulgaria and Ukraine in the period 2005-2014**

The analysis of the real GDP shows the volume of goods and services produced by either country during the period (see Figure 1.) Moreover, by analyzing a period of 10 years we can determine the dynamics of the economic development of the two countries. The data shows that Ukraine's economy is more dynamic. The common trend of the two countries is that prior to the beginning of the crisis in Europe (2008) both countries reported high rates of economic growth, which in terms of US dollars seems very impressive given the decline of the US dollar exchange rates in the period 2005-2008. Nevertheless, the data shows an intensive economic development in both countries before the crisis. The annual growth rates of the GDPs (see Figure 2) also confirm this conclusion.

The analysis shows that the Ukrainian economy is highly sensitive to changes in the environment and is characterized with higher levels of fluctuation.

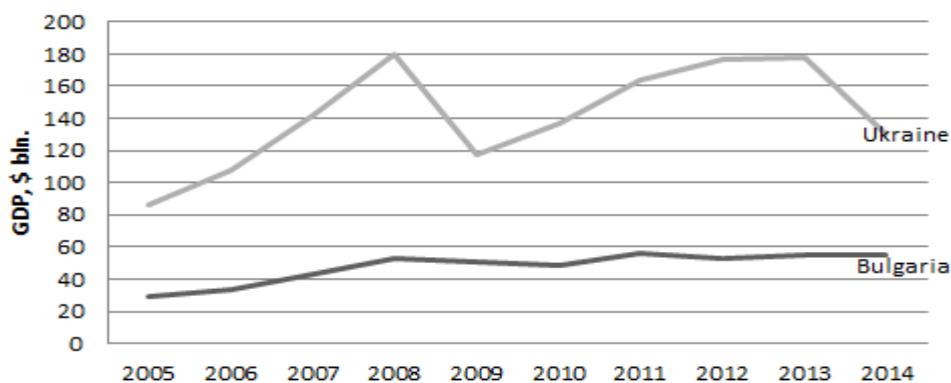


Figure-1. GDP of Bulgaria and Ukraine in the period 2005 – 2014

Source: <http://databank.worldbank.org/data/home.aspx>
<https://www.cia.gov/library/publications/resources/the-world-factbook/>;
<http://de.statista.com/> (retrieved on 23 June 2015)

Over the ten-year period the economic growth curves of the two countries intersect five times due to Ukraine's generally more unstable economic development, less predictable inflation rates, lower GDP to FDI rate, etc. The causes for the slump of its economy in 2014 are political rather than economic. Ukraine is an example of a country where the political problems can result in economic problems.

Ukraine has a good potential for economic development under favourable external conditions, which means that the European Union (EU) should take measures to support the process of political stabilization of Ukraine in order to restore the economic growth both the country itself and in the region in general.

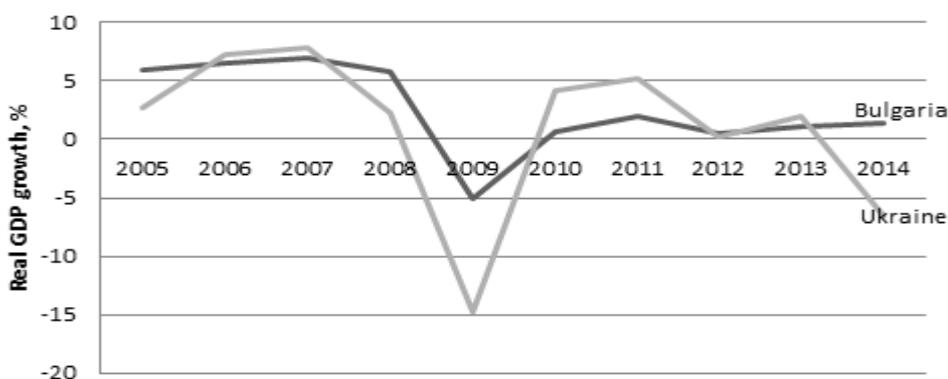


Figure-2. Real GDP growth rates in Bulgaria and Ukraine in the period 2005 – 2014.

Source: <http://databank.worldbank.org/data/home.aspx>; <https://www.cia.gov/library/publications/resources/the-world-factbook/>; (retrieved on 23 June 2015)

- **Analysis of the foreign direct investments (FDI) trends in Bulgaria and Ukraine in the period 2005 – 2013**

FDI show the attractiveness of an economy and the trust of the foreign investors in it. A high level of FDI indicates a growing competitiveness and macroeconomic indicators. The table below shows FDI as a percentage of GDP (see Figure 3.)

