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**NEGOTIATING POSITION
ON CHAPTER 16
SMALL AND MEDIUM-SIZED ENTERPRISES**

OVERALL POSITION

The Republic of Bulgaria accepts and will implement in full the acquis in the field of small and medium-sized enterprises.

As a working hypothesis, the Bulgarian Government considers that Bulgaria will become a member of the EU on 01.01.2007.

The Republic of Bulgaria does not request a transitional period or a derogation to the acquis on chapter "Small and medium-sized enterprises".

The Bulgarian legislation on small and medium-sized enterprises is in conformity with the acquis in this respect.

ACQUIS ADOPTION AND IMPLEMENTATION

The National Strategy for Stimulating the Development of Small and Medium-sized Enterprises in Bulgaria, adopted in 1998 is fully in conformity with the acquis and aims at improving the business environment for small and medium-sized enterprises.

Bulgaria introduced the criteria set in the existing EU recommendation concerning the definition of small and medium-sized enterprises through the adopted in 1999 SME Act.

The Republic of Bulgaria participates in the Third multiannual programme for small and medium-sized enterprises (SMEs) in the European Union (1997 to 2000).

Bulgaria participates in the joint venture programme of the EC.

In 1999 an Encouragement Bank was established to finance SMEs as a priority.

The Republic of Bulgaria does not need to establish new institutions or administrative bodies to implement the acquis.

The Agency for SMEs, established in 1997, is the competent and authorized body for the development and implementation of appropriate policy and administrative measures towards the sector of SMEs. An **Advisory Board** will be set up in the Agency for SMEs in compliance with the provisions of the SME Act.

Bulgaria is in a process of establishing and strengthening a regional network of institutions – regional centers, agencies, incubators, councils for regional development, EICs, FEMIRC, etc. for promoting SMEs.

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The Bulgarian Government proposes the negotiations on this chapter to be provisionally closed on the basis of the existing acquis.

Should new elements of the acquis make it necessary, Bulgaria recognizes the possibility of opening supplementary negotiations before the end of the Intergovernmental Conference.