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Approved by:

Brian Goggin
U.S. Embassy

Prepared by:

Mila Boshnakova

Report Highlights:

Excessive rainfall and floods in May-July period this year negatively affected fall crops yields and quality. The wheat and barley output is expected to be good but the export potential is likely to be lower than in MY04/05. The country, however, expects very good corn crop. Thus, Bulgaria will continue to be a net exporter of grains with total MY05/06 wheat, barley and corn exports at over 1.0 MMT (Ag Office estimate) vs. 2.0 MMT in MY04/05. Some imports of high quality milling wheat and malting barley are forecast due to the shorter supply of quality grains as a result of abundant rains. In the area of agrarian policy, Bulgaria starts the establishment of an Intervention Agency after an EU model which should start functioning by mid-2006.

Includes PSD Changes: No
Includes Trade Matrix: No
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This grain and feed annual report focuses on the three major grain crops in Bulgaria: wheat, barley, and corn. It contains information provided by the Bulgarian Ministry of Agriculture, industry sources, independent market information analysts, producer and trader groups.

Summary

Prospects for MY05/06 production of fall crops are currently not very optimistic mainly due to unfavorable weather: warm fall, long mild winter, followed by rather cool spring and abundant rainfall and floods in May-June-July. Despite optimistic earlier forecast based on good size of planted area and higher input use compared to previous marketing years, losses from mice in the fall/winter period; weed, fungi and pest infestation in the spring/summer; floods and excessive rains prior to and during harvest, all together negatively affected the size of harvested area, average yields, and especially the quality of wheat and barley.

On the other hand, the development of corn is very good. Unusually high moisture and humidity were very favorable for corn (and sunflower) vegetation. Despite floods and hail storms on some fields, and higher need for herbicide application, in general, the FAS office expects a good corn yield and production.

There were several critical moments during MY05/06 fall crops growing period:

- Unusually warm late fall and mild winter (November, December, part of January) without snow cover stimulated higher mice population. The fight against mice was rather inefficient. According to some experts estimates, losses from mice were about 5% of total crop production. Total affected areas are estimated by the MinAg at 283,000 HA (wheat and barley) of which 55,000 were treated with chemicals and 4,000 HA had to be re-ploughed.

- Abundant rains and excessive soil moisture and humidity in the period May-July severely affected grain yields. According to official MinAg survey, completely destroyed are 29,500 HA of wheat, 7,500 HA of barley, 4,800 HA of corn, and 10,100 HA of sunflower, however, farmers and traders report much higher figures. The most severely affected areas were around Silistra, Rouse, Turgovishte, Razgrad, Shoumen, Yambol, Turnovo, Pleven and Varna, mainly in north-central Bulgaria. In many places rains led to grain laying down (lodging) on the ground which will affect final harvest results. For example, in Silistra region, reportedly 40 % of wheat has lodging, in Kazanluk area, some farmers report close to 100 % lodging with barley.

- Floods and rains caused a delay in harvest by about three weeks. As of July 20, only about 60 percent of barley has been harvested, and for wheat the average rate is about 10 percent (industry data). Usually, barley harvest is completed by early July, and wheat harvest is completed by early August. According to the MinAg, if the harvest is not completed in the next two weeks, it will seriously affect both the output and the quality. Currently, about 6,000 combines are used and the need is for at least 30 percent more.

As a overall result of adverse weather, experts decreased their initial wheat and barley production estimates by 10-15 percent. Overall, most analysts agree that MY05/06 fall crops output is by 20-25 percent down compared to MY04/05.

- The weather created a very favorable environment for development of various fungi and bacteria outbreaks, weeds and pest infestation. The biggest concern is the outbreak of fusarium, a mycotoxin which has not been found in Bulgaria for about 35 years.

- Wheat and barley quality suffered the most from the adverse weather. According to various industry sources, the average hectoliter mass/weight and gluten content are below the standard.

- As a result of deteriorated quality and higher competition, increased prices are expected for good quality milling wheat and malting barley.

Total production of grains and oilseeds in MY05/06 is forecast at 3.0 MMT of wheat, 600,000 MT of barley, 1.3 - 1.4 MMT of corn, and 800,000 MT of sunflower, total 5.7 MMT. As a result of shorter supply of good quality milling wheat and higher production cost, export potential of the country for wheat and barley will be lower in MY05/06 compared to the previous year. According to industry sources, the country will be able to export 500,000 MT-800,000 MT of wheat. Higher exportable quantities are likely to be available for corn and sunflower.

Production

The FAS estimates are given in Table 1 and GAIN PSD tables. The official MinAg numbers are provided for each crop further in this section.

Table 1. Grain and Oilseeds Production Estimates in MY2004/05 and MY2005/06

Grain and Oilseeds Production Estimates in MY2004/05 and MY2005/06				
	Planted Crop Area, HA		Production, MT	
	MY2004/2005	MY2005/2006	MY2004/2005	MY2005/2006
Wheat	950,000	1,000,000	3,600,000	3,000,000
Barley	280,000	240,000	950,000	600,000
Corn	350,000	300,000	1,600,000	1,300,000
Sunflower	490,000	550,000	800,000	800,000
Note: Ag Office estimates				

Barley

Area and Production

Currently, AgSofia estimates MY05/06 production at 600,000 MT including spring barley output. Planted areas were estimated at 240,000 HA of which 40,000 HA are under spring barley. The official MinAg estimates are for 255,000 HA.

