

THE INCREASE OF DIVERSITY IN SOFIA: ECONOMIC AND IMMIGRATION CHANGES

1. Introduction

Sofia is an economic, commercial, financial center, center for services, communications and consumption. It is not a mechanical sum of separate detached areas, entangled with individuals and groups. Sofia is the heart of the common life in Bulgaria. The city is full of social dynamics, exchanges, tacit agreements or further negotiations, as well as tension, confrontations, even brutal collisions. Sofia is a place of civil activity, as the only opportunity of coexistence in the modern world and a capital city of an EU member country.

In the last twenty years Sofia and the large cities in Bulgaria are the focus of radical changes in the common life. They have undergone radical political, economic, social, cultural changes and collisions. Meanwhile, the physical environment has always been in a state of architectural, infrastructural and functional transformation, affecting not only the public life of the city, but also the common life.

A sensible change of Sofia as an open city is the fact that having been culturally and ethnically homogeneous, now the city is a home of increasing number of foreigners from all over the world. This large increase in cultural diversity is the result of growing international flows of goods, factors and knowledge that are fostering the global interactions among a rising and increasingly diversified number of people. Managing immigration has become a central issue for policy-making in Bulgaria.

This presentation aims at monitoring the economic life in Sofia and the prospects for development of the city. Another aspect is the expansion of the multicultural life within the city with the inflow of immigrants both from the country and abroad.

2. Historical and socio-economic development of Sofia

2.1. Historical details

Sofia is one of Europe's oldest cities with a history dating back to 7,000 years ago. The civilization that supposedly had first established their settlements over the present location of the city were the Thracians. For a short period, during the 4th century BC, King Philip of Macedon and his Son Alexander the Great had ruled the city. In 29 AD, the city came under Roman rule where it gained significant political and economic prestige, and where Chris-

tianity was first recognized as an official religion. During the middle ages, the city became part of the first Bulgarian Empire, when it was called Sredets and grew into an important fortress and administrative center. The name of Sofia has been known since the XV century. In the course of the Bulgarian-Ottoman Wars, the city was seized by the Ottoman Empire who held power over it until its liberation in 1878.

2.2. Sofia's development during socialism

Sofia's spatial development pattern differs from that of the cities with market economy. With the unlimited power of the state to purchase land and real estates, to be actively involved in housing construction and to set up the social infrastructure, a city was established with thick density of population in the periphery and a lot of industrial plots of land. The concentration of industries on the territory of Sofia attracts many people from the smaller settlements. Therefore large-scale residential complexes were built, resulting in unreasonable enlargement of Sofia and pollution of the city by the large-scale industries. The city started losing its attractiveness as a green city, comfortable to live in.

Actually during the period of socialism enormous hindrances were imposed on the inhabitants of provincial settlements to settle down in Sofia, limiting the domestic migration to a certain extent – from the smaller settlements and from the larger cities in Bulgaria to Sofia.

A direct implication of the specific features of the socialist society as a closed-type of society is the strict regulation and the maximum restriction of the movement of the population across the state border: both for Bulgarian citizens abroad, and foreign citizens to Bulgaria. The notion of ethnic and cultural diversity dates back to this period, often still associated with the concept «minorities», i.e., ethnic communities (Turks, Roma, Jews, Armenians, Tatars, Gagauzians etc.) traditionally living on the Bulgarian territory.

The rare exceptions for «setting up» of immigrant communities at the time of socialism were politically inspired:

- several emigration waves of Bulgarian citizens of Turkish origin to Turkey;
- attracting left-wing activists from neighboring countries, such as Turkey, Greece;
- attracting students from the non-European countries with the specific aim – a long-term strategy for university education for left intellectuals as a preparation of a global revolution.

As an exception to the dominant political logic Vietnamese immigrants were accepted in 1980^{ies} due to the demand of labor in some economic sectors, such as construction.

2.3. Sofia at the time after the transition period to market reforms

Sofia is the 14th largest city in Europe in terms of number of population (year 2006). It could be compared only with Brussels and Prague. It has under-

gone many drastic changes during the last 20 years as a post-socialist city in a transition economy.

