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Bulgaria

Livestock and Products

Annual

2003

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Report Highlights:

Good feed supply in CY2002/03 stimulated livestock farmers and the meat industry has stabilized. Reforms in the sector led to higher commercialization, better efficiency of larger commercial farms and improved products (pork and poultry) quality. However, in CY03/04 Bulgarian livestock industry is expected to face feed shortages which may lead to reduction in animal numbers, especially in the pork industry. Thus, some meat shortages are expected after the initial increase in meat supply. Meat imports (pork and beef) were record high in CY2002 totaling 40,000 MT. Imports are expected to continue due to still lower competitiveness of locally produced pork and beef compared to imports; and increasing demand for better quality cuts to meet the needs of developing retail and food service sectors. U.S. opportunities for meat exports continue to be excellent for high quality beef steaks, and pork for processing due to favorable demand and liberal veterinary policy.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Annual Report
Sofia [BU1]
[BU]

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Executive Summary

Over the last three years (CY2001 - CY2003), Bulgarian livestock industry faced a number a challenges related to the fluctuating supply; which led to reductions in meat production, mainly in small to medium sized farms. Furthermore stagnant consumer income and development of the retail and food service sectors led to an increase in meat demand. In MY2003/04, the major problem for the livestock industry will be the short feed supply as its high prices.

The number of livestock stabilized in 2002 with less slaughtered animals due to abundant and inexpensive feed. As a result, less meat was produced and imports increased to meet local demand. However, the feed shortages in MY2003/2004 are expected to lead to another reduction in animal numbers, mainly at family farms. Since feed accounts on average for 68 to 75 percent in production cost, most inefficient farms may not able to maintain the volume of production.

Although price is still a dominating factor in local marketing and the key factor for imports, quality requirements started to play an increasingly important role in purchases in 2003. An increasing number of companies started active investment in improved food safety and quality, in promotions and marketing. The livestock and meat industries are to undertake major transformations and restructuring related to new investment in improved breeds; better quality of meat; adoption of stringent hygiene practices; and development of new marketing strategies.

Meat imports in CY2002 were at a record high due to lower local supply and attractive domestic meat prices. Another factor was higher demand for certain cuts and better quality, especially for pork. Thus, total meat imports in CY2002 were 40,000 MT (beef, 21,400 MT; pork, 17,800 MT) or 8 percent higher than in 2001. The forecast for CY2003 and CY2004 is for higher meat imports which is related to lower meat supply compared to CY2002; and higher domestic prices for beef and pork which makes imports more attractive than locally produced meat. The AgSofia forecast for imports for CY2003 in PSD tables is a "pessimistic scenario" based on the limitation of the consumer purchasing power.

The United States beef meat market share in CY2002 was less than one percent since the major imported items were beef steaks for hotel promotions. Currently, quality U.S. beef steaks are offered in the top six hotels/restaurants. Bulgarian imports of U.S. pork in CY2002 were 4-fold higher than in CY2001 and reached 2,082 MT or 12 percent of total imports.

The prospects for U.S. meat, both beef and pork for processing as well as higher quality beef steaks for direct consumption, are very good. In CY2002, the Bulgarian Vet Service agreed with USDA/FSIS on new import certificates for U.S. meat and meat products which will allow entry of U.S. meats until Bulgaria becomes a full member of the EU (estimated not earlier than 2007). Slowly but steadily increasing consumer income as well as development of the food service sector and tourism will continue to stimulate demand for more and better quality meats.

PSD Table, Cattle, Animal Number

PSD Table

Country	Bulgaria						UOM
	Animal Numbers, Cattle (1000 HEAD)						
Commodity	2002	Revised	2003	Estimate	2004	Forecast	
	USDA Official [	Estimate [D]	USDA Official [	Estimate [D]	USDA Official [	Estimate [New]	
Market Year Begin	01/2002		01/2003		01/2004		MM/YYYY
Total Cattle Beg. Stks	607	640	605	691	610	690	(1000 HEAD)
Dairy Cows Beg. Stocks	410	410	406	376	0	370	(1000 HEAD)
Beef Cows Beg. Stocks	0	0	0	0	0	0	(1000 HEAD)
Production (Calf Crop)	348	410	345	376	0	370	(1000 HEAD)
Intra EC Imports	0	0	0	0	0	0	(1000 HEAD)
Other Imports	0	0	0	0	0	0	(1000 HEAD)
TOTAL Imports	0	0	0	0	0	0	(1000 HEAD)
TOTAL SUPPLY	955	1050	950	1067	610	1060	(1000 HEAD)
Intra EC Exports	0	0	0	0	0	0	(1000 HEAD)
Other Exports	10	22	10	20	0	20	(1000 HEAD)
TOTAL Exports	10	22	10	20	0	20	(1000 HEAD)
Cow Slaughter	0	0	0	0	0	0	(1000 HEAD)
Calf Slaughter	0	0	0	0	0	0	(1000 HEAD)
Other Slaughter	340	312	330	330	0	320	(1000 HEAD)
Total Slaughter	340	312	330	330	0	320	(1000 HEAD)
Loss	0	25	0	27	0	26	(1000 HEAD)
Ending Inventories	605	691	610	690	0	694	(1000 HEAD)
TOTAL DISTRIBUTION	955	1050	950	1067	0	1060	(1000 HEAD)
Calendar Yr. Imp. from U.	0	0	0	0	0	0	(1000 HEAD)
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0	(1000 HEAD)

Export Trade Matrix, CY2002

Export Trade Matrix

Country Bulgaria

Commodity Animal Numbers, Cattle

Time Period Units:

Exports for: 1

U.S. U.S.

Others Others

Yugoslavia	16558		
Jordan	3817		
Albania	1049		
Croatia	184		
Macedonia	35		

Total for Other: 21643 0

Others not Listed

Grand Total 21643 0

PSD, Meat, Beef and Veal

PSD Table

Country	Bulgaria						UOM
	Meat, Beef and Veal						
Commodity	2002		2003	Estimate	2004	Forecast	(1000 MT CWE)(1000 HEAD)
	USDA Official	Revised Estimate	DA Official	Estimate	DA Official	Estimate	[New]
Market Year Begin	01/2002		01/2003		01/2004		MM/YYYY
Slaughter (Reference)	340	312	330	330	0	320	(1000 HEAD)
Beginning Stocks	5	5	4	4	4	5	(1000 MT CWE)
Production	65	54	61	60	0	58	(1000 MT CWE)
Intra EC Imports	0	0	0	0	0	0	(1000 MT CWE)
Other Imports	13	22	16	20	0	21	(1000 MT CWE)
TOTAL Imports	13	22	16	20	0	21	(1000 MT CWE)
TOTAL SUPPLY	83	81	81	84	4	84	(1000 MT CWE)
Intra EC Exports	0	0	0	0	0	0	(1000 MT CWE)
Other Exports	0	0	0	0	0	0	(1000 MT CWE)
TOTAL Exports	0	0	0	0	0	0	(1000 MT CWE)
Human Dom. Consumptic	76	75	75	77	0	77	(1000 MT CWE)
Other Use, Losses	3	2	2	2	0	2	(1000 MT CWE)
TOTAL Dom. Consumptic	79	77	77	79	0	79	(1000 MT CWE)
Ending Stocks	4	4	4	5	0	5	(1000 MT CWE)
TOTAL DISTRIBUTION	83	81	81	84	0	84	(1000 MT CWE)
Calendar Yr. Imp. from U.	0	0	0	0	0	0	(1000 MT CWE)
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0	(1000 MT CWE)

Import Trade Matrix, Meat, Beef and Veal, CY2002

Import Trade Matrix

Country Bulgaria

Commodity Meat, Beef and Veal

Time Period Units:

Imports for:

U.S. U.S.