The fall plating in 2004 started in time for both wheat and barley due to warm and dry weather. About 80 percent of crop area was planted in the optimum time. In January-February, the temperatures were low but the snow cover protected the crops. On some fields, winds blew the snow cover away and small winterkill losses were reported on 1,800 HA of barley and 850 HA of wheat.

Before the floods and rains in May-July, an independent nationwide survey has been done (late April) with the following findings: 13.2% of barley were in excellent growing condition; 52.7% were in very good condition, 27.6% were in good condition and 6.5% were in bad

condition. The MinAg expected average yields of 2.9 –3.1 MT/HA and total production of 680,000 MT- 710,000 MT, however, excessive rainfall led to reduction in official estimates too. Due to negative weather effect, production is currently estimated by the MinAg at 550,000 MT to 600,000 MT.

First early harvest farmers' reports vary significantly. For example, the barley yield in the major grain production region of Dobrich is in the range of 2.96 MT/HA (on fields which produced 4.26 MT/HA last year), Varna area-2.8-2.9 MT/HA; and 2.6-2.7 MT/HA in other areas (Pleven).

Input Use

According to preliminary MinAg data, 85 percent of MY05/06 barley was fertilized with nitrogenous fertilizers. The control (chemicals and traps) on rodents (mice) was done on 28 percent of total area.

According to official data, total 283,000 HA of fall crops were severely affected by mice, of which 55,000 HA were treated with rodenticides and 4,000 HA were re-planted.

MY04/05 Final data

Official MinAg data for MY04/05 shows record high production of barley at 1.2 MMT as follows:

Official MinAg data for barley production in MY2000/2001 to MY2004/2005					
	MY00/01	MY01/02	MY02/03	MY03/04	MY04/05
Planted area, HA	227,000	293,000	393,000	285,000	333,000
Production, MT	636,000	930,000	1,211,000	525,000	1,181,000
Av. Yield, MT/HA	2.81	3.14	3.12	1.94	3.59

The average yield in MY04/05 was record high for the last 10 years and reached 3.6 MT/HA. Despite this good result, this yield remained lower than in some EU countries such as Denmark, France, Hungary and Czech Republic. The highest increase both in area and yield was registered in north-east, north-central and south-east Bulgaria.

The major variety planted in MY04/05 was the local Obzor which accounted for 72 percent of barley area, followed two other local varieties Kaskador, 10 percent; Kortan, 2 percent; and other minor ones.

Crop rotation: About 40 percent of barley was planted after sunflower and corn vs. 29 percent in the MY03/04. Barley planted after wheat and barley decreased, it was 38 percent compared to 58 percent in MY03/04. Barley planted after fallow land has tripled and accounted for 8 percent of total barley area.

Input use: The application of nitrogenous fertilizers was on 90 percent of barley area, followed by phosphorous on 4 percent and potash on 1 percent. Herbicides were used on 83 percent of barley area, insecticides on 11 percent and fungicides on 8 percent.

Wheat

Crop Area and Production

Current estimates for MY05/06 wheat area vary from 880,000 HA to 1.07 million HA (MinAg). The FAS office estimates the area at 1.0 million HA. The planting was in the optimum time.

Before the floods and rains, an independent nationwide survey has been done (late April) with the following findings: 18.1% of wheat was in excellent growing condition; 58.2% were in very good condition, 19.5% were in good condition and 4.2% were in bad condition.

Production estimates (official and industry) for MY05/06 started from 3.5-3.6 MMT to come down to 3.0 MMT – 3.2 MMT as of July 2005 due to unfavorable weather.

Early harvest farmers' reports for yields vary from 4.18 MT/HA (Dobrich area, vs. 4.54 last year), 3.46 MT/HA in Varna area; and 2.0-2.5 MT/HA in other areas. As of July 20, the harvested area varied from 35 percent (Dobrich region), to 2 percent in Lovech area.

Inputs use

According to not final MinAg data, 86 percent of total wheat area was fertilized with nitrogenous fertilizers. The fight against mice was done on 33 percent of total area.

As of July 2005, 130,000 MT of certified wheat seeds were ready to be used for the fall planting in 2005, which meets about 50 percent of the needs.

Quality

One of the biggest concerns of wheat farmers this year is the availability of the fungi disease fusarium. There is no official information about the affected areas in the country. The disease has been found in north-east and north-central Bulgaria. In Pleven region, up to 5% damage was reported on 20% of wheat areas; 5%-10% damage on 40% of wheat area, and 10%-30% damage on another 40 percent of the area. In Dobrich area, the grain basket of the country, reportedly, a damage up to 5% was found on 50% of the wheat area, in 40 percent of area, the disease damage was up to 7-8 percent; and 10 percent of wheat area was affected with up to 10 percent damage. Most traders and farmers agree that the picture is very mixed and the disease presence varies widely even in the above regions.