The data present an interesting paradox. Although the Ukrainian economy grew faster prior to the crisis and the trend of its absolute GDP growth in US dollars was stronger, in terms of FDI Ukraine seems to have been considerably less attractive than Bulgaria in the period 2005 - 2006. Since 2010 the two trends have been quite similar. Thus, in terms of FDI the period can be subdivided into two halves. During the first half (from 2005 to 2009) the trends of Bulgaria's and Ukraine's FDI are very opposite. During the second half (2010 to 2013) the trends are similar. The question that arises is what caused the difference between the two halves of the period.

The main difference between Bulgaria and Ukraine until 2007 is the process of preparation for accession of Bulgaria to the EU and its positive effect on the country's economy. Moreover, this period coincides with a period of global economic growth and favourable economic conditions worldwide. The accession to the EU attracted more FDI to Bulgaria and despite Ukraine's better economic performance throughout the period, Bulgaria invariably reported extremely high levels of FDI, which peaked at 30% of its GDP in 2007.

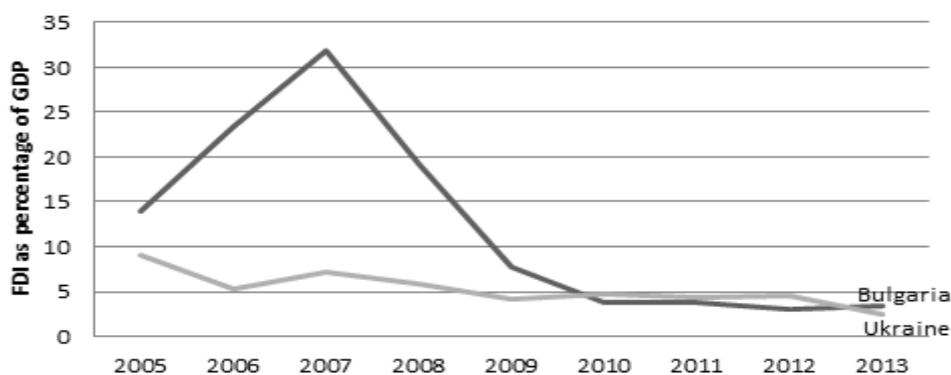


Figure-3. Bulgaria's and Ukraine's FDI as percentage of their GDP (2005 – 2013)

Source: <http://databank.worldbank.org/data/home.aspx>; (retrieved on 23 June 2015)

At the same time in 2006 Ukraine's FDI slumped after the peak in 2005, when the volume of FDI reached almost 10% of the country's GDP. During the period the attractiveness of the Ukrainian economy failed to increase and the possibilities for becoming more attractive in the medium run seem quite slim due to the civil unrest which started in 2014. According to the classification of [Damyanov and Iliev \(2000\)](#) this conflict can be categorized as a conflict of rigid type. The peak of the Ukrainian FDI in 2015 was due to the fact that in that year 50% of all FDI were for the acquisition of Kryvorizhstal, the largest producer of steel in Ukraine for the amount of \$ 4.8 billion.¹ Thus 2005 was the only year in which FDI was close to 10% of Ukraine's GDP. Therefore, the decline in 2006 cannot be interpreted as an actual downturn, but rather a return to the pre-existing levels of FDI. On the other hand the decline in 2008 and 2009 is real and is due to the global recession.

¹ For more details see [Noon \(2005\)](#).

We can also conclude that in the medium run Bulgaria will remain more attractive for the foreign investors due both to its EU membership and its higher levels of economic and political stability since 2014.

- **Analysis of the changes in the unemployment levels during the period (2005 – 2014)**

Unemployment rate may indicate the presence of structural problems in an economy and its lack of competitiveness and comparative advantages. High unemployment levels can stir social unrest and aggravate the economic and financial problems of a country. Therefore a comparative analysis of the changes of this indicator would provide useful information about the economic development of Bulgaria and Ukraine in periods of depression and recovery (see Figure 4.)

Although Ukraine's GDP grew more unevenly than Bulgaria's, Ukraine had more stable unemployment rates over the period. Another interesting fact about the Ukrainian economy is that despite its growth problems after 2011, Ukraine managed to maintain a stable level of unemployment. Despite the fact that Bulgaria reported a negative economic growth in only one year (2009) over the period, it faced some serious difficulties to restore the unemployment level to its pre-crisis levels of 6 to 8 percent.