Others Others

Argentina	13679		
Brazil	5638		
Uruguay	584		
Czech Republic	523		
Romania	304		
Australia	287		
Germany	124		
Greece	76		
Poland	76		

Total for Others 21291 0

Others not Listed

Grand Total 21419 0

Export Trade Matrix Meat, Beef and Veal

Export Trade Matrix

Country Bulgaria

Commodity Meat, Beef and Veal

Time Period Units:

Exports for:

U.S. U.S.

Others Others

Macedonia	435		
Yugoslavia	19		
Malta	5		
Russia	2		

Total for Others 461 0

Others not Listed

Grand Total 492 0

Cattle

The data in the PSD table for cattle was revised based on final official figures for cattle and cow numbers as of January 1, CY2002 and CY2003.

The good grain crop in 2002 as well as low feed grain prices in MY02/03 led to stabilization in the cattle sector. The number of slaughter cattle in 2002 was lower than initially projected, 312,000 currently estimated to be slaughtered vs 376,000 projected by FAS office in 2002 (see PSD cattle table). As a result, the ending stocks as of January 1, 2003 were about 8 percent higher than in 2002.

This trend was reported and confirmed by the official MinAg reports which indicated an increase of 9 percent in December 2002 compared to the beginning of the year (Landsis Bulletin #37). At the same time, the number of dairy cattle declined, mainly due to fluctuations in milk prices and lack of significant growth of the dairy market which could stimulate cattle production (all cattle in Bulgaria are dairy cattle). The reduction in numbers occurred mainly in small/medium sized dairy family farms and not in larger farms which reported stable numbers. The MinAg indicated a decline of 5 percent in the number of cattle farms, all at small farms. In the beginning of 2003, 542,000 cattle are raised in small farms (78 percent) and 148,500 cattle are raised at commercial farms (22 percent).

At the beginning of 2003, 95 percent of dairy farms had from one to four cows or 1.4 cows per a farm. Approximately 6,500 farms have from 5 to 10, accounting for 12 percent an average of cows of total cows. Roughly 2,780 farms have more than 10 dairy cows with average 27.5 cows per a farm or total 76,000 cows.

The trend of stabilization and slight increase in total cattle numbers continued in the first half of 2003 till the new grain crop came to the market. The number of cattle was reported to increase by 1.4 percent in May compared to January 2003. At the same time, the process of decline in the number of small farms continued: the reduction was 18 percent in May 2003 compared to 2002. However, the average number of cattle per a stud increased slightly from 3.2 cattle per a farm in May 2002 to 4.0 cattle per a stud in May 2003 (for cows this rate increased from 1.9 to 2.3) or the cattle concentration continues with the investment opportunities.

In 2003, grain shortages are expected to negatively affect the cattle industry and the number of slaughter cattle is estimated to be 6 percent higher in 2003, about 330,000 head (see PSD cattle table). There are already farmers' reports for some distress slaughtering in August and September. However, the cattle industry is expected to be less affected by the grain shortage due to pasturing alternatives versus pork and poultry industries which are expected to be more seriously affected. Therefore, the FAS office does not forecast a significant reduction in cattle numbers.

Expectations for 2004 are for lower slaughter rates which may lead to slightly higher total cattle numbers by the end of the year.

The calf crop for the period 2002-2003 is based on 100 percent for so called "feeder cows" which corresponds to the methodology for cattle numbers. The number of slaughtered animals is obtained as a remaining figure after deducting loss rate which is estimated at average 2.5 percent for the country in that period. In general, the percent of slaughtered animals is in the range of 30-35 percent of total supply. In 2002, the loss rate was lower than usual due to better feeding; the slaughter rate was approximately 30 percent. The

slaughtering (31 percent) and loss rates in 2003 are expected to be slightly higher due to feeding problems. Traditionally in Bulgaria, feed shortages lead to higher slaughtering rates due to still high share of small/medium farms producing for on farm consumption.

There were no significant imports of live cattle in 2002. Exports of live cattle in 2002 were simulated by the fact that Bulgaria was considered free of BSE. Practically, all exported cattle were for slaughtering and not for breeding purposes. These exports stayed stable at 22,000 head with the largest market for exports being Yugoslavia.

Production Factors

Feedstuffs

In CY2002, grain crop was very good. Higher planted areas to wheat and barley resulted in higher supply of both crops. Corn, although planted under smaller total area in CY2002, had the same production level as in CY2001 due to abundant rain. At the same time, export demand was targeted to higher milling quality grains which left feed in good supply within Bulgaria. As a result, ex-farm feed wheat prices dropped to the lowest over the last 4-years level to 80 Bleva/MT-110 Bleva/MT (\$40-\$55/MT). Barley and corn prices are also low. Therefore, most livestock farmers reduced slaughter rates and kept animals for longer periods for production of milk since milk prices were stable at CY2001 levels.

In MY03/04, however, lower planted area under wheat and adverse weather conditions seriously damaged wheat and barley. As a result, feed wheat prices in September 2003 were already 230 Bleva/MT – 240 Bleva/MT (\$135-\$140) or 2–3 times higher than in the previous season. Barley prices in September 2003 were \$123/MT but the stocks were running off. Due to wheat/barley shortage, all livestock farmers hoped to substitute fall crops with corn which pushed the demand up to 230 Bleva/MT (\$135/MT). Prices of cattle compound feed in September were at 350-370 Bleva/MT (\$206) which is about 12 percent higher compared to May prices. Feed mills can not afford to purchase feed wheat due to the tight competition with flour mills which are ready to pay higher price for lower quality (feed) wheat (in an anticipation for late imports of higher milling quality wheat which will allow them to mix different qualities to manufacture bread).

At the same time, stagnation in consumer income may not permit a corresponding increase in meat wholesale/retail prices and any such increase may lead to possible decline in consumer demand. Higher prices of feed are likely to force many small/medium sized farms to reduce their animal numbers and thus meat production may decline. Cattle/beef and sheep/goat sectors are estimated to be less affected due to grass pasturing alternatives.

Genetic resources

Over the past 2 years, the concentration and development of the large commercial farms led to more active artificial insemination. According to the latest official data (end 2002), 38 percent of cattle farms use artificial insemination and 50 percent of the cows are artificially inseminated. In 2001 and 2002, the development of Breeding Association continued. As of 2003, such breeding association exist for Holstein, Brown Swiss, Simmental, some local breeds. In the cattle sector, the selection covers 25,000 animals of which 75 percent are Holstein and 17 percent of Brown.

In 2003, there is an increasing demand for high quality imported genetic material, mainly by large commercial dairy farms. Imports, however, face difficulties due to conflicting and conservative legislation which authorizes Bulgarian Agency for Livestock Selection and

Reproduction not only to control imports of genetic materials (semen) but also to be the sole seller of locally produced semen and old semen stocks (instead of transferring this right to the Breeding Associations). This situation puts imports in disadvantaged position.