Since the affected wheat will not be suitable for either human or feed consumption (contains toxins), farmers plan to destroy those quantities which are most seriously affected and to try to reduce the risk by additional operations. Since the affected kernels are light, farmers are trying to use blowing at the time of harvest, and afterwards upon cleaning. In addition, grain storage should be kept dry. Certain chemicals also can be used for wheat which is damaged up to 5 percent. Experts also recommend firing of fields after harvest to prevent infestation of the new crop. Another tool is heating of grains at 80-90 degrees C for 2-3 hours.

Other quality issues are related to diseases such as powdery mildew (reportedly on 10-50 percent of the fall crops area depending on the region), yellow and brown mildew, rusts (reportedly on 10-25 percent of the fall crops area) and weeds. In some fields, wheat and barley have germinated due to rains during harvest. Ceptoriosis have been reported on average 3-5 percent of areas reaching 10%-20% in some regions (Pleven, Turnovo,

Svishtov). Cleanness of grains, lower gluten content and hectoliter mass will be a quality concern as well.

In MY04/05 Final data

The official MinAg estimates for MY04/05 were as follows:

Official MinAg data for wheat production in MY2000/2001 to MY2004/2005				
	MY01/02	MY02/03	MY03/04	MY04/05
Planted area, HA	1,355,000	1,368,627	903,345 planted 841,000 harvested	1,044,000
Production, MT	4,077,000	3,917,000	2,001,000	3,961,000
Av. Yield, MT/HA	3.00	3.01	2.8	3.81

The MinAg reported production of 3.8-3.9 MMT (FAS estimate is for 3.6 MMT) at record high average yield of 3.81 MT/HA, 27 percent higher than the average historical yield of 3.0 MT/HA. The official data shows an increase of 16 percent in planted area.

North-east Bulgaria provided 35 percent of total wheat output in MY04/05. This region produced 2.5 times more wheat than in MY03/04. Other major grain basket regions were north-central and south-east.

Input Use: The varieties used in MY04/05 were local: Yantar, Sadovo, Pobeda, Aglika etc. About 94 percent of wheat area was treated with nitrogenous fertilizers, 8 percent with phosphorus; 1 percent with potash; and 7 percent with combined (NPK) fertilizers. Herbicides were used on 86 percent (compared to 74 in the previous year) of total wheat area. Certified seeds were used on 65 percent of planted area, with the highest rate in north-east region, 68 percent.

Quality: The quality of MY04/05 grain crop was very good. Overall, the quality was better in south Bulgaria compared to north Bulgaria. Good quality was the major reason for excellent export results in MY04/05.

1. The final quality results show that prime quality milling wheat was 6%, very good milling quality wheat was 24%, and wheat suitable for bread but used mainly for feed was 70%, of which half was used in smaller mills. Thus, total wheat for human consumption milling purposes was about 65 percent.
2. Average moisture content was 11.0%-14.5%.
3. The average hectoliter mass/weights was 79.5 kg/hl, ranging from 62.7 to 85.9 kg/hl. Below 71 kg/hl were lots from north-west and central Bulgaria (Vidin, Montana, Pleven, Yambol) due to rains in harvest time.
4. Gluten content was 16 to 34 percent or on average 21.5 percent which is considered rather low. Protein content corresponded to the gluten content, from 9.1% to 14.5% or on average 11.5 percent.
5. The quality of gluten was good, from 2 to 15 mm, or on average 8 mm, due to lack of grain bugs outbreak (eurogate).

6. The average falling number was 395 seconds.

Corn

Area and Production

In MY05/06, corn planted areas were estimated at 270,000 HA -300,000 HA or lower than in MY04/05. Due to favorable weather to date, corn is developing very well and good yields are expected if the favorable weather continues. Thus, the total corn production is expected to exceed 1.0 MMT (the initial production estimate as of May) and to reach 1.2 MMT – 1.5 MMT. Ag Sofia currently estimates corn production at 1.3 MMT (see the table below).

MY04/05 Final data

In MY04/05, FAS Sofia estimates for corn production were for 350,000 HA planted areas and production of 1.5 – 1.6 MMT (average yield of 4.57 MT/HA). Official MinAg estimates were for 386,000 HA planted area, 380,000 HA harvested area, average yield of 5.54 MT/HA, the record high for the last 5 years, and also record total production for the last 10 years of 2.123 MMT. Some independent sources (SAPI agency) estimate is for 315,000 HA-320,000 HA and production of 1.75 MMT.