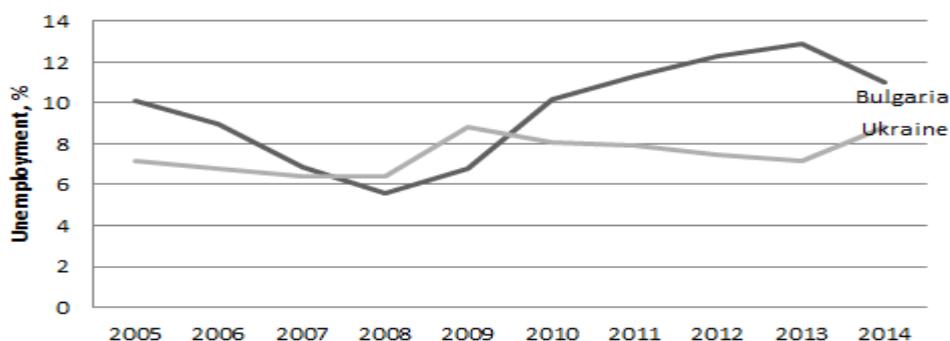


Figure-4. Unemployment rate in Bulgaria and Ukraine in the period 2005 – 2014.

Source: <http://databank.worldbank.org/data/home.aspx>; <https://www.cia.gov/library/publications/resources/the-world-factbook/>; (retrieved on 23 June 2015)

Even in 2014, which was extremely difficult for Ukraine in political and economic terms, its unemployment rate was lower than that of Bulgaria, where the GDP achieved a stable post-crisis growth. However, this trend cannot be maintained in the medium run, given the rapid increase of the level of Ukraine's indebtedness combined with a slump of its GDP.

At the end of the period the levels of unemployment in both countries was higher than the levels reported in 2005 and the economies of both Bulgaria and Ukraine have not yet returned to sustainable growth and prosperity.

- **Inflation rates in Bulgaria and Ukraine (2005 – 2014)**

The crisis slowed down the economic growth of Bulgaria and Ukraine after a period of rapidly growing GDP and foreign investment levels at the expense of high inflation rates (see Figure 5.)

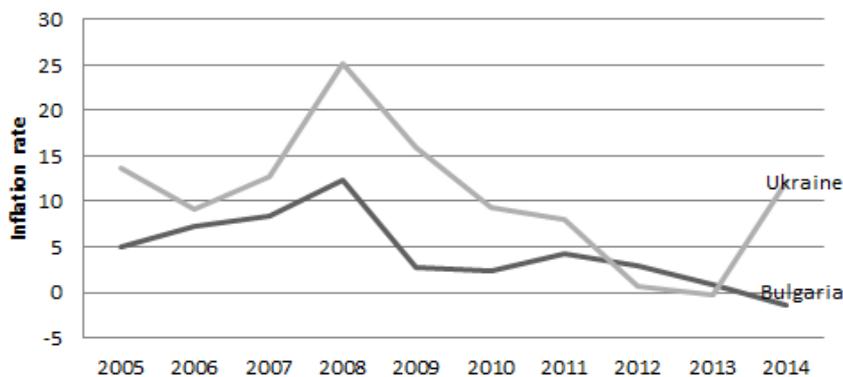


Figure-5. Inflation rates in Bulgaria and Ukraine (2005 – 2014)

Source: <http://databank.worldbank.org/data/home.aspx>; (retrieved on 23 June 2015)

The above diagram shows the dynamics of the inflation rate in Bulgaria and Ukraine in the period of economic growth (2005 - 2008.) The trends in both countries are similar but the level of inflation in Ukraine was excessively high both prior to and after the crisis and peaked in 2008 at 25%. Note that in the period 2009 – 2012 the Ukrainian economy was on the right track and the country is capable of restoring its former levels of economic growth provided that the internal conflict is resolved. Otherwise the country may be expected to enter a period of stagflation.

Conversely, the excessively low levels of inflation in Bulgaria since 2012 have hindered its economic development. In 2014 the country reported a deflation after three consecutive years of decrease of this indicator. Bulgaria must take urgent measures to achieve healthy inflation levels.

We may conclude that neither Bulgaria nor Ukraine managed to maintain healthy levels of inflation, which, for an economy in transition can be as high as 5 to 8 percent.

