

Jean-Claude Trichet: Celebration of 130th Anniversary of the Bulgarian National Bank

Speech by Mr Jean-Claude Trichet, President of the European Central Bank, at the Gala Event of the Celebration of 130th Anniversary of the Bulgarian National Bank, Sofia, 12 June 2009.

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Dear President,
Dear Prime Minister,
Your Excellencies,
Dear Governor Iskrov,
Ladies and Gentlemen,

It is a great honour and a pleasure for me to be here this evening and to address you on the occasion of the 130th Anniversary of the Bulgarian National Bank. I should like to start by thanking my colleague, Governor Iskrov for inviting me to do so.

The Bulgarian National Bank has good reasons to proudly celebrate this historical date: The achievements during the last 130 years have been many. The Bulgarian National Bank, like most of the other central banks with a long history, did not arise as the institution we know today. It has evolved over time. Since its establishment in January 1879 as a government credit institution with an authorised capital of two million French francs, the Bulgarian National Bank has come a long way. Progressively, it acquired new and increasingly complex functions and duties. It has also established over time close relationships with the rest of the banking and financial system, both at home and in the international sphere. Being the guarantor of the Bulgarian people's money, the Bulgarian National Bank has become one of the most respected public institutions in this country.

During its long existence, the Bulgarian National Bank has been confronted with several challenges, some of them of great significance. Equally, since 1881, the year of the introduction of the lev – which I have been told in ancient Bulgarian means “lion” –, the Bulgarian National Bank has to deal with several major institutional changes. The most recent took place in 1997 when a currency board arrangement to the Deutsche Mark was adopted. In 1999, the latter was replaced by the euro.

Before the actual accession of Bulgaria into the EU, a Cooperation Agreement was signed by the ECB and the Bulgarian National Bank in January 2005. Moreover, under the leadership of Governor Iskrov, the ECB and the Bulgarian National Bank worked intensively together on the Bulgarian National Bank's Law to bring the independence of the central bank generally in line with EU legislation. However, some additional changes still need to be made to ensure that legislation in the monetary field is fully in line with the provisions of the Treaty.

Following Bulgaria's entry into the EU on 1 January 2007, the integration of the Bulgarian National Bank into the European System of Central Banks has been smooth, and the work carried out by the Bulgarian National Bank members in the respective ESCB committees has been noticeable, delivering high quality standards.

The work of the Bulgarian National Bank, and its commitment to maintaining price stability, has also contributed to improving the living standards of the Bulgarian people. No doubt, during the last years, Bulgaria has accomplished significant progress.

Yet, as you know, the current economic situation is extremely challenging. So far, the Bulgarian economy has been relatively resilient to the global financial crisis inter alia, thanks to the sound supervisory policies conducted by the Bulgarian National Bank. But this is no time for complacency in any respect. It remains essential for all economies, including

Bulgaria, to pursue very actively the reform process and to pave the way for sustainable macroeconomic developments that are of the essence in the medium term.

Bulgaria doesn't have to take on these challenges alone. Solidarity is a key feature of the European Union and thus an inseparable part of the integration process. For instance, net transfers from the EU budget to Bulgaria amounted to close to EUR 600 million in 2007, about 2% of GDP. And recently, the Commission has put forward plans to accelerate payments under the European Social Fund for an amount of EUR 19 billion in 2009-2010, an important part of which (35%) is destined for Central and Eastern Europe.

There is of course no substitute for sound policies. That is why I should like to encourage the Bulgarian authorities in this very important occasion to be ambitious. To be ambitious enough in pursuing sound and stability-oriented economic policies that can bring sustainable economic growth in the medium and long term. This applies, in particular, to the conduct of sound fiscal policies and to the implementation of timely and consistent structural reforms that support the sustainability of the convergence process. All economic policy actors without exception need to be committed to the achievement of this goal. As the beautiful words written in front of the Bulgaria's National Assembly remind us – "There is strength in numbers".

At the ECB, we stand ready to preserve and reinforce our dialogue with the Bulgarian National Bank, a dialogue that has proven very fruitful in the past. I am confident that our excellent working relationships will continue to serve both our institutions well.

Happy birthday, Bulgarian National Bank! CHESTIT ROZH DEN DEN BNB!