Sofia’s economy is service-oriented, driven mainly by the private sector. The private sector generates 94% of all services and 87% of the other sales. The small and medium enterprises have a share of 71% of all sales. In the last few years the construction, real estate trade, business services, transport and telecommunications sectors have had the largest share in the growth and continue attracting investments.

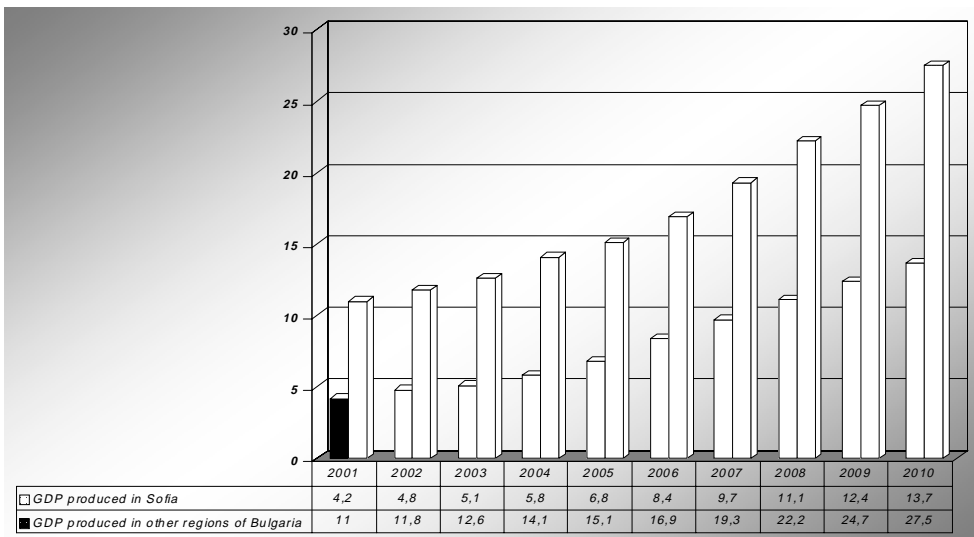
In Sofia 33% of GDP is generated. The GDP growth in Sofia has always exceeded the average growth for the country. In 2006 the GDP per capita in Sofia was EUR 15 845 and currently it is 69% of the average for EU. The share of services in GDP in Sofia is 74% compared to the average of 60% for the country.

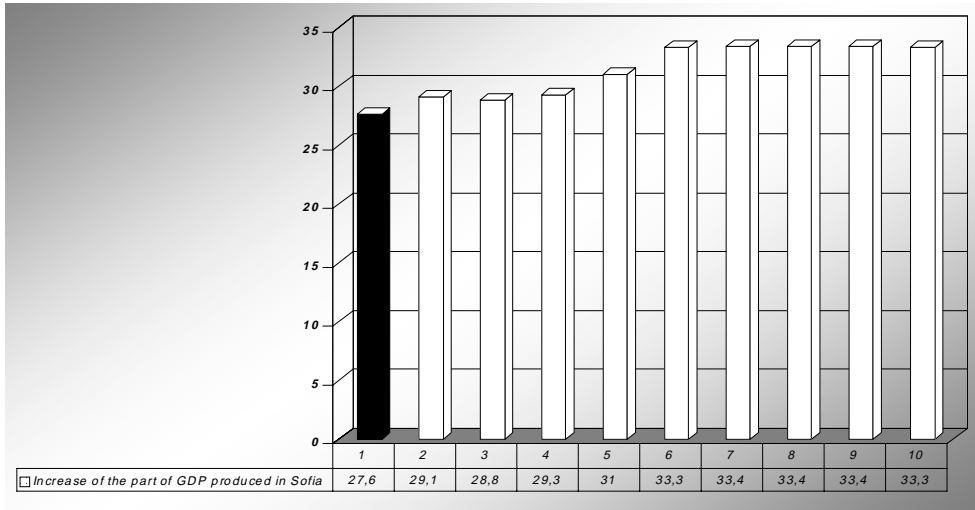
Sofia has significant advantages, *mainly job opportunities and human resources*. There are **835 768** working-age persons in the metropolitan, being 17.4% of the population. The number of inhabitants of working age is continuing to drop down, in line with the ageing processes of the population in Bulgaria. (Per 100 retiring persons, (above the age of 64), there are 79 persons, entering the working age (aged 15-19). The number of women in the capital is higher than men and there are 1103 women per 1000 men.