- **Public debt levels in Bulgaria and Ukraine (2008 – 2014)**

Public debt as a percentage of GDP shows a country's ability to cover its expenses with its own funds. It increases when the country cannot cover its government spending with its own resources. The continuous increase of the public debt over a long period can make a country default on its foreign debt. The dynamics of the public debt in Bulgaria and Ukraine is shown in Figure 6.

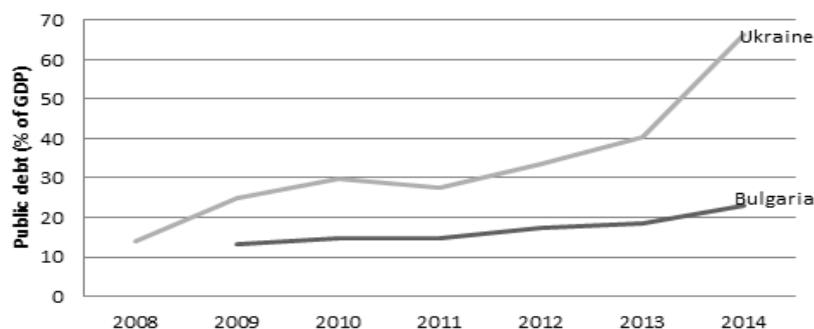


Figure-6. Public debt in Bulgaria and Ukraine as a percentage of GDP

Source: <http://databank.worldbank.org/data/home.aspx>;

<https://www.cia.gov/library/publications/resources/the-world-factbook/>; (retrieved on 23 June 2015)

In terms of this index Bulgaria is once again more stable than Ukraine and the level of its debt rises more smoothly and predictably. On the other hand, the level of Ukrainian debt increased over the period from 13.8% (a rather low level considering the realities of the 21st century) to over 66%. The EU does not recommend indebtedness of above 60% of GDP because such levels can result in budgetary problems for the country. This is exactly what happened in some EU member-states that did not adhere to that rule. Thus, while at the beginning of the period Bulgaria and Ukraine had almost identical levels of indebtedness, six years later the Ukrainian indebtedness was three times higher than that of Bulgaria. Considering Ukraine's level of indebtedness in the last three years and the deepening territorial conflict, we can say that Ukraine is on the threshold of stagflation and is facing an economic collapse in the medium run.

- **Comparison of the trends related to the import and export of goods and services of Bulgaria and Ukraine for the period 2005 – 2013.**

The import and export trends of both Bulgaria and Ukraine follow suit with their GDP (see Figure 7.)

The Ukrainian economy is strongly susceptible to changes of the external environment. Nevertheless, both countries had similar trends of economic development until 2011 and quite different ones in the period 2011-2013. Ukraine reported a negative export growth as early as 2013 and, taking into account the outbreak of the territorial conflict in 2014, is not expected to increase its volume of export. Conversely, Bulgaria slowly recovers its volume of goods and services it exports and given the trend established after 2011 is expected to achieve stable growth in the medium run.

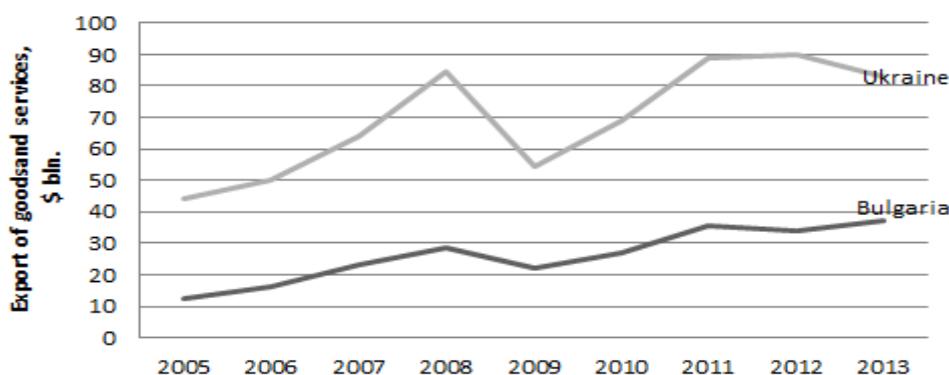


Figure-7. Export of goods and services from Bulgaria and Ukraine

Source: <http://databank.worldbank.org/data/home.aspx>; (retrieved on 23 June 2015)

A common feature of the economic development of both countries is that in 2011 they exceeded the pre-crisis peak (2008) and restored the levels of their export. In 2013 the export of goods and services to Bulgaria and Ukraine was higher than that in 2005.