Prices

The trend of higher beef prices which started in 2001, continued in 2002. The ex-farm prices in the first half of 2002 were 12 percent higher compared to a year ago while retail prices increased 7.3 percent on average. The feed expenses continued to account for the largest portion (70-75 percent) in the production cost and to be the most important factor for the production cost. In the second half of 2003, beef prices registered a downward trend. For example, in July/August 2003, ex-farm prices for cattle was 1.0 leva to 1.30 leva/kilo (\$0.58-\$0.76) compared to 1.30-1.40 leva/kilo (\$0.76- \$0.82) in the same period in 2002 (LWE). For calves, these prices were 1.72 leva/kilo LWE (\$1.0) in 2002 compared to 1.30-1.50 leva/kilo (\$0.76-\$0.89) in 2003 (sources: Meat Bulletin #27 of the Bulgarian Meat Association and MinAg Agrarian Annual Report 2002). This change is a result of anticipated higher meat supply and the beginning of increased slaughtering at smaller farms.

Credit and Subsidies

Most banks request 120 percent or higher collateral for production loans. Based on the stringent banking laws, the average annual rates are 8-12 percent. This makes farming extremely difficult business when no alternative financing is available. The GOB via State Fund Agriculture does not have any significant support credit lines for the development of the cattle sector except for a small subsidy for high quality fresh milk and soft credit lines for purchase of breeding stocks. Small credit lines exist for purchase of equipment for livestock farms and for construction/reconstruction of existent livestock farms. There are no subsidies for cattle farmers, or any target programs to encourage beef meat production.

As of August 2002, there 37 approved projects under SAPARD for \$40 million in the livestock and meat processing industries. The major requirement to the applicants is to have a minimum annual slaughtering capacity of 1,000 cattle; 5,000 pigs; 20,000 sheep or goats; and minimum 750 MT annual production of finished meat products (beef, pork, sheep meat/lamb etc.). See BU#2014 and www.mzgar.governemtn.bg for details on the MinAg soft loans and investment programs such as SAPARD.

Production Problems

There were several cases of bovine tuberculosis (TB) and anthrax found on cattle in 2001 (no such cases were registered in 2002), however, the preventive measures were taken in time. Bulgaria is currently known to be free of BSE. No cases were registered either in last several years or before. In general, Bulgarian cattle farmers do not use meat and bone meal in their feed formulations. Bulgaria is also not a significant market for imported cattle.

Beef Meat Production

Meat production in this report is estimated based in PSD of animal numbers and produced meat from slaughtered animals using the average registered slaughter indexes in slaughter houses and on farms. Due to large non commercial meat sector at 50-60 percent of total production which does not produce any official statistical data, these estimates are based on experts and industry data. AgOffice/Sofia estimates for meat production are different from official MinAg figures which are not based on supply and demand methodology.

The beef/veal production data in the PSD table is based on the slaughter data from the PSD table for cattle numbers and the estimated average live weight at slaughtering.

In 2002, lower number of slaughter cattle resulted in lower than initially estimated meat production of 54,000 MT. As a result, beef imports increased significantly to meet local demand, mainly for processing. Thus, 2002 beef imports were 21,400 MT compared to 14,800 MT in 2001 or 44 percent higher. Higher imports stabilized total supply and human consumption dropped slightly to 75,000 MT (see PSD beef table). The expectations for 2003 are for higher meat production at 60,000 MT due to higher slaughter rate, and slightly lower beef imports, about 20,000 MT. As a result, human consumption is expected to reach its previous level of 77,000 MT. In the medium term, and in 2004, beef consumption is forecast to stay within the limits of 76,000 MT to 79,000 MT depending on the local supply and with stable imports of 15,000 MT to 23,000 MT. Unlike poultry and pork, no significant changes in the total beef consumption are expected in the near future. Changes are expected mainly in the structure of beef market with the developing and increasing share of higher value cuts at the expense of beef for processing and edible offal which tend to be substituted with turkey and pork.

Average live weight (LWE) for cattle in the PSD table for CY2002 is 380 MT per head or 174 kilos (0.45 percent) carcass weight (CWE) per head which is based on the average for the last 5 years. This indicator is registered in slaughter houses in CY2000 and CY2001 for cattle on average which includes calves, heifers, cows, bulls up to 2 years age and above 2 years age and buffalo. The indicator is expected to be higher to 0.47 percent of CWE to LWE in 2003 and 2004 due to concentration of cattle in larger farms where the feeding is better despite the expected shortages.

Production of meat in CY2000-CY2003 in thousand metric tons

	2001	2002	2003	2004
Beef	62	54	60	58
Pork	121	179	145	121
Mutton, Lamb	52	54	43	40
Poultry	106	108	110	110
Total meat	341	395	358	329
Total red meat	235	287	248	219

Consumption of meat in CY2001 - CY2004 in thousand metric tons

Beef	77	75	77	77
Pork	142	193	169	150
Mutton, Lamb	45	45	35	33
Poultry	123	125	130	130
Total meat	387	438	411	390
Total red meat	264	313	281	260

Note: Poultry figures for production and consumption are FAS estimates based on data from the Bulgarian Ministry of Agriculture, Association of Poultry Producers and local poultry trade. There are shown for reference and are not a subject of this report.

Beef meat produced in Bulgaria is not from meat breeds. This is meat obtained from slaughtered dairy cattle. Therefore, its quality is not high and it is used mainly for processing. A relatively small portion of beef is destined for direct consumption as fresh meat in retail and food service outlets. There are not any established commercial supply farms of beef for direct consumption. In general, 90 percent of beef is produced in small to medium sized farms where the technology is outdated and efficiency is low. According to the latest MinAg report (Landsis Bulletin #43), in the period January – May 2003, about 37 percent of the total cattle are slaughter at slaughter houses, the rest are slaughter at farms or sold to traders.

Commercial Beef Production

Beef production is traditionally lower than consumption. This is due to the fact that Bulgaria is a net importer of beef. Reportedly, about 45 percent of produced beef does not reach the market and stays for on-farm consumption. Therefore, the 2002 beef market can be estimated at 30,000 MT (55 percent of total production of 54,000 MT) local beef and 22,000 MT imported beef or about 52,000 MT of commercially traded beef. For 2003 and 2004, these figures can be estimated at 53,000 MT and 54,000 MT, respectively (see PSD beef table for production and imports).

The most important trend on the beef commercial market in 2003/2004 will continue to be the increase of supply of higher value beef cuts both locally produced and imported due to stable growth in the food service sector over the last 3 years, and favorable demand.

Consumption

Beef Meat Consumption

Commercial market of beef has reduced after the BSE crisis in the EU. However, over the last two and a half years, there is a tendency of slight revitalization of consumer interest in beef meat, both for processing and for direct consumption. A significant factor contributing for this trend is the fact that Bulgaria is known to be free of BSE. Another factor for higher demand was general decline in meat production and higher demand, when prices of other meats increased significantly. Beef was a good alternative to more expensive pork for meat processors.

Prices

Wholesale beef prices in July 2003 were 4.20 – 4.80 leva/kilo CWE (\$2.47-\$2.82), and retail prices (with bones) were 4.80 – 5.00 leva/kilo (\$2.82-\$2.95). Wholesale beef prices followed the ex-farm prices and in 2002 stayed stable at higher levels but started to decline in the second half of 2003 due to expectations for higher meat output as a result of the feed shortages. At the same time, higher feed expenses are expected to push the prices of milk products first. For example, the ex-farm prices of fresh milk in the last two weeks of September increased from the average 0.21-0.25 Bleva/liter to 0.30-32 Bleva/liter or about 20-30 percent. Retail prices increase was at a slower rate due to the limited purchasing power. It is expected that the increase in the meat prices will be more significant by November/December when traditionally demand for meat is higher.