The capital is growing, but aging as well. The average age of the people in Sofia last year was 40.4 years, and 38.9 years – ten years ago.

The lowest unemployment rate was registered in Sofia compared to the other regions throughout the country with the highest incomes, employment

Graph 1. Increase of GDP produced in Sofia and in the other regions of Bulgaria for the period 2001-2010 in billion EUR



Graph 2. *Increase of the part of GDP produced in Sofia*

and prices. The finalized privatization opened more jobs in the private sector. The employed therein are 52% of the labor force, or 10 times more than in 1990. The relatively high percentage – 48%, employed outside the private sector, is mainly due to the concentration of almost all the administration in the metropolitan city.

Thousands of immigrants are attracted to Sofia – mainly businesses located in Sofia city centre – with forecasts predicting over 100,000 new inhabitants for the city over the next 5 to 10 years. This massive increase in Sofia's population adds greatly to the potential for Sofia property investment.

Almost half of the Foreign Direct Investments (FDI) for Bulgaria are registered in Sofia. This is something quite usual, considering the fact, that most of the privatized companies, holdings and banks are registered in the capital. The available industrial capacity, infrastructure and labor qualification are some of the main factors to attract investments (30,5% of the employees in Sofia are university graduates and 30% – have specialized secondary education, while for the country the respective values are 12,4% and 26%). In 2009, Bulgaria's FDI set to contract by 32%.

The Bulgarian economy is yet to see the worst of the global economic crisis. The Bulgarian economy will shrink by 6% for 2009, curbing the decline to 1.5% in 2010. This is a much grimmer forecast. For the fourth quarter, the Bulgarian economy is expected to deteriorate by 7.4% year-on-year. Figures by the National Statistical Institute (NSI) showed that the GDP slumped by 4.9% in the second quarter. The expected potential of Sofia for the next two years has changed.

In the period of transition to market economy and just like all over the country, the poverty in Sofia is aggravating, requiring new jobs to be created.

Graph 3. *Foreign Direct Investments in Sofia by economic sectors for 2008 in billion USD*

Total FDI	Financial services	Real estate	Constru c-tion	Trade& Repair	Business services	Techno- logies	Others
6.6	2.6	1.9	0.8	0.7	0.2	0.1	0.3

Many of the previous industries were closed down one after the other. The metropolitan urban planning structure and housing construction are the key disadvantages. There are neither adequate financing schemes, nor legal framework for the residential management. The residential areas should be renovated, the functioning schemes of the real estate market should be improved, the urban infrastructure and the public transport system in Sofia should be further developed.

3. Gradual growth of multicultural and diversity – inflow of immigrants and refugees

Recent migration trends show that, due to its central location on the Balkans, Sofia attracts an increasing number of workers and migrants from abroad, as well as internal migrants.

Pursuant to the statistics, although slowly, the migration to the capital from the other settlements is decreasing. Until two years ago the annual mechanical growth in population was between 13 – 17 thousand, and since 2006 it is about 7 thousand.

Most recent records show that there are 55,684 foreigners that are permanent residents mainly in Sofia. The largest group are citizens of the European countries, from outside the EU, followed by Asians, Americans and Africans. The Europeans are 69.8 % of the immigrants with permanent residential status, followed by Asian citizens (13.9 %), foreigners from North and South America (1.2 %) and Africa (1 %).

Two thirds of the foreigners live in Sofia with permanent residence status. Although the estimated number of immigrant workers in Sofia is not as high as it is in other EU countries, there is a tendency for an increase in the number of foreign residents, including EU citizens. Many young foreign-born professionals come to work in multinational companies mainly based in Sofia.