The import trends are similar to the trends of development of both GDP and export. The only significant difference is between the trends before and after the crisis. While Bulgaria and

Ukraine had relatively uniform growth of their imports before 2008, after the crisis Ukraine reported much higher (almost double) rate of growth of its import (see Figure 8.)

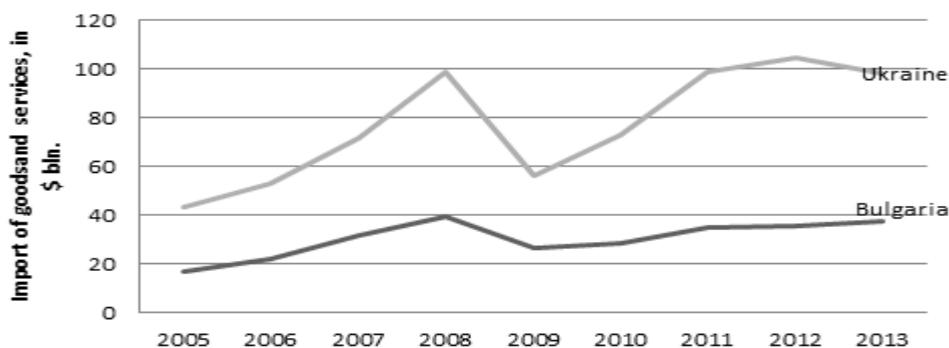


Figure-8. import of goods and services to Bulgaria and Ukraine

Source: <http://databank.worldbank.org/data/home.aspx>; (retrieved on 23 June 2015)

The data shows that Ukraine reached its pre-crisis levels of import as early as 2011, while Bulgaria lagged behind and by 2013 had not reached its pre-crisis volume of import of \$ 39 bln. Ukraine is expected to report a decline of its import in the medium run because of the territorial conflict. Since 2010 Bulgaria's import has been rising steadily. The country did not report an actual decrease of its import volumes throughout the whole period of the study except in 2009.

We may conclude that despite the effects of the global economic crisis and the political unrest in Ukraine, the volume of import of both countries in 2013 was on average two times higher than in the beginning of the period. This means that both countries have potential to generate economic growth and increase the living standard of their population.

The above analyses lead to the following conclusions:

- In 2014 Bulgaria has overcome the effects of the global economic crisis and as a full member of the EU is developing under more stable geopolitical conditions than Ukraine. Conversely, Ukraine is entering a period of economic fluctuations due to other factors.
- Ukraine's economy is more dynamic and its main macroeconomic indicators are subject to greater fluctuations.
- The process of accession to the EU can result in higher levels of FDI.
- Ukraine's economic development is susceptible to stagflation and increasing unemployment and inflation rates.
- The levels of import and export of goods and services follow the trend of the overall economic development in both Bulgaria and Ukraine.

Had it not been for the geopolitical conflicts on its territory, Ukraine would have taken the path of sustainable transformation of its economy. The civil unrest of 2014 brought the country's economy to its 2009-2010 levels and its macroeconomic indicators are expected to return to the levels before the beginning of the analysed period. The political problems in the country may result in a loss of a decade of economic growth. The data shows that Ukraine must make enormous efforts for political stabilization and mitigation of the damages to its economy.

3. ANALYSIS OF THE TRADE IN GOODS AND THE EFFECT OF THE CRISIS ON THE VOLUME OF FOREIGN TRADE BETWEEN BULGARIA AND UKRAINE IN THE PERIOD 2005 – 2014

The most prominent feature of Ukraine in this period are the two different crises it went through. The first is the global economic crisis that affected the economies of both Ukraine and Bulgaria in general rather than foreign trade sectors only. Here we shall try to analyse the effects of the global crisis on the two economies in general as well as and on the foreign trade of the two countries in particular.

The second type of crisis that affected Ukraine was the conflict related to its territorial integrity. The data for 2014 shows the damage inflicted on its economy. The following analysis aims to determine the damage inflicted by the Ukrainian conflict on Bulgaria's import and export of goods to and from Ukraine as well as to measure the effect of the global economic crisis on the Bulgarian exports to Ukraine.