According to the MinAg, corn areas have been declining during the last 5 years and the planted areas in the spring of 2005 confirm this trend. Although in the fall of 2004 farmers expressed an intention to plant about 390,000 HA of corn in 2005, high stocks and relatively low prices of corn discouraged them, thus the planted areas in MY05/06 declined by about 15 percent. The official data shows the following trend for the period 2000-2004:

Official MinAg data for corn production in MY2000/2001 to MY2004/2005					
	MY00/01	MY01/02	MY02/03	MY03/04	MY04/05
Planted area, HA	576,000	400,000	309,000	429,000	385,000
Production, MT	1,097,000	873,000	1,288,000	1,161,000	2,123,000
Av. Yield, MT/HA	1.9	2.47	4.24	2.8	5.54

About 61 percent of total corn crop in MY04/05 was produced in north-east region where the record high average yield was reported, 6.08 MT/HA. The yield in south-east region was also above the average for the country at 5.93 MT/HA. Despite these historically high corn average yields, they remain low compared to traditionally corn producers such as the United States, France, Canada, Argentina but still higher compared to countries in the region – Serbia, Romania, Russia and Ukraine (source: MinAg comparative data)

Inputs Use: According to the MinAg, high yields in MY04/05 were a result of favorable weather and use of certified planting seeds on 96 percent of corn areas compared to 86 percent in the previous year. Nitrogenous fertilizers were used on 62 percent of corn areas (42 percent in MY03/04). The use of phosphorus fertilizers was minimal but also improved, as the fertilized area increased from 10,000 HA in MY03/04 to 15,000 HA in MY04/05. The use of complex/combined fertilizers almost doubled, from use on 9,000 HA to 18,000 HA.

About 85 percent (80 percent in MY03/04) of the corn was treated with herbicides, 12 percent was treated with insecticides, and 23 percent with fungicides.

The crop rotation in MY04/05 was as follows: 39 percent of corn was planted after wheat and barley compared to 47 percent in MY03/04 (33 percent after wheat and 6 percent after barley); 18 percent was planted after sunflower which represented an increase of 11,000 HA in this category; 27 percent of corn was planted after corn, also an increase of about 10,000 HA; 6 percent was planted after a fallow land, and 10 percent after other crops.

Consumption

Due to shorter grain supply in MY05/06 and expected increase in local prices, consumption of grains is likely to decrease slightly in MY05/06 compared to MY04/05. This is mainly true for milling quality wheat for human consumption, feed barley and feed corn. Consumption of milling wheat is due to higher prices of wheat and wheat products, flour and bread. Feed wheat consumption is likely to increase due to expected lower prices compared to other feed substitutes. Other industrial and human uses such as barley for beer and corn for starch manufacturing remain stable.

Please, see revised GAIN PSD tables for MY04/05, current estimates for MY05/06 and forecast for MY06/07. More detailed picture of the consumption (supply and demand, in 1000 MT) is given in Tables 2 and 3 as follows:

Table 2. Barley and Wheat PSD Table

	Barley			Wheat	
	MY04/05	MY05/06		MY04/05	MY05/06
Beg Stocks	10	18	Beg Stocks	189	187
Production	950	600	Production	3,600	3,000
Imports	5	15	Imports	18	15
Total Supply	965	633	Total Supply	3,807	3,202
Exports	430	120	Exports	1,120	680
Seeds	70	70	Seeds	300	300
Feed	300	285	Feed	900	930
Human Con.	147 (beer)	150 (beer)	Human Con.	1,300	1,200
Total Demand	950	623	Total Demand	3,794	3,174
End. Stocks	18	8	End. Stocks	187	92

Note: Ag Office estimates

Barley PSD

MY04/05: There were no changes in the usual consumption pattern except for increase in feed consumption in MY04/05 due to good supply and lower prices by 7 percent.

According to the MinAg, the total feed grain consumption in MY04/05 was 2.4 MMT or about 10-11 percent higher than in the previous year. The MY04/05 Ag Office estimate was for 2.2 MMT total feed grains consumption of which: 300,000 MT of barley (14%); 900,000 MT of wheat (41%); 900,000 MT of corn (41%) and 100,000 MT (4%) of other minor grains.

The MinAg estimates for consumption of feed barley was at 361,000 MT (FAS estimate is 300,000 MT) but in both cases (MinAg and FAS) barley represents 14-15 percent of total feed grains.

MY05/06: Feed barley consumption is likely to be lower due to shorter supply and little higher prices, 285,000 MT or 13 percent of total feed grains (2.145 MMT, Ag Office est.).

The MinAg forecasts a consumption of 410,000 MT or 21 percent of total feed grains of 2.1-2.2 MMT.

Barley consumption for beer in both years is stable at 150,000 MT. Also stable is consumption for planting seeds at 70,000 MT.

Trade: After record high exports in MY04/05 at 430,000 MT, in MY05/06 exports are likely to be lower due to limited supply but mainly due to lower quality. It is also assumed that imports, especially of malting quality barley may increase to about 15,000 MT.

Wheat PSD

Stocks: In end-May/June 2005, grain industry and farmers were concerned about high stocks from the MY04/05 crop. At that time, estimates for stocks varied from 280,000 MT to 450,000 MT (source: Ag Minister). According to the official information (MinAg), as of early April, 2005, licenses public warehouses and other registered grain warehouses held 322,000 MT (this does not include private farmers stocks). Thanks to May-June exports of about 200,000 MT-220,000 MT, however, ending stocks went down to more reasonable level of total 180,000 MT-190,000 MT. Over the recent years, ending wheat stocks were between 100,00 and 250,000 MT.

