

Bulgaria reopens links with Vietnamese amid acute worker shortage

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For years Bulgaria has been a source of cheap labour for western Europe. Now the tables have been turned on the Black Sea state, as it finds itself facing an acute shortage of workers and turning to far-reaching measures to make up the shortfall: inviting Vietnamese to fill jobs in manufacturing and construction.

"Bulgaria employed Vietnamese workers under communism and they fitted in well. We would offer jobs on contract terms with temporary residence," Petar Dimitrov, the economy minister, said in an interview with the Financial Times.

Economic growth, set to be more than 6 per cent again this year, has exposed the shortage of skilled workers in the European Union's poorest member state.

About 1m Bulgarians are working overseas, according to official estimates - the result of a decade of mass emigration by graduates and skilled workers. The official unemployment rate has fallen from 18 per cent of the workforce in 2002 to less than 6 per cent in May.

But this does not reflect labour market reality, say officials, because it includes a high percentage of older people who are unlikely to retrain and are from the Roma community, many of whom lack basic skills.

The labour market is especially tight in Sofia and the Black Sea port of Varna, the fastest-growing cities since Bulgaria joined the EU last year. Both have jobless rates of less than 3 per cent.

The decision to seek workers from Asia follows a successful campaign to persuade the 500,000-strong Bulgarian diaspora in Moldova and Ukraine to return home by offering a fast-track process to acquire Bulgarian citizenship.

This policy is being revised after thousands of the "Bessarabians" left to seek jobs in Spain, Italy and Greece once they received their Bulgarian passports.

"Diaspora workers are much in demand because they don't have a language problem. What we need to do is introduce a green card arrangement, requiring five years' work here to qualify for a Bulgarian passport," Mr Dimitrov says.

Another measure is to cut 12,000 civil service jobs ahead of next year's parliamentary election, "to make additional white-collar workers available to the private sector", says Plamen Oresharski, finance minister.

Bulgaria has so far escaped the impact of the global credit crunch, but growth is projected to have slowed to about 5.5 per cent in the second quarter from 7 per cent in the first.

While the boom in construction of low-priced holiday homes for the UK and Irish market is over, foreign investment still drives demand for high-quality residential and commercial property in larger cities.

The skills shortage is highest in construction, tourism and IT, according to Dikran Tabeyan, deputy chairman of the Bulgarian Industrial Association. "This summer there are between 80,000 and 100,000 positions left unfilled," he says. "Workers are in a position to select their employer."

Al-though private sector wages are still competitive with Romania and central Europe, they jumped 24 per cent in the first quarter after rising 23 per cent last year.

Mr Oresharski says that after food and fuel price rises, wages make a "significant contribution" to Bulgaria's high annual inflation rate - the EU's second-highest at 14.3 per cent in May.

Although the outflow of Bulgarian workers may stabilise this year because of rising domestic wages and the slowdown in western Europe, only a trickle of migrants is coming back.

Maria Georgieva, an executive with a Greek hotel chain, says she is unlikely to return soon. "I came because I needed a job, and I stayed because I was able to start a career."

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