Similar to other "feed shortage years", meat prices will increase by the winter due to the feed shortages which stimulate imports. By the spring, meat prices usually start to decline slightly due to higher meat supply (with imports) and positive expectations for the new grain crop. Usually, the retail price increase is not in parallel with more significant increases in livestock prices and wholesale meat prices. This is due to consumer income limitations which force processors to distribute livestock/meat price increase in both fresh meat cuts for sale and in processed meat products.

Trade

Exports

Cattle

Bulgaria exports a small number of cattle/calves mainly for slaughtering to the Near and Middle-East, and North Africa countries based on traditional ties. In 2002, Yugoslavia and Jordan were the largest markets for live cattle (22,000 head or 4,700 MT) due to the fact that Bulgarian export supply was known to be free of BSE. About 20,000 to 25,000 head of cattle are expected to be exported in 2003 - 2004. Bulgaria does not export live cattle to the EU since the most recent EU classification on BSE risk put Bulgaria in relatively high risk category. In late 2002, Bulgaria completed the first specialized EU-funded BSE test laboratory.

Beef

Bulgaria has the following quotas for exports to the EU:

- for live cattle, below 80 kilos – 20 percent preferential duty for 178,000 head; above 80 kilos but below 300 kilos – 20 percent preferential duty for 153,000 head; heifers and cows different from those for slaughter – 6 percent fixed duty for 7,000 head
- for beef, fresh, chilled and frozen at 20 percent import duty for 250 MT.

There is an export quota for Macedonia at 50 percent reduction of import duty or 9 percent plus 0.0250 Euro/kilo for 300 MT.

Quotas for the EU are not filled since Bulgarian beef is not competitive in terms of quality and price on the EU market. Traditional market for small quantities of local beef are Macedonia and Yugoslavia (see the export trade matrix).

Imports

Beef imports in CY2002 (21,400 MT) were 44 percent higher compared to CY2001. Beef imports are almost entirely of beef trimmings for processing as well as beef edible offal for processing and direct consumption. In CY2002, Bulgaria imported small quantities of high quality U.S. beef steaks (about one metric ton) which were successfully sold to the HRI sector.

Major suppliers of beef to Bulgaria are Brazil, Argentina, Uruguay and most recently Czech Republic

Basic Import Duties, 2003

HS#	Product	Import Duty
HS#0201	meat from bovine animals, fresh or chilled	
	whole, in cuts, bone-in and boneless	5% plus 244 Euro/MT
HS#0202	meat from bovine animals	
	Frozen	
HS#0202 10	whole or half carcasses	5% plus 244 Euro/MT
HS#0202 2030 0202 20 50	other bone-in cuts (fore and hind quarters)	5% plus 244 Euro/MT
HS#0202 2090	Other	5% plus 102 Euro/MT
HS#0202 30	Boneless	
HS#0202 3010 0202 30 50	fore and hind quarters	5% plus 97 Euro/MT
HS#0202 3090	Other	5% plus 97 Euro/MT

Beef quotas

According to GATT agreement, the following beef quotas are available for 2003, total 19,800 MT:

HS#0202 - High quality meat from bovine animals - 1,000 MT at 0%
 HS#0201 30; 0202 30 10;
 0202 30 50; 0202 30 90 Other high quality boneless cuts, fresh, chilled or frozen - 500
 MT at 10% duty
 HS#0201 10; 0201 20 20;
 0201 20 30; 0201 20 50;
 0201 20 90; 0201 30 Fresh or chilled bone-in or boneless meat - 1,000 MT at 10%
 HS#0202 10 Frozen bone-in whole and half carcasses - 2,000 MT at 10%
 HS#0202 20 30; 0202 20 50 Bone-in frozen cuts - 10,200 MT at 85.% of which 8,149 MT is
 for the EU and 2,051 MT for non-EU

HS#0202 20 30; 0202 20 50 Bone-in frozen cuts - 1,000 MT at 0%
 HS#0202 30 Boneless frozen cuts - 4,100 MT at 10%

Trade Agreements

EU: The EU has the largest portion in beef import quotas (see above). Imports of cattle offal for pharmaceutical industry are duty free. Live cattle imports are duty free.

CEFTA: The following are the maximum import duties applied upon imports of commodities originating from CEFTA countries:

HS#0102 Breeding Cattle	0%; cattle for slaughtering – 15 %
HS#0201 -	25%;
HS#0202 -	25%

There are no other specific preferences in imports of beef from CEFTA countries.

Turkey and Macedonia: no preferences

Croatia: The max import duty for HS#0201 and HS#0202 is 25 percent without any quantitative restrictions.

Estonia: There is an import quota of 300 MT for HS#0202 with a 8.5 percent import duty.

Israel: no preferences

Policy

In the period since CY2000, Bulgaria started actively to harmonize its veterinary and livestock related policy and legislation with the EU. The emphasis is given to food safety issues quality of meat products and application of hygiene standards in meat processing plants and slaughter houses. In 2000/01, the MinAg, Ministry of Health Care, Livestock and Meat Research Institutes and the Association of Meat Processors developed a numbers of regulations and industry manuals (see BU 2014). In 2002/03, this process continued with ordinance #7/March 19, 2003 for vet requirements to animals for slaughtering; and to the fresh meat for market sales; Ordinance #17/May 10, 2003 about vet requirements for processed meat products for market sales; Ordinance #31/July 24, 2002 about vet requirements for ground meat and MDM for commercial sales.

In 2004, Bulgaria plans to introduce the EU system for classification and grading of animal carcasses for slaughtering EUROP.

Currently, Bulgaria has special BSE and FMD eradication programs. Bulgaria did not register FMD outbreaks in the last 5 years and any BSE outbreaks over the last 40 years. According to the International Organization of Epizootic in Paris, Bulgaria is recognized as a country free of FMD. The latest cases of Blue tongue disease were registered in September 2001 and August 2002. The MinAg took the appropriate measures and the disease did not have significant negative economic results (MinAg Ordinance of September 2, 2002).

In 2002, the MinAg together with the Ministry of Finance and Ministry of Internal Affairs developed a regulation (Ordinance #09-338/May 14, 2002) which introduced more stringent meat imports control to prevent illegal imports, and limited to the number of customs clearing points to 16. According to trade, this policy did not affect or limit meat imports.

Marketing

There are five major livestock markets established with the financial assistance of the European PHARE program (in Vulchi Dol, Sevlievo, Razgrad, Stara Zagora, and Chaskovo) and another four have developed on their own.

Bulgarian meat processors were very active in 2002/2003. Many have invested in new processing facilities, modern equipment and retail outlets. Processors also started active advertizing and generally better promotion (see SAPARD details above).

U.S. Market Opportunities

The beef market in Bulgaria continues to be good and the prospects are optimistic. Therefore, AgOffice recommends a continuation of market promotion activities in coordination with the U.S. Meat Export Federation.