In MY04/05, the state reserve purchased from the market 170,000 MT of wheat which reportedly were partially sold for exports in the spring/summer of 2005. New 68,000 MT might be purchased from MY05/06 crop in post-harvest time. Due to lack of full transparency of these transactions, stocks figures in PSD tables reflect only market stocks and not those in the State Reserve.

Seeds consumption: Traditionally, Bulgaria is using 250,000 MT to 300,000 MT of seeds. In recent years, due to introduction of better planting equipment, the planting norm is declining to about 250-270 kilos/HA.

Human Consumption: Wheat for human consumption has been relatively stable during the last 10 years, ranging from 1,200,000 MT to 1,400,000 MT. Fluctuations were based mainly on price trends. Over the recent years, however, bread consumption is going down due to changing eating habits. Thus, in MY05/06 the FAS estimates this consumption to be closer to its lower limit, and similar trend is forecast for the future.

Feed consumption: According to the MinAg, total compound feed consumption in MY05/06 will be at 2.5 MMT of which 2.1-2.2 MMT of feed grains (feed grains account for 78 percent of compound feed). This includes 1.0 MMT of corn (49%); 620,000 MT of wheat (30%); and 410,000 M of barley (21%).

The Ag Office estimate for total feed grain consumption in MY05/06 is close to the MinAg estimate at 2.145 MMT, including 830,000 MT of corn (38%), 930,000 MT of wheat (43%) and 285,000 MT of barley (13%) and 100,000 MT of other grains (6%).

According to the MinAg, in MY04/05, wheat accounted for 40 percent in total feed (964,000 MT). Ag Sofia estimates for wheat share was for 32 percent but at a similar volume, 900,000 MT.

Trade: Exports of wheat in MY04/05 were record high at 1.12 MMT. Imports were limited to 10,000 MT to 20,000 MT imported in a form of high quality wheat and flour for confectionary industries.

Corn PSD

Table 3. Corn PSD

Corn PSD			
	MY03/04	MY04/05	MY05/06
Beg Stocks	97	125	36
Production	1,000	1,600	1,300
Imports	168	10	90
Total Supply	1,265	1,735	1,426
Exports	81	540	300
Seeds	9	9	9
Feed	800	900	830
Human Con.	250	250	250
Total Demand	1,145	1,699	1,359
End. Stocks	125	36	37

Stocks: It is expected that ending stocks in MY04/05 will be rather low due to high exports. As of April, 2005, the MinAg reported 110,000 Mt of corn in public and other registered grain warehouses which does not include private farmers stocks.

Seeds Consumption: Corn seed consumption is stable between 9,000 MT and 10,000 MT per year.

Feed Consumption: In the last 3 years, corn consumption for feed has been increasing. In MY04/05, this consumption was also higher than in the previous year and reached about 900,000 MT. According to the MinAg estimates, corn accounted for 42 percent in total feed consumption (FAS office estimate is close, 41 percent of total 2.2 MMT feed grains). In absolute figures, corn consumption in MY04/05 increased 12 percent compared to MY03/04. The major reason for the shift in consumption was abundant supply, lower prices, and higher demand by the poultry and pork industries. Corn prices were comparable or slightly higher (by 10-15 leva/MT) those of feed barley and almost equal to the feed wheat price, while in the previous years corn prices were much higher than wheat/barley price, on average by 20-30 leva/MT. Ex-farm corn prices in MY04/05 were the lowest for the last 10 years (see the price section).

In MY05/06, consumption of corn for feed is estimated to slightly decline, mainly due to expected lower supply, slightly higher prices and expectations for corn to be substituted with cheaper feed quality wheat.

Human Consumption: Corn for human consumption is at a stable level of about 200,000 MT used for starch manufacturing and another 50,000 MT used for other food corn products.

In MY04/05, the major corn products for human consumption produced in Bulgaria were corn starch, flour, glucose, oil and grits. Most of these products are exported. In MY04/05 (September 2004 – April 2005), corn starch exports were 3,133 MT (Serbia and Montenegro 978 MT, Turkey 674 MT, Albania 868 MT, Romania 270 MT, Macedonia 270 MT).

Exports of corn oil in MY04/05 were about 2,726 MT, mainly to Turkey, 2,006 MT and Greece, 720 MT. Corn flour is entirely destined for the local market.

Trade: Since MY05/06 production is forecast to be lower than in MY04/05, prices are also estimated to increase slightly. Thus, Bulgarian corn may also lose some of its competitive advantage and MY05/06 exports may decline from 540,000 MT to 300,000 MT.

Trade

Barley

Exports

Exports of barley (MY04/05) were record high due to good supply. Major export markets were Greece, Syria, Romania, and Tunisia. About 72 percent of exported barley is for feed use. The rest is for industrial purposes and for beer. The highest monthly exports were executed in July 2004, 147,000 MT as over half of these exports were for the EU – Greece and Italy, under the export quota of 55,000 MT. The quota was fully used in the first two weeks of MY04/05.