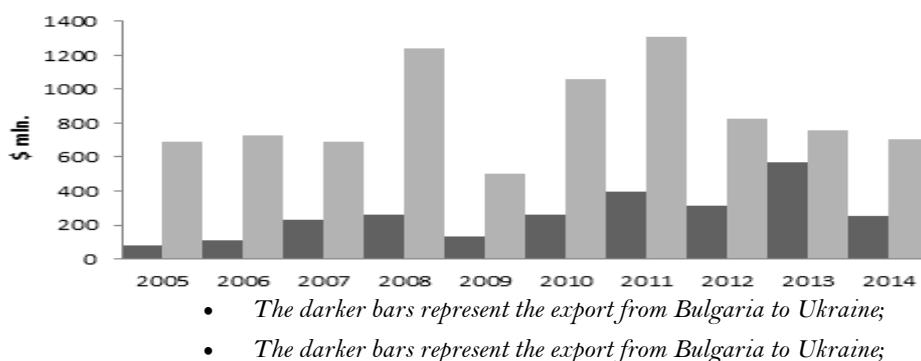


Figure-9. Foreign trade in goods between Bulgaria and Ukraine

Source: <http://comtrade.un.org/data/>; (retrieved on 15 Aug. 2015)

We shall analyse the value of import and export flows in dollars as well as the volume of the export and the import between the two countries in relation to their overall export and import considering commodity groups that are resilient to crises as well as commodity groups that are susceptible to adverse economic developments.

Bulgaria is a net importer of goods from Ukraine throughout the studied period (see Figure 9) with its foreign trade deficit peaking in 2008 and 2011 at volumes above \$ 900 million. We have tried to determine which commodity groups account for this excessive trade deficit. The Ukrainian conflict in 2014 had a strong impact on Bulgaria's export and resulted in significant changes of the main trends of trade between the two countries. Thus, in 2014 both the import from and the export to Ukraine declined, but the import decreased with only 7.5% (and was at the level of the economic crisis in 2009 and 2010) while the export slumped with 55.5%. Generally, the volume of foreign trade with Ukraine are characterized by high levels of fluctuation and there is no clear trend. This means that the trade relations between the two countries are unstable, which will damage their economies in the long run. Having analysed the trade between Bulgaria and Ukraine we shall review their foreign trade in terms of their mutual trade as a percentage of

their total volume of foreign trade in order to determine whether it is especially important for their economies by comparing the data for three years - 2005, 2008, 2011, 2014 (see Figures 10, 11, 12 and 13.)

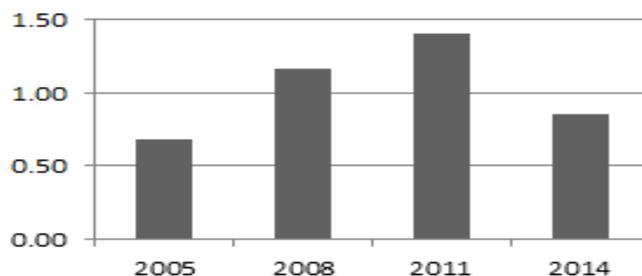


Figure-10. Bulgaria's export to Ukraine as a percentage of its total export
Source: Author

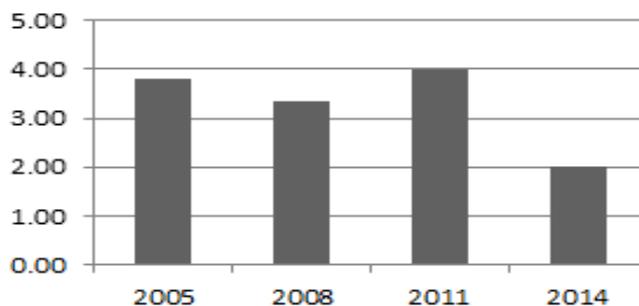


Figure-11. Bulgaria's import from Ukraine as a percentage of its total import
Source: Author

Figures 10 and 11 show that until 2011 the Ukrainian market and the Ukrainian economy were important factors for Bulgaria overall economic development and export. The share of export to Ukraine increased and in 2011 reached almost 1.5% of the total volume of export. During the same period the volume of import varied between 3 and 4%, i.e. goods imported from Ukraine accounted for about 4% of all goods imported into the country. The statistics for 2014 shows that the importance of the trade with Ukraine was decreasing. In 2014 the volume of export amounted to nearly 0.9% of the total export while the volume of import shrank to 2% of the total import of goods into Bulgaria. This means that the Ukrainian market had become less attractive for Bulgaria due to the complicated economic, political and social situation in the country. However, the economic difficulties in the two economies in transition were less significant than the political turmoil that broke out in Ukraine.