PSD Table, Swine, Animal Numbers

PSD Table

Country	Bulgaria						UOM
	Animal Numbers, Swine (1000 HEAD)						
Commodity	2002	Revised	2003	Estimate	2004	Forecast	
	USDA Official	[Estimate]	[DA Official]	[Estimate]	[DA Official]	[Estimate]	[New]
Market Year Begin	01/2002		01/2003		01/2004		MM/YYYY
TOTAL Beginning Stocks	1300	1300	1100	1117	1000	1000	(1000 HEAD)
Sow Beginning Stocks	140	140	120	116	0	110	(1000 HEAD)
Production (Pig Crop)	2590	2590	2220	2146	0	1900	(1000 HEAD)
Intra EC Imports	0	0	0	0	0	0	(1000 HEAD)
Other Imports	1	1	1	1	0	1	(1000 HEAD)
TOTAL Imports	1	1	1	1	0	1	(1000 HEAD)
TOTAL SUPPLY	3891	3891	3321	3264	1000	2901	(1000 HEAD)
Intra EC Exports	0	0	0	0	0	0	(1000 HEAD)
Other Exports	0	0	0	0	0	0	(1000 HEAD)
TOTAL Exports	0	0	0	0	0	0	(1000 HEAD)
Sow Slaughter	0	0	0	0	0	0	(1000 HEAD)
OTHER SLAUGHTER	2401	2384	1988	1934	0	1611	(1000 HEAD)
Total Slaughter	2401	2384	1988	1934	0	1611	(1000 HEAD)
Loss	390	390	333	330	0	290	(1000 HEAD)
Ending Inventories	1100	1117	1000	1000	0	1000	(1000 HEAD)
TOTAL DISTRIBUTION	3891	3891	3321	3264	0	2901	(1000 HEAD)
Calendar Yr. Imp. from U.	0	0	0	0	0	0	(1000 HEAD)
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0	(1000 HEAD)

PSD Table, Meat, Swine

PSD Table

Country Commodity	Bulgaria		(1000 MT CWE)(1000 HEAD)				
	Meat, Swine						
Market Year Begin	2002	Revised	2003	Estimate	2004	Forecast	UOM
	USDA Official [	Estimate [D]	DA Official [	Estimate [D]	DA Official [	Estimate [New]	
	01/2002		01/2003		01/2004		MM/YYYY
Slaughter (Reference)	2401	2384	1988	1934	0	1611	(1000 HEAD)
Beginning Stocks	16	16	13	15	9	10	(1000 MT CWE)
Production	180	179	150	145	0	121	(1000 MT CWE)
Intra EC Imports	0	0	0	0	0	0	(1000 MT CWE)
Other Imports	12	18	20	22	0	29	(1000 MT CWE)
TOTAL Imports	12	18	20	22	0	29	(1000 MT CWE)
TOTAL SUPPLY	208	213	183	182	9	160	(1000 MT CWE)
Intra EC Exports	0	0	0	0	0	0	(1000 MT CWE)
Other Exports	0	0	0	0	0	0	(1000 MT CWE)
TOTAL Exports	0	0	0	0	0	0	(1000 MT CWE)
Human Dom. Consumptic	190	193	170	169	0	150	(1000 MT CWE)
Other Use, Losses	5	5	4	3	0	2	(1000 MT CWE)
TOTAL Dom. Consumptic	195	198	174	172	0	152	(1000 MT CWE)
Ending Stocks	13	15	9	10	0	8	(1000 MT CWE)
TOTAL DISTRIBUTION	208	213	183	182	0	160	(1000 MT CWE)
Calendar Yr. Imp. from U.	0	0	0	0	0	0	(1000 MT CWE)
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0	(1000 MT CWE)

Import Trade Matrix, Meat, Swine, CY2002

Import Trade Matrix

Country Bulgaria

Commodity Meat, Swine

Time Period Units:

Imports for:

U.S. U.S.

Others Others

France	3,480		
Denmark	2,786		
Canada	2,473		
Belgium	1,239		
Germany	1,197		
The Netherlands	1060		
Hungary	887		
Poland	884		
Austria	608		
Czech Republic	456		

Total for Others 15070 0

Others not Listed

Grand Total 17845 0

Production

General

The data in the PSD table for animal numbers was revised based on official GOB statistics and industry data for stocks as of January 1, 2002 -2003. Data for swine numbers showed the biggest discrepancy among various state and industry sources compared to other types of livestock. (the 2003 estimates vary from 790,000 swine including 90,000 sows to 1,200,000 swine including 120 sows). The same is true for the pork production estimates which vary from 50,000 MT to 250,000 MT. AgOffice numbers used in this report are supported by industry groups and independent consultants and experts.

In 2002, good feed supply encouraged most pork farmers to keep their animals. At the end of 2002, the MinAg reported 26 percent increase in the numbers of piglets (piglets up to 20 kilos and young piglets for fattening). Estimated slaughtering was less than expected (2,384,000 head vs 2,401,000 head). Thus, 2002 pork production was slightly lower than expected. The birth rate use in PSD table is 18.5 for the three consecutive years. The number of slaughtered animals is a remaining figures after deduction of the loss rate which is estimated at 10 percent to total supply.

In 2003/04, the feed deficit is expected to affect pork farms and to cause distress slaughtering at small and medium farms. The pork sector, in general, is expected to be more seriously affected by expensive feed compared to the cattle/beef sectors. After the initial increase in the local pork supply, some meat shortage is expected, which is likely to be accompanied by higher meat prices. The first signs of higher pork prices occurred in mid-September 2003. Higher prices and demand are likely to lead to higher pork imports in late 2003 and early 2004. Pork imports of 2003 and 2004 are forecast to stay high or even increase due to local shortages. It is projected that human consumption, however, may decline due to still limited purchasing power.

As of May 2003, the MinAg reported 29 percent increase in the number of animals with the most significant increase in the number of pigs for fattening (over 80 kilos), 106 percent, compared to May 2002 (Landsis Bulletin #43). Sows account for 9-10 percent from total swine numbers at the commercial farms, and for 5-7 percent at smaller farms. The number of swine farms declined 6 percent, however, the average number of swine per a farm increased from 4.3 to 5.8. More notable was the increase in the average number of swine in large commercial farms – from 125.9 to 165.3. As of May 2003, commercial swine farms account for 42 percent of total swine numbers and 55 percent of total sows. This is the highest commercialization in the livestock sector compared to cattle (22 percent of cattle at commercial farms) and sheep (14 percent of total sheep are at commercial farms). Large commercial pork farms have 468,000 hogs vs 648,000 hogs at small/medium farms. Due to relatively high percent of commercial farms, about 55 to 60 percent of total slaughtered swine go via the slaughtering houses. The positive trend of increase in the number of swine, however, is likely to be interrupted by the feed shortages in MY2003/04.

The major risks the pork farms face today are: a tight local market due to stagnant consumer income; no export opportunities; fluctuating feed prices (short and expensive feed in 2003/04); more stringent demand for better quality meat which requests investment in new breeds and improved feeding.

Production Factors

Over the last two-three years, commercialization of the swine/pork sector increased rapidly. Commercial farms usually have feed mills to cut costs of feeding and to maintain control of feed quality. There are about 60 large farms supplying pork for the commercial market which account for 90 percent of pork production. Most commercial pig farms started to enlarge their stocks in 2002, and currently, the majority of commercial supply is secured by ten major producers.

Prices

As of February 2002, average ex-farm prices were 2.30 - 2.60 Bleva/kilo LWE for fatted pigs and 2.00-2.40 Bleva/kilo LWE for sows. By April, CY2002, most pork farms which started the production cycle in CY2001 fall had their finished hogs for sale which led to oversupply and hogs/pork prices declined significantly to about 1.20 - 1.50 Bleva/kilo (\$0.60-0.75/kilo) in LWE.

Another factor for the decline in prices was high pork imports of the first months of 2002. The decline in prices took place between April and August 2002. After September 2002, prices started to rebound slightly and stabilized at a lower level till May 2003. Since July/August 2003, pork prices started to rise again as a result of the more expensive feed.