Imports

Total barley imports in MY04/05 were minimal at 5,000 MT from Hungary and France for breweries. This is the lowest imports over the last 6-7 years. According to the trade agreements with the EU, there is duty free import quota for the period June 30, 2004 to July 1, 2005, at 16,500 MT. This is the major tool for imports of malting barley coming mainly from France.

Trade regime

Imports

In 2005, regular import duty for feed, malting and industrial purposes barley (HS# 1003 00 90 2, 1003 00 90 1, 1003 00 90 9) is 20 percent. Seed barley imports (HS# 1003 00 10 1, HS# 1003 00 10 0) are levied at 3 percent import duty.

In 2005, Bulgaria has the following trade agreements for imports of barley:

- A WTO/GATT reduced duty import quota for malting barley of 10,000 MT at 15 percent import duty. No barley was imported under this quota in MY03/04 and MY04/05.
- A duty free import quota of 16,500 MT for barley (HS#1003), barley flour (HS#1102 90 10), grits (1103 19 30) and granules (HS#1103 20 10) of EU origin valid for the period July 1, 2004 – June 30, 2005. This quota is applied when no export subsidies are used in the country of origin.
- Barley under HS#1003 originating from CEFTA is imported at 18%, and other cereal flours including those made from barley (HS#1102 90), grits (HS#1103 20, HS#1104 19, HS#1104 29) are imported at 15 percent;
- Seed barley from Serbia and Montenegro (HS#1005 00 10 00) is imported duty free (enforced on June 1, 2004);

Exports

Bulgaria is granted barley and barley products export quota for the EU under HS#1003, HS#1101 90 10, HS#1103 19 30, HS#1103 20 10, at 55,000 MT for the period July 1, 2004 to June 30, 2005.

Bulgaria can export to Turkey seed barley (HS#1001 00 10), 100 MT at 50 percent reduction from the MFN duty.

Wheat

Exports

Exports MY04/05: Wheat exports were going smoothly and Bulgaria was able to fully use its EU export quota of 275,000 MT. In May-June 2005, most traders started to purchase ending stocks and export them to the EU in order to fill the new EU quota of 352,000 MT which opens on July 1, 2005. This was done in a fear of bad quantity and quality of MY05/06 crop. Another reason was good competitive local prices compared to export prices under the EU quotas. According to trade, about 200,000 MT-220,000 MT of MY04/05 wheat was exported and cleared under the quota. In general, MY05/06 exports are forecast to decline to 500,000 MT-800,000 MT (Ag Office estimate for 680,000 MT), to a half of MY04/05 export volumes.

Exports MY03/04: At the end of September 2003, the GOB introduced a ban (Decree #193/September 5, 2004) on wheat and wheat products exports. Some quantities of wheat and flour were exported before the ban (July, August) as follows: 10,418 MT of flour (14,469 MT in wheat equivalent) and 25,989 MT of wheat (see the export trade matrix).

Imports

Imports in MY04/05 were limited to 18,000 MT for the needs of confectionary industry. About the same amount is expected to be imported in MY05/06.

In MY03/04, the deficit of wheat was met by commercial imports and by the stocks released from the state reserve. Total 192,487 MT of wheat were imported as 58,000 MT of them (Brazil) were destined for the state reserve (SR). The major supplier was Brazil with 74,000 MT, Russia, 32,000 MT and Germany, 25,000 MT. The U.S. exported a vessel (21,000 MT) of SRW#2. Wheat flour imports were 54,636 MT (75,883 MT in wheat equivalent), mainly from Turkey. Thus, total wheat and wheat flour imports were 268,000 MT in wheat equivalent.

Trade Regime

Imports

- WTO-GATT quota under HS#1001 90; 150,000 MT at 15% import duty;
- EU is granted a duty free import quota under HS#1001, HS#1109 00 00 from July 1 to June, 30. In MY03/04, this TRQ was 55,000 MT of which only 387 MT were used. In MY04/05, the TRQ increased by 5,500 MT to 60,500 MT. Reportedly, about 1,000 MT were imported to date. In MY05/06, the TRQ will be at 66,000 MT.;
- Durum wheat, HS#1001 10, is imported from CEFTA countries duty free;

- Serbia and Montenegro can export duty free to Bulgaria seed durum wheat, HS#1001 90 99 and winter wheat, HS#1001 90 911, under a TRQ of 1,000 MT; and milling wheat, HS#1001 90 99, under TRQ of 2,000 MT;
- Imports from Macedonia, Turkey, EAST are subject to regular import duties (see the table about the trade regime).

Exports

- Bulgaria is granted an export TRQ to the EU, in MY03/04 at 250,000 MT (it was not used to the export ban); in MY04/05 at 275,000 MT (it was fully used), and in MY05/06, 320,000 MT. The next annual increase will be by 32,000 MT or 352,000 MT for MY06/07.
- Exports of wheat (HS#1001 90) and wheat flour (HS#1101) for CEFTA countries are at 15% duty; exports of durum wheat (HS#1001 10) at a zero duty.
- Exports to Turkey are under a TRQ of 500 MT for seed wheat (HS#1001 90 10) at 50% reduction in MFN rate;
- Bulgaria can export duty free to Israel 15,000 MT of wheat (HS#1001 90 90) and 2,000 MT of wheat flour (HS#1101 00 90);
- Bulgaria can export 2,000 MT of wheat (HS#1001 90 99) and 1,000 MT seed durum and winter wheat (HS#1001 10 001, 1001 90 911) to Serbia and Montenegro duty free (Since June 2004).