After Bulgaria's accession to the EU the immigration from third countries is increasing. Citizens of Bulgarian origin from the neighbouring countries are showing a growing interest in obtaining citizenship and settling in the country.

The immigration in Sofia and Bulgaria is *different* from the immigration in Western Europe, USA and other advanced countries. It *begans later* and is exceptionally *less numerous*. The differences are essential, but this is not the most important point. *The profile of the immigrant* in Bulgaria is *different*, almost opposite to the „classical” type. This has been confirmed by the realities – the unemployment rate among the immigrants in Western Europe is much

higher than that among the local population, and most of them are on the periphery of the labor market.

The immigrants can not be labeled as typical „representatives” of their countries – they are the more mobilized, more enterprising, challenging citizens, coming from another country.

Most of the *Chinese* in Bulgaria are less educated people, engaged mainly in two sectors – restaurants and retail trade. On the contrary – the *Africans* are highly educated engineers, medical doctors, etc. The *Arabians* are the key competitors of the Chinese in both economic niches, occupied by them. The *Chinese* community is one of the *most adaptive*, managing to overcome easily the ethnical differences regardless of the culture distance.

The Chinese are more aggressive, and have succeeded in pushing the Arabians away from some of the economic niches conquered by them in the beginning of the post-communist transition period. Meanwhile, due to their longer stay in Sofia, the *Lebanese* have penetrated in more economic activities.

There is no China town in Sofia, but the spirit of China town dominates over the structure and the self-organization of the Chinese community. Therefore the most – *homogeneous* group of immigrants is the *Chinese group*, and the most – *heterogeneous* group is the *Arabic group*, composed of Syrians, Lebanese, Iraqi, Afghans, etc.

The most-*controversial group* is the *Kurdish group* – if the nationality is the key characteristic feature for most of the groups, in this specific case it is subordinated to the cultural identity.

There is an open question whether the few *Africans*, coming from different countries and ethnic groups, in conflict among each other, could be considered a community. They are the only „*racial*” group in Bulgaria, the country without any colonial traditions and without any historical experience in this type of intercultural contacts. The African immigrants are the *heritage* of the policy of the Bulgarian state after 1960^{ies} offering academic grants to African students with left ideology.

The main type of immigration could be specified as *economic or labor immigration*: it is much easier to start business in Sofia, and for this reason immigrants are attracted from Syria, Lebanon and other countries from the Near and Middle East.

The economic immigration in Sofia has a *specific feature*. It „incorporates” the so-called *brain gain* – many experts, consultants, managers, accompanying the foreign investments in our country.

By means of the economic immigration Bulgaria has a chance to offset partially the losses incurred by the „brain drain”. Over 40% of the foreigners coming to Bulgaria are university graduates, and over 1/4 have their own business, contributing to the economic development of our country. It is true, that approximately the same share of the economic immigrants make financial transfers to their home countries, to support their families (exceeding USD 50 mln per year). However the same strategy refers to the Bulgarian emigrants, whose

remittances to their home country generate approximately 5% of GDP (2008).

Some groups of immigrants are set up entirely on *family* principle. The *Russian* community is generally female – about 80% thereof are women, married to Bulgarians. The Russian community is numerous, settled down long ago and integrated excellently. The *African immigrants* are also from mixed marriages, and therefore as a rule they are also considered well *integrated*.

In 1993 Bulgaria signed the Geneva Convention and started giving political asylum. *The refugees* come mainly from Afghanistan, Iraq, Somalia. Bulgaria has also accepted a lot of Palestinians. The number of the *refugees* has increased 10 times in 10 years, preserving yet low values. This relatively small group has a large publicity – both due to the established network of governmental and non-governmental organizations, and due to the media coverage, increasing the fears of waves of refugees at the time of each crisis – Afghanistan, Iraq etc.