As of July 2003, pork prices were as follows:

Ex-farm prices in LWE – 1.20- 1.50 leva/kilo (\$0.69 – \$0.87)

Wholesale carcass without skin – 3.00 – 4.00 leva/kilo (\$1.74 - \$2.32)

Retail prices were about 5.50-6.00 leva/kilo (\$3.20 – \$3.50)

The feed accounts for 70 percent of pork production cost. In early 2002, the feed prices were low – wheat by 20 percent, corn – by 17 percent and barley – by 10 percent compared to a year ago. The good 2003 grain crop also contributed to stable and low feed prices April/May 2003. Thus, average feed prices in 2002 were between 17 and 25 percent lower than in 2001.

Average Feed Prices in 2001 and 2002 in leva per kilo			
Feed	2001	2002	2002/2001 in %
Feed corn	0.24	0.20	83.3
Feed wheat	0.20	0.15	75
Feed barley	0.19	0.15	79

Ex-farm prices, as well as wholesale and retail prices in 2002 on average were lower compared to 2001 due to lower production cost and better supply. The reduction was about 15-17 percent for ex-farm LWE prices, about 5-9 percent for the wholesale prices and about 5-7 percent for the retail prices.

Pork prices in 2000-2002 in leva per kilo				
	2000	2001	2002	2002/2001 in %
Farm-gate prices, LWE				
Fattened pigs	1.70	2.44	2.07	84.8
Sows	1.38	2.09	1.73	82.8
Wholesale				
Carcass	3.33	4.90	4.46	91.0
Ham	4.61	6.50	6.22	95.7
Neck	4.66	6.66	6.49	97.5
Retail				
Ham	5.44	7.13	6.67	93.5
Neck	5.48	7.25	6.85	94.5

Production Technology

Medicinal and vaccine practices improved due to enlargement of farms and more efficient management. The last outbreak of swine fever dated April 2002 (about 360 pigs were destroyed due to swine fever outbreaks at 12 regions) and showed that despite free-of-charge vaccinations by private veterinarians, some weaknesses in the disease programs developed due to lack of knowledge among small/medium farmers, and lack of stringent state vet control over on-farm production.

Pork Meat Production

Average LWE for swine in the PSD table for CY2002 and CY2003 is 110 kilos per head or 75 kilos CWE per head which is also based on the last 5-years average index with the exception of CY2001. Indexes registered in the slaughter houses were average for piglets, fattened pigs and other pigs.

Pork Production Cost

About 70-75 percent of pork production cost is for feed expenses. The average feed conversation rate was 3.20- 3.70 kilos of feed for a kilo of growth.

In the first two months of 2002, the production cost at most pork farms was stable at 1.76 Bleva/kilo LWE to 1.89 Bleva/kilo LWE with 25 percent profitability. In cases, when pork farms have their own grain and feed mill production, profitability can reach 35 percent. According to the MinAg (Livestock Bulletin of October 2002), the pork industry was profitable both in 2001 and 2002. The indicator used by the MinAg is a proportion of the price of a kilo of pork meat to the price of a kilo of feed to be one to ten, or how many kilos of feed can be bought with a kilo of pork. For example, in 2002, this proportion was from 12 to 15 for pork meat to feed barley; from 10 to 13 for pork meat to feed corn; and 13 to 16 for pork meat to feed wheat. In 2001, these proportions were similar but close to 9 to 11 which means that 2002 was a more profitable year for the pork producers.

Commercial Pork Market

Since 1995/96, Bulgaria is a net importer of pork. Shortage of pork in CY2002 was compensated by higher imports but still the local commercial market is limited due to the consumer purchasing power. In 2003, it is expected that lower pork production will lead to higher imports. For example, the reduced import duty quota of 3,000 MT was opened and used for one day; and the EU-origin duty free quota of 8,000 MT was used for about 70 days. Imports are forecast to be even higher in 2004 due to expected lower production. Anticipated higher prices level which emerged in August 2003 are expected to stay stable during 2003 and even in 2004 and to attract imports.

Consumption

Pork continues to hold the largest share in local meat production and consumption, usually above 60 percent. In 2002, consumption was slightly higher than initially estimated (see PSD pork table) due to higher imports, and better demand due to the lower prices in April-August period stimulated local purchases including the tourist industry. In 2003, lower production and supply are expected to raise the prices and this to limit consumption by 10-13 percent. This reduction in consumption is expected to occur mainly in the first half of 2003 before the new grain crop comes to the market. In 2004, the expectations are for better feeding supply which may motivate less slaughtering and thus lower local meat production in the short run and higher imports. Therefore, consumption is expected to drop initially before potential rebounding in the second half of 2004.

Recently, there is a trend of higher consumer preferences toward lean pork meat and chicken as a substitute for pork. Pork consumption stays rather seasonal – in the winter the demand is higher for local purchases (traditional local holidays) and in the summer, the demand is driven by tourism and HRI sector.

Trade

Exports

In 2003, Bulgaria has an export quota to the EU at duty free access for 2,500 MT.

There is an export quota for export of 200 MT of pork to Macedonia at 50 percent reduction in import duty or 10 percent plus 0.21 Euro/kilo. There is another export quota for frozen pork for Lithuania of 100 MT at 5 percent reduction of the duty.

Currently, Bulgaria does not export pork to the EU due to mandatory vaccination of hogs against swine fever. Exports are very small. In 2002, total pork exports were 132 MT.

Imports

In CY2003, the GOB approved a reduced import duty quota for only 3,000 MT (vs 7,000 MT in 2002) starting April 1 regardless the origin of the products. This quota was initiated by the Association of Meat Processors and was filled in for less than one day. It proved that the quota was much smaller than the demand. In addition, it raised questions about the distribution of the quota. Reportedly, two major importers took about 90 percent of the quota.

The United States had a very good portion of the 2002 TRQ for pork with about 2,100 MT or 12 percent of total pork imports. According to trade, in 2003, the U.S. share will be smaller due to the tight competition with Brazil.

The initial proposal of the AMP was for 7,000 MT-12,000 MT. In 2002, there were protests of pork farms (April-June) which blamed TRQ for pork for the low ex-farm purchase prices (1.30 - 1.50 Bleva/kilo LWE in April). In September 2003, reportedly the Ministry of Finance initiated a new regulation for introduction of TRQs. The idea behind this new regulation is to complicate the procedure to such an extent so that to make impossible introduction of the TRQs and to limit trade/imports only to the EU origin products and to countries with which Bulgaria has bilateral agreements. According to the draft regulation, industry groups will not be allowed to request TRQs if similar or substitute products can be sourced at the EU/CEFTA markets as the price and quality are not accepted as valid arguments.

Basic Import Duties, 2003

HS#	Product	Import Duty
HS#0203	meat from swine, fresh, chilled or frozen	
	fresh and chilled	
HS#020311	whole or half carcasses	25% min.664 Euro/MT
HS#020312	shoulders, picnics, boston butt and cuts from them, bone-in	25% or min. 664 Euro/MT
HS#020319	other (it includes boneless cuts, loin, belly, ham, trimmings)	25% or min. 664 Euro/MT
	Frozen	
HS#020321	whole or half carcasses	40% or min. 622 Euro/MT
HS#020322	shoulders, picnics, bottom butt and cuts from them, bone –in	40% or min. 622 Euro/MT
HS#020329	other (it includes boneless cuts, loin, belly, ham, trimmings)	40% or min. 622 Euro/MT

Tariff Rate Quotas

There was an import quota of 3,000 MT with a reduced import duty for pork at 250 Euro/MT for the period April 1 – June 30, 2003. There is a second quota for 1,500 MT with 15 percent duty for the whole 2003. Pork fat TRQ for 2003 was 9,000 MT at 0%.