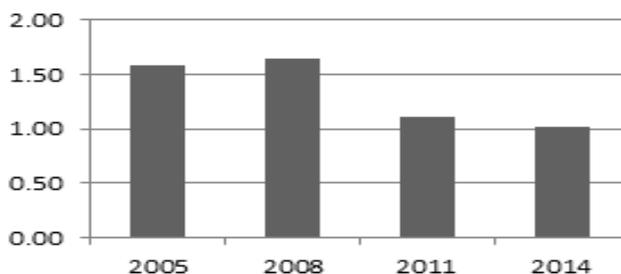


Figure-12. Ukraine's export to Bulgaria as a percentage of its total export
Source: Author

Fig. 12 shows that the importance of Bulgaria as a market for Ukrainian goods was decreasing as well. Since 2008 the export of Ukrainian goods to Bulgaria as a percentage of the total exports of the country was declining steadily until the volume of export levelled out at about 1%. At the same time the relative share of the import from our country to Ukraine was increasing due to the fact that the Ukrainian import from third countries was reduced drastically. The analysis of the structure of import and export by commodity groups would explain the difference between these two trends.

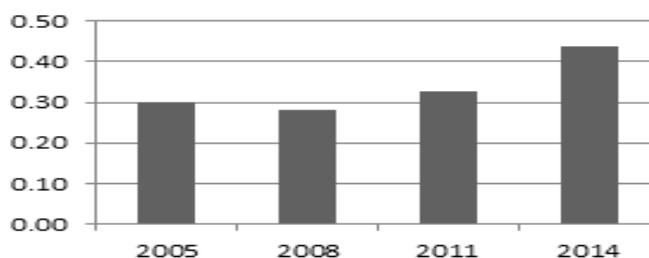


Figure-13. Ukraine's import from Bulgaria as a percentage of its total import
Source: Author

The Ukrainian export turned out to be quite susceptible and less resistant to internal and external economic shocks while Bulgaria's export shows higher resistance. The data shows that the Ukrainian economy is less competitive (which was corroborated by the study conducted by [Kriukova et al. \(2015\)](#)). Bulgaria's membership in the European Union (EU) increased its competitiveness, which affected its trade with Ukraine and its export was affected less by the territorial conflicts that broke out in Ukraine.

We shall now move on to the analysis of the most traded goods between Bulgaria and Ukraine in 2005, 2008, 2011 and 2014 (The data is shown in Tables 1 and 2.)

Bulgaria's export to Ukraine is dynamic. In the beginning of the period (2005) the largest volume of goods exported from Bulgaria was from group 54, while from 2008 to 2014 the largest volumes were from group of 33. Groups 54 and 33 account for the largest volume of goods traded with Ukraine and in 2014 they accounted for over 50% of all goods exported to Ukraine. The data also shows that Bulgaria exported to Ukraine mostly goods with high added value that fall into five commodity groups. This means that the trade with Ukraine is particularly important given

the size of the Ukrainian territory and population. Maintaining the established market positions despite Ukraine's internal problems is very important for our country's future export of products with high added value. At the beginning of the period the intensity of the trade with the five major commodity groups was relatively low (63.56%) while at the end of the period it was slightly over 70%.

Table-1. Most exported commodities from Bulgaria to Ukraine

Top 5 of the most exported goods to Ukraine as a percentage of the total export							
Code ²	2005	Code	2008	Code	2011	Code	2014
54	22,64	33	20,43	33	58,64	33	41,87
33	13,02	54	12,21	54	8,08	54	11,06
74	11,11	74	10,35	77	4,87	74	8,28
77	10,65	77	7,92	74	3,94	55	5,14
64	6,14	81	7,61	67	3,46	64	3,71
Total	63,56	Total	58,52	Total	78,99	Total	70,05

Source: <http://comtrade.un.org/data/> (retrieved on 17 Aug. 2015)

Table-2. Most imported goods in Bulgaria from Ukraine

Top 5 of the most imported goods from Ukraine as a percentage of the total import							
Code	2005	Code	2008	Code	2011	Code	2014
67	47,05	67	60,83	67	42,16	67	57,26
32	20,21	32	16,93	32	28,04	32	19,48
33	9,14	28	2,96	33	20,95	33	6,26
28	7,96	77	2,73	79	1,65	56	2,94
68	3,65	79	2,43	56	1,33	79	2,85
Total	88,01	Total	85,88	Total	94,13	Total	88,80

Source: <http://comtrade.un.org/data/> (retrieved on 17 Aug. 2015)