Bulgaria’s accession to EU (in 2007) has radically changed the concept of the *transnational migration to Sofia*. A slight increase is monitored at the „outlet” point, but it is far away from the uncontrolled inflow of immigrants from the newly acceded countries, such as Bulgaria and Romania, as expected by Western Europe. An inflow wave is emerging at the „inlet” point however – which was slightly expected and insufficiently appreciated both by experts, and by politicians. *According to official data in 2008 the number of foreigners in Bulgaria doubled, exceeding 100 thousand people (if adding the foreigners with unsettled statute, actually there is a 150% growth)*. Most of the people coming to Bulgaria or returning from Bulgaria are from *Turkey* – 13,3% of the total number. According to the International Migration Review from 2008 the countries sending transnational immigrants to Bulgaria are ordered as follows: Turkey, Macedonia, UK, Russia.

Table. *Number of migrants in Bulgaria as at 31 December 2007*

	2000	2001	2002	2004	2005	2006	2007
Number of migrants with permanent residence statute	-	43,630	-	50,756	53,197	55684	-
Number of migrants with long-term residence permit	-	-	-	23,295	21,680	26,921	-
Number of legal migrants with long-term and permanent residence statute	-	-	60,028	74,051	74,877	82,605	94,703
Number of refugees with acquired humanitarian statute	-	-	-	-	-	-	4,958
Total number of migrants	101 000	-	-	-	104,076*	-	99,661

* (Border police: 110,000)

Source: NSI; Directorate „Migrations”, Ministry of Interior (2007); Employment and working conditions of migrant workers, Bulgaria <http://www.eurofound.europa.eu/ewco/studies/tn0701038s/bg0701039q.htm>)

Migrants with permanent residence statute:

- foreigners, ***employed on a labor contract***, their children, parents;
- foreigners, ***who have invested more than USD 500,000*** and
- foreigners, ***having over 5-years' work permit for Bulgaria.***

Migrants with a long-term residence permit:

- foreigners, ***having obtained a residence permit up to 1 year***, mainly to continue their education at universities, for business activity, marriage with Bulgarian citizen or with a permanently residing foreign citizen,
- family members of the permanently residing foreigner or foreign specialists.

The data on the immigration flows to Sofia are insufficient, due to the lack of systematic statistic information open to the public on the number of foreigners, and the unofficially obtained data are scarce and contradictory. Some publications on the migration in Bulgaria are not in conformity with the categorization about the residence statute, applicable pursuant to the Law on Foreigners in the Republic of Bulgaria, but make use of their own classification on temporary, long-term and permanent residents, resulting in discrepancies in the number of migrants in Bulgaria, varying between 60,000 and 108,000, as well as enormous differences in the hypotheses on the number of immigrants illegally residing in Bulgaria.

Statistical profile of the immigrants¹ in Sofia**➤ Gender-age structure**

The gender ratio among the immigrants' communities is in favor of men, being 62 % of all the immigrants in the country. 93.4 % thereof are of working age (predominantly between 26 and 45 years of age). The gender-age structure of the immigrants' communities does not differ considerably from the global migration trends, where the typical economic immigrant is young and male. The discrepancies in the gender ratio are obvious among the Arabic, African, Turkish, Kurdish, Afghan, Iranian and Vietnamese communities, most probably due to the dominant cultural and social norms in their countries of origin, where the female migration is considered suitable and adequate only in the company of a male family member. The gender ratio is more balanced among the Chinese, Armenian and Macedonian immigrants, and among the immigrants from Russia (80 % women from the Russian immigrants in the country) and other CIS countries. Such a genuine female migration is mostly due to mixed marriages between the 1960^{ies} and 1990^{ies}.

➤ Civil status

Most of the immigrants (61.8 %) have chosen the individual migration, while 38.2 % are accompanied with another family member: a spouse or a partner (21.6 %), child/children (13.8 %), parent/s (6 %), or a close friend/s (6 %) etc... Most the immigrants are married or in liaison with a partner (63.4 %).

¹ Survey on the rights of the immigrants in Bulgaria, Report Written Comments of the Bulgarian Helsinki Committee, November 2006.