Trade regime in MY03/04:

In January 1, 2004, the GOB introduced duty free imports of wheat flour under the pressure of industry groups (bakers). Wheat was imported duty free during the whole 2004, and wheat flour was imported duty free in the first six months.

Corn

Exports

Corn exports in MY04/05 were record high. For the period October 1, 04 - July 1, 05 corn exports were 522,000 MT. Thus, the estimates for the entire marketing year exports are at 540,000 MT. These exports are the highest for the last 10 years and exceed corn exports in MY99/00 and MY02/03 which were the record high to date.

The bulk of corn exports was destined for industrial use, about 300,000 MT; exports for feed were about 200,000 MT. Major export markets were Tunisia, Libya, Spain, Syria, Israel and Macedonia.

Active exports started in October 2004 with filling the EU export quota of 88,000 MT, mainly to Spain, Italy and Cyprus. The largest export market for Bulgarian corn in MY04/05 was Spain with 125,000 MT as of July 2005.

The highest monthly corn exports (101,000 MT) were executed in December 2004 with gradual declining in the first months of 2005. Despite the lower pace, corn exports in May 2005 were still high, 39,000 MT compared to 4,000 MT in May 2004.

In MY05/06, corn exports are likely to be lower, mainly due to expected lower crop. On the other hand, if the trend of substitution of feed corn with feed wheat is more active, the result will be higher exportable surplus of corn. Current FAS estimate for MY05/06 corn exports are at 300,000 MT, and up to 500,000 MT if the supply will be better and feed consumption will shrink.

Imports

In MY04/05, corn imports were much smaller compared to previous years due to good supply. For the period October 1, 04 - July 1, 05 corn imports were 7,785 MT compared to 122,030 MT in the same time previous year. Over 70 percent of this quantity is for feed and industrial use supplied by Ukraine (2,473 MT, and Romania (2,1016 MT). Imports of planting seeds were 2,207 MT, mainly from Hungary (1,200 MT). The estimate is that total corn imports for MY04/05 will not exceed 10,000 MT which is lowest imports for the last 10 years.

Trade Regime

Exports

According the trade agreements with the EU, EU is granting a corn export quota to Bulgaria every year under HS#1005. The TRQ for July 1, 2004 – June 30, 2005 is 88,000 MT, and 96,000 MT for July 1, 2005 to June 30, 2006. This quota was fully used in MY04/05 and will likely be used in MY05/06.

- Other vegetable oils, incl. those from corn (HS#1515) are exported from Bulgaria to the EU at zero import duty;
- Bulgaria can export to Turkey seed corn (HS#1005 10) at 100 MT and 50 percent reduction in the regular duty; crude corn oil (HS#1515 21), at 1,000 MT and a duty of 6 percent;
- Bulgaria can export duty free unlimited quantities of seeds corn (HS# 1005 10) to Serbia and Montenegro (in effect since June 1, 2004). There is also a TRQ of 5,000 MT of feed corn and corn for industrial use, at a zero duty.
- Bulgaria can export 400 MT of corn grits (HS#1103 13) under TRQ to Albania (since 2003);
- There is a TRQ for exports of Bulgarian starch (HS#1108 12 00 0), 400 MT at 50 percent reduction in the MFN duty to Macedonia;
- There is a TRQ for 100 MT of corn starch to Israel at 25 reduction in the MFN duty;
- Since December 2004, Bulgaria can export corn oil (HS#1515) to Bosnia and Herzegovina at a zero duty.

Imports

The import regime in 2005 is as follows:

- There is a WTO/GATT quota for feed corn (HS#1005 90 00 1) for 100,000 MT at 5 percent import duty. Both in 2004 and 2005 to date, no imports were done under this quota.
- There is a duty free TRQ for the EU origin non-hybrid corn for planting (HS#1005 10 90 0) and corn for feed and industrial purposes (HS#1005 90) from July 1, 2004 to June 30 2005 (30,800 MT) and from July 1, 2005 to June 30, 2006 (33,600 MT). No corn was imported under this quota to date.
- Corn for planting or seed corn (HS#1005 10) and other vegetable oils including corn oil (HS#1515) are imported from CEFTA countries at zero duty. Products such as corn flour (HS#1102 20), corn grits (HS#1103 13), corn granules (HS#1103 20), and crushed corn kernels (HS#1104 19 and 1104 23) are imported from CEFTA countries at 15 percent import duty.
- Seed corn from Serbia and Montenegro is imported duty free;
- Serbia and Montenegro also has a TRQ for duty free imports of corn for industrial purposes (HS#1005 90), at 5,000 MT. This trade agreement entered into effect on June 1, 2004. To date, the TRQ was not used.
- Other vegetable oils including those made from corn (HS#1515) originating from Moldova and Bosnia and Herzegovina are imported duty free.