Table 2 shows the most important groups of commodities import into Bulgaria from Ukraine. According to the statistics, the three most important groups imported from Ukraine retained their positions in 2014. The concentration of the imports is significantly higher than that of the exports to Ukraine. The top five imported commodity groups accounted for over 88% of all imports both in 2005 and in 2014. In 2011 the concentration was very high - 94.13%. In 2014 imports of commodity groups 67 and 32 accounted for over 76% of all goods imported from Ukraine. The import consists mainly of goods/resources with low added value. The high concentration of imports of commodity groups that include mostly resources rather than products with high added value is indicative for the weak competitiveness of the Ukrainian economy

² Commodity groups and their codes according to the Standard International Trade Classification Rev.3 in Tables 1 and 2: 28 – Metalliferous ores and metal scrap; 32 – Coal, coke and briquettes; 33 – Petroleum, petroleum products and related materials; 54 – Medicinal and pharmaceutical products; 55 – Essential oils and resinoids and perfume materials; toilet, polishing and cleansing preparations; 56 – Fertilizers; 64 – Paper, paperboard and articles of paper pulp, of paper or of paperboard; 67 – Iron and steel; 68 – Non-ferrous metals; 74 – General industrial machinery and equipment, n.e.s., and machine parts, n.e.s.; 77 – Electrical machinery, apparatus and appliances, n.e.s., and electrical parts thereof (including non-electrical counterparts, n.e.s., of electrical household-type equipment); 79 – Other transport equipment; 81 – Prefabricated buildings; sanitary, plumbing, heating and lighting fixtures and fittings, n.e.s.

compared to that of the EU member-states. Or, as Verkyoi (2014) wrote "... *It [the Ukrainian economy] has long been concentrated into industries with low added value. To Europe and Asia it exports raw materials and semi-finished products and finished products to Russia.*" Ukraine should subject its economy to intensive rehabilitation effects, such as its accession to the EU would provide.

Ukraine would undoubtedly benefit more from a membership in the EU and an access to its common market consisting of 28 member-states countries than from a membership in the EAEU, which includes five countries. The EU has a number of advantages such as a larger common market, efficient institutions and mechanisms for financing and support, a single currency, etc. From an economic point of view the rational choice would be the EU, but within the accession or integration process such a choice is often affected by various political and social factors.³

Following the period of territorial conflicts that tore the country apart, Ukraine is now in dire need for stable economic and political environment. However, it cannot ensure such a stabilization process on its own because it is located on the divide between the EAEU and the EU, which means that it is subject to strong gravitational forces⁴ that could disintegrate its territorial unity. A full membership into either union would provide the country with the necessary stability to recover its economy. Ukraine has already stated its intention to access the EU, which, due to certain objective circumstances, could not happen in the immediate future. Thus its economic performance will remain unstable and its intra-regional conflicts will not be resolved soon. Although the future of Ukraine may seem bleak the short run, if the country is willing to adopt the European values and standards, it will sooner or later return on the path of growth and prosperity.

4. CONCLUSION

The data shows that the Ukrainian economy is much more dynamic than that of Bulgaria. The drop of Ukraine's macroeconomic indicators in 2014 had a strong impact on Bulgaria's export during that year and caused their decrease with over 55% compared to the previous year. Thus the conflict in Ukraine brought Bulgaria's export back to its 2010 level.

Bulgaria's membership in the EU was a positive factor for in improving its competitiveness considering the export of goods with high added value and the import of resources and products with low added value. Moreover, the EU membership ensured a higher level of stability in the region compared to the mainland coastline between the EU and the EAEU.

The implementation of European rules, regulations and values in Ukraine would have a favourable effect on trade between the two countries. Moreover, Ukraine's pre-accession process would increase its FDI - something the country needs urgently.

In order to achieve sustainable economic development, the countries neighbouring Ukraine have to resolve their economic, political and social conflicts. They can do this by becoming

³ For more details regarding Ukraine's national interests see: [Yuryi and Savelev \(2011\)](#).

⁴ For more details regarding the gravitational forces in the EU see [Damyantov \(2013\)](#).

members of either the EU or the EAEU. Should any of these countries abstain from such integration, it would generate units and forces that would result in various intricate conflicts.

Obviously, the trade between Bulgaria and Ukraine is concentrated in a small number of commodity groups, which creates dependencies, uncertainties and problems in the long run. Overall, however, their economies are dynamic and able to recover from the global crisis, which means that Ukraine can restore its economy provided that it succeeds in resolving its internal conflicts.

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