Trade Agreements

EU: For the second half of the year, there is a duty free import quotas for 8,000 MT only for EU origin products.

CEFTA: The maximum import duty of 25% for HS#0203 is applied upon imports of

commodities originating from CEFTA countries. There are no other specific preferences in imports of pork from CEFTA countries.

Turkey and Macedonia: no preferences

Croatia: The max import duty for HS#0203 is 25 percent without any quantitative restrictions.

Estonia: A duty free import quota of 300 MT for HS#0203 21-22-29 is applied.

Israel: no preferences

Policy

There are not any specific programs for the pork industry as well as for cattle/beef industries. The State Fund Agriculture soft credit lines are for purchasing of breeding stocks and construction of farms. SAPARD funding is available but not intensively used at present.

Marketing

Market opportunities for U.S. pork for processing are very good. The limiting factor are relatively high import duties and duty free import quota for the EU origin pork which discriminate against U.S. pork products. Similar to 2002, the period April-September 2003 was not favorable for U.S. pork meat imports due to the drop in local pork prices and opening of the EU pork import quota (July 1). However, prices in November- December CY2002 are expected to stabilize at higher level and to motivate imports. The EU pork quota was used by September 2003 which opens good market opportunities for U.S. pork in the last quarter of 2003 and in 2004.

PSD Table, Sheep, Animal Numbers

PSD Table

Country Commodity	Bulgaria Animal Numbers, Sheep (1000 HEAD)						UOM
	2002 USDA Official	Revised Estimate [A	2003 DA Official	Estimate [A	2004 DA Official	Forecast Estimate [New]	
Market Year Begin	01/2002		01/2002		01/2002	MM/YYYY	
TOTAL Beginning Stocks	0	3200	0	3133	0	3000 (1000 HEAD)	
Ewes, Beginning Stocks	0	2550	0	1985	0	1900 (1000 HEAD)	
Production (Lamb Crop)	0	2925	0	2276	0	2179 (1000 HEAD)	
Intra EC Imports	0	0	0	0	0	0 (1000 HEAD)	
Other Imports	0	0	0	0	0	0 (1000 HEAD)	
TOTAL Imports	0	0	0	0	0	0 (1000 HEAD)	
TOTAL SUPPLY	0	6125	0	5409	0	5179 (1000 HEAD)	
Intra EC Exports	0	2	0	2	0	2 (1000 HEAD)	
Other Exports	0	0	0	0	0	0 (1000 HEAD)	
TOTAL Exports	0	2	0	2	0	2 (1000 HEAD)	
Ewe Slaughter	0	0	0	0	0	0 (1000 HEAD)	
Lamb Slaughter	0	2378	0	1877	0	1777 (1000 HEAD)	
Other Slaughter	0	0	0	0	0	0 (1000 HEAD)	
TOTAL Slaughter	0	2378	0	1877	0	1777 (1000 HEAD)	
Loss	0	612	0	530	0	500 (1000 HEAD)	
Ending Inventories	0	3133	0	3000	0	2900 (1000 HEAD)	
TOTAL DISTRIBUTION	0	6125	0	5409	0	5179 (1000 HEAD)	
Calendar Yr. Imp. from U.	0	0	0	0	0	0 (1000 HEAD)	
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0 (1000 HEAD)	

PSD Table, Meat, Lamb, Mutton and Goat

PSD Table

Country	Bulgaria						UOM
	Meat, Lamb, Mutton and Goat (1000 MT CWE)(1000 HEAD)						
Commodity	2002	Revised	2003	Estimate	2004	Forecast	
	USDA Official [	Estimate [DA	Official [	Estimate [DA	Official [	Estimate [New]	
Market Year Begin	01/2002		01/2002		01/2002		MM/YYYY
Slaughter (Reference)	0	2378	0	1877	0	1777	(1000 HEAD)
Beginning Stocks	0	2	0	2	0	1	(1000 MT CWE)
Production	0	52	0	41	0	39	(1000 MT CWE)
Intra EC Imports	0	0	0	0	0	0	(1000 MT CWE)
Other Imports	0	0	0	0	0	0	(1000 MT CWE)
TOTAL Imports	0	0	0	0	0	0	(1000 MT CWE)
TOTAL SUPPLY	0	54	0	43	0	40	(1000 MT CWE)
Intra EC Exports	0	7	0	7	0	7	(1000 MT CWE)
Other Exports	0	0	0	0	0	0	(1000 MT CWE)
TOTAL Exports	0	7	0	7	0	7	(1000 MT CWE)
Human Dom. Consumptic	0	45	0	35	0	0	(1000 MT CWE)
Other Use, Losses	0	0	0	0	0	0	(1000 MT CWE)
TOTAL Dom. Consumptic	0	45	0	35	0	33	(1000 MT CWE)
Ending Stocks	0	2	0	1	0	0	(1000 MT CWE)
TOTAL DISTRIBUTION	0	54	0	43	0	40	(1000 MT CWE)
Calendar Yr. Imp. from U.	0	0	0	0	0	0	(1000 MT CWE)
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0	(1000 MT CWE)

Export Trade Matrix, Sheep, Animal Numbers, CY2002

Export Trade Matrix

Country Bulgaria

Commodity Animal Numbers, Sheep

Time Period Units:

Exports for: 1

U.S. U.S.

Others Others

Jordan	1423		
Yugoslavia	500		

Total for Others: 1923 0

Others not Listed

Grand Total 1923 0

Export Trade Matrix, Meat, Lamb, Mutton and Goat, CY2002

Export Trade Matrix

Country Bulgaria

Commodity Meat, Lamb, Mutton and Goat

Time Period Units:

Exports for:

U.S. U.S.

Others Others

Greece	4973		
Italy	1003		
Croatia	516		
Germany	226		
Austria	65		
Slovenia	15		

Total for Others 6798 0

Others not Listed

Grand Total 6827 0

Production

Animal numbers the PSD table are based on official data as of January 1, 2002-2003 for sheep and goats, and for ewes and she-goats. Thus, the total sheep number in thousands of head is 2,074 and total goats number is 1,059; the ewes are reported at 1,369 and she-goats at 616. As for the other types of livestock, there was a discrepancy in data from various state and industry sources. Like in the case with cattle and swine, the AgOffice numbers used in this report are based on MinAg data and is supported by industry groups.

According to the latest data (Landsis Bulletin # 43), 86 percent (1,791,000) of sheep are at small non-commercial farms and only 14 percent are at commercial farms. For the goats, this proportion is 97 percent at small farms, or practically all the goats are concentrated at the subsistence farms. Commercialization in this sector is the least developed in the entire livestock sector. Only 11 percent of ewes are raised at farms with 100 and more head, and 54 percent of ewes are concentrated at farms with one to ten animals. Only one percent of she-goats are at farms with more than 100 head, and 88 percent are concentrated at farms with one to nine goats.

At the end of 2002, the number of sheep registered an increase compared to a year ago (10 percent) but for the ewes, this increase was lower, about 6 percent. According to the MinAg, the number of goats farms remained stable, and the sheep farms number increased by 4 percent (Landsis Bulletin #37) in the first half of 2003. The largest concentration of sheep and goats is reported in south west and south-central regions.

In the PSD table, the lamb/goat crop is calculated using 100 percent birth rate for sheep and 150 percent for goat. The loss rate is estimated at 10 percent to total supply. The number of slaughtered animals is a remaining figure after deducting exports and loss rate from total supply.