There is a considerable percentage of mixed marriages with Bulgarians (57.4 %) – being higher for women (61.1 %) and slightly lower for men (55 %). The average statistic immigrant's family has one child (42.7 %) or two children (41.8 %), 46.8 % thereof having Bulgarian citizenship.

➤ ***Education status and language skills***

The average statistic immigrant in Sofia is highly educated: most of the immigrants (54 %) are secondary school graduates; 37.1 % are university graduates (with Bachelor's or Master's degree), 2.1 % have higher academic degree, and approximately the same percentage have only primary education. The education status of the immigrants in Bulgaria is higher than that of the local population, due to the fact, that most of the immigrants who have settled down have primarily come to study in Bulgaria.

The naturalized Bulgarian citizens of immigrant origin are better educated than migrant groups with residence statute: 33.9 % thereof are university graduates, and 3.2 % have a higher education degree. Almost half of the immigrants (51.4 %) did not have any knowledge in Bulgarian language, when they came to Bulgaria for the first time, and a smaller percentage thereof (30.9 %) did not know English either.

➤ ***Duration of stay and legal statute***

Most of the immigrants in Sofia have lived here for more than 10 years (36.4 %), and almost the same rate (34.8 %) thereof have been living here for 5 to 10 years. The majority of the migrants in Sofia have a permanent (42.1 %) or long-term residence statute (31.2 %); the temporarily residing foreigners and the naturalized Bulgarian citizens are almost the same percentage from the migration community (about 8 %), while the refugees and foreigners with humanitarian statute or under temporary protection are less than 3 % of all the migrants in the metropolitan.

➤ ***Labor employment***

Contrary to the populist manipulations regarding the employment level among the migrants and the social support, hypothetically spent for them in many destination countries for immigrants, the labor employment among the immigrants in Sofia is rather high (73.8 %). The employment level is high among all migrant groups. Especially among the permanent residents (83.3 %) and the naturalized Bulgarian citizens (83.9 %). 63.5 % of the refugees, foreigners with humanitarian statute and temporary protection statute are also employed. Just 3.2 % and 9.5 % respectively of the naturalized immigrants and the foreigners, having obtained protection, have never applied for a job. The higher employment rate of the immigrants compared to the population as a whole is most probably due to their working age and their level of education and qualifications.

The above data confirm to a great extent the conclusion made by Anna Krasteva², that there are no immigrants living in poverty in Sofia (the refugees

² Krasteva, A. (2005). 'Bulgarian Immigration Phenomena'. In *Immigration in Bulgaria*, Editor. A. Krasteva. Sofia: IMIR.

are not included in the target group of her study) and while comparatively small share of the immigrants are employed by Bulgarian employers, there are Bulgarians, employed by immigrants. Therefore it is correct and appropriate to point out, that they create jobs, rather than take jobs away.

Bulgaria is not the final destination for the immigrants

Just about 50% of the immigrants intend to remain in Bulgaria forever. Almost one fourth of them want to return to their home countries if possible. The most dynamic and mobile group are the transit migrants- being 16,8% of the foreigners residing in Bulgaria. Bulgaria has become a distribution depot for the transnational flows, due to its new statute of EU member state. The rich European countries are the ultimate aim of the new nomads. They gather themselves in Bulgaria from south, east and west, in preparation of their further trip. Thus Bulgaria is experiencing the same situation like the Czech Republic and Hungary, that used to be attractive destinations for the global migrants a few years ago.

Key prospects for Sofia

Firstly, restoring the image of Sofia as a green city to live in – full of active economic and cultural life.

Secondly, solving complicated ecological problems, overpopulation, updating the infrastructure, regulating the migration flow from the villages to the towns.

Thirdly, solving problems, incurred by pollution from auto transport and some industries.

Fourthly, now migration policy is centrally managed at country level. Sofia aims to develop migration policy at municipal level.

In 2008 the city adopted a new strategic approach with the aim of enhancing the development of a democratic and self-reliant municipal management system in Sofia in a manner that will generate sustainable long-term benefits for its residents.