Meat production in the PSD table is based on the number of slaughtered animals. Average LWE for sheep in the PSD table for CY2002 and CY2003 is the same as in CY2000 and CY2001 or 45 kilos/head and 22 kilos CWE per head.

Production Factors

The major difficulties for the sheep/goat farmers in 2002 were over: not sufficient allocation of ewes for reproduction; distress slaughtering of higher number of ewes and she-goats in an effort to produce more meat for exports; relatively low fresh milk prices; lack of milk collection stations for separate collection of sheep's and goats' milk; lack of market opportunities for selling wool etc.

Prices

The average ex-farm prices in CY2001 and CY2002, like for other types of meat were satisfactory and provided reasonable profit for sheep farmers. The average increase in ex-farm prices in CY2001 over CY2000 was 10-20 percent. Usually, the sheep and lamb meat prices are higher in the spring period due to the traditional local demand around local holidays. Since 2001 (in 2002 and 2003), sheep and lamb meat prices have fluctuating about 3.10 – 3.60 leva/kilo LWE (\$1.82-\$2.09). If the average ex-farm prices in the same period were about 3.35 leva/kilo LWE(\$1.97), wholesale prices were about 6.50 leva/kilo (\$3.85) and retail prices about 6.96 leva/kilo (\$4.09).

Average Sheep and Goats prices in 2001 and 2002 in Bleva per a kilo			
	2001	2002	2002/2001 in %
Ex-fram, LWE			
Sheep	1.20	1.24	103.3
Lamb	3.35	3.31	98.8
Wholesale			
Sheep	3.0	3.20	106.6
Lamb	6.56	6.58	100.3
Retail			
Sheep	3.85	3.97	103.1
Lamb	6.96	6.88	98.9

Production Problems

There were cases of listeriosis, scrapie, and rabies, however, the precautions were taken in time to prevent widespread outbreaks.

Commercial market of mutton/lamb/goat is small, seasonal and rather typical for certain ethnic regions in the country (mainly mountain regions on the south). Traditionally this type of meat is mainly produced and consumed on-farms.

Consumption

Mutton/lamb/goat meat continues to hold the smallest share in local meat production and consumption. The share in total red meat production in 2002 was about 19 percent and in consumption this index was 14 percent. Since Bulgaria is a net exporter of this type of meat, production levels traditionally exceed consumption levels (unlike pork and beef). In 2003, these share are forecast to be similar with 18 percent in production and only 12 percent in consumption due to expected lower meat production. The situation is estimated to be similar in 2004.

Trade

Exports

Bulgaria exports live sheep and lambs to the Near and Middle East countries as traditional markets are Lebanon and Jordan. In CY2002, Bulgaria exported live sheep to Yugoslavia and Jordan.

Italy and Greece remained the major export markets for Bulgarian mutton and lamb. These exports are under a 7,000 MT quota provided by the EU. Therefore, it is not expected that exports in CY2003 – CY2004 will exceed the quota. Bulgaria currently has 4 approved slaughtering houses licensed by the EU for exports of mutton and lamb.

Bulgaria can export to Israel 3,000 head of sheep and goats at 50 reduction of the regular duty. Exports to Lithuania are for 150 MT quota at 30 reduction of the duty.

Imports

Current CY2003 import duties for live sheep, goats and respective meat are:

HS# 0104 10 00 1 Breeding animals - 0%

HS# 0104 10 00 9 Other - 278 ECU/MT

HS# 0204 10 00 0 - 10%

HS# 0204 21 00 0, 0204 22 10 0, 0204 22 30, 0204 22 50 0, 0203 22 90 0,
0204 23 00 0 - 15%

HS# 0204 30 00 0 - 10%

HS# 0204 41 00 0, 0204 42 00 0, 0204 43 00 0, 0204 50 00 0 - 15%

Imports from CEFTA countries of HS#0204 (mutton and lamb meat) is at free access (no import duty). Slovenia has free access within a quota of 10 MT. Croatia exports duty free to Bulgaria with no limitations. Macedonia has a quota of 200 MT at a zero duty.

Policy

See cattle and beef section for GOB policy.

Table 1. National number of livestock as of January 1, 2001, 2002 and 2003 in 1,000 head

Table 1. National number of livestock as of January 1, 2001, 2002 and 2003 in 1,000 head			
	2001	2002	2003
Cattle	647	640	691
Cows	424	410	376
Hogs	1143	1300	1117
Sows	137	120	116
Sheep	2286	2200	2074
Ewes	1758	1800	1059
Goats	970	1000	1369
She-goats	789	750	616
Total sheep and goats	3256	3200	3133
Total ewes and she-goats	2547	2550	1985

Table 2. Farm- gate prices of livestock per quarters in CY2001 and CY2002 in Bleva per a kilo in live weight

Table 2. Farm- gate prices of livestock per quarters In CY2001 and CY2002 in Bleva per a kilo in live weight											
	2001					2002					% 2002/ 2001
	I	II	III	IV	Av.	I	II	III	IV	Av.	
Hogs	2.45	2.53	2.53	2.25	2.44	2.61	2.01	1.67	2.0	2.07	84.8
Sows	1.97	2.03	2.13	2.23	2.09	2.11	1.74	1.37	1.70	1.73	82.8
Calves	1.70	1.74	1.70	1.74	1.72	1.74	1.71	1.68	1.75	1.72	100
Cattle	1.24	1.33	1.33	1.35	1.31	1.32	1.26	1.23	1.25	1.27	97.0
Sheep	0.99	1.15	1.39	1.27	1.20	1.29	1.17	1.25	1.23	1.24	103.3
Lamb	3.65	3.23	3.21	3.29	3.35	3.38	3.31	3.25	3.30	3.31	98.8

Table 3. Wholesale prices of meat cuts per quarters in CY2001 and CY2002 in Bleva per a kilo

Table 3. Wholesale prices of meat cuts per quarters in CY2001 and CY2002 in Bleva per a kilo											
	2001					2002					% 2002/ 2001
	I	II	III	IV	Av.	I	II	III	IV	Av.	
Pork halves	4.70	4.99	4.95	4.96	4.90	5.0	4.59	3.73	4.50	4.46	91
Pork leg	6.17	6.53	6.61	6.67	6.50	6.71	6.27	5.70	6.20	6.22	96
Pork neck	6.14	6.71	6.87	6.90	6.66	7.01	6.52	5.91	6.50	6.49	97
Beef halves	3.69	4.08	4.17	4.18	4.03	4.45	4.54	4.40	4.40	4.45	110
Beef leg	5.86	5.94	5.93	5.88	5.90	6.05	6.13	6.02	6.05	6.06	103

Table 4. Retail meat prices per quarters in CY2001 and CY2002 in Bleva per a kilo

Table 4. Retail meat prices per quarters in CY2001 and CY2002 in Bleva per a kilo											
	2001					2002					% 2002/ 2001
	I	II	III	IV	Av.	I	II	III	IV	Av.	
Pork leg	7.13	7.12	7.10	7.16	7.13	7.33	6.66	6.09	6.60	6.67	94
Pork neck	7.27	7.23	7.21	7.30	7.25	7.43	6.79	6.26	6.90	6.85	94
Veal with bones	4.93	5.0	4.88	4.90	4.93	5.27	5.30	5.19	5.25	5.25	106
Veal steak	6.79	6.90	6.79	6.84	6.83	6.92	6.72	6.56	6.80	6.75	99