Trade trends

After very successful and record high MY2004/2005 grain and oilseeds exports, the potential for MY05/06 is lower but still good, especially for the spring crops.

MY04/05 exports as of July 2005:

Barley – 427,000 (55,000 MT EU quota)
Wheat – 1.120 MMT (275,000 MT EU quota);
Corn – 521,000 MT (88,000 MT EU quota);
Sunflower – 483,000 MT
Total grain and oilseeds exports - 2.551 MMT

MY05/06 potential exports estimated as of July 2005:

Barley – 120,000 MT
Wheat – 650,000 MT (352,000 MT EU quota);
Corn – 300,000 MT (96,000 MT EU quota);
Sunflower – 450,000 MT
Total grain and oilseeds exports - 1.52 MMT

These estimates will be highly dependent on final harvest results, quality, farm gate prices, and regional competition, however, the overall trend is to a stabilization and increase in local market prices in the near future especially for malting barley, and milling quality wheat.

According to industry sources, it is more likely that Bulgaria will export milling quality wheat under the EU quota but the following wheat exports will consist of mainly feed wheat. If the volumes are considerable, Bulgaria may import some milling quality wheat, most likely from Ukraine and Russia, and various improvers for wheat flour to compensate for lower quality of domestic wheat.

Table 4. Trade Regime in 2005

HS# in the Tariff Code	2004 and 2005			
	Regular Import Duties, 2005	Tariff Reductions for imports, 2004		Tariff Reductions for imports, 2005
		period	duty	
1001 10 00 Durum wheat	15%	January 1 – December 31	0%	None
1001 90 Other wheat	25%	January 1 – December 31	0%	150,000 MT at 15%
1101 Wheat flour	25%	January 1- June 30	0%	None
1003 00 10 0 Barley seeds for planting	3%	January 1- June 30	0%	None
1003 00 90 1 Malting barley	20%		0%	10,000 MT at 15%
1003 00 90 2 Feed barley	20%		0%	None
1005 00 00 Corn	5%	January 1- September 30	0%	100,000 MT at 15%
1005 10 11, 1005 10 13, 1005 10 15, 1005 10 19 Seed corn	5%	Origin EU, for the whole year	0%	Same as in 2004

Prices

Wheat and Barley

Production cost

In MY05/06, production cost of wheat and barley increased on average 3-20 percent for several reasons:

- lower yields and quality which will increase the cost and decrease profitability;
- the fight against mice in 2004 fall. Estimated expenses are 20-70 leva/HA for chemicals and 10-20 leva/HA for traps;
- higher diesel oil prices – from -.92-0.93 leva/liter in 2004 to 1.65 leva/liter in July 2005;
- higher expenses for harvest due to shorter period and higher service fees for the harvesting machines;

- higher expenses for cleaning and drying of grain. According to industry sources, the amount needed only for drying will be about 5 million leva (\$3.3 million).

Currently, there is no reliable information about MY05/06 barley production cost. In MY04/05 was estimated at 450 leva/HA (from 360 to 540 leva/HA) which was 5 percent more than in the previous year. At the same time, the production cost per MT was much lower, 100-145 leva/MT, due to high average yield of 3.5 MT/HA vs. 180-300 leva/MT in MY03/04.

The production cost of MY05/06 wheat is estimated at 480-660 leva/HA or at 160-220 leva/MT (\$100-\$137) upon 3.0 MT/HA average yield; compared to much lower cost in MY04/05, 400-600 leva/HA or 129.5 leva/MT (\$81/MT) average cost, ranging from 104-155 leva/MT upon the same yield.

Farming equipment leasing service fees account for the highest share in production cost, 30%-40%, and down to 20%-30% if farmers use their own equipment.

Farm gate and export prices

MY04/05 wheat and barley prices were depressed due to good supply (see the GAIN price tables which reflect the farm gate prices by months in 2004 and 2005).

Barley farm gate prices:

Farm-gate prices for barley were record low for the last 10 years, 116-125 leva/MT, which provide profitability only for more efficient larger farms. These prices were 5-10 leva/MT below the historically low prices of MY2002/2003.

The marketing year started from high price from the previous crop in July 04, but declined sharply from 310 leva/MT to 125 leva/MT. In the following three months, the prices stabilized at 116-118 leva/MT. In November 04, due to continuing export demand, prices slightly increased to 131 leva/MT in January and 143 leva/MT in February 2005. During the entire period, barley prices were comparable to those in Ukraine but remained about \$15-\$20/MT below them.

Barley export prices

Barley export prices started in July from \$109/MT and were fluctuating around \$100/MT until December. Around New Year and in the first months of 2005, export prices increased to \$126-129/MT. The major factor affecting these prices was the regional Black Sea competition. During the entire MY04/05, Bulgarian and Ukrainian prices were close with \$1.0-\$10/MT difference.

Wheat farm gate prices

Farm-gate prices for *milling wheat* started at 160 leva/MT (\$100) in August 2004 and gradually decreased to 155-158 leva/MT for the next five months.

In September 2004, the State Reserve purchased 115,000 MT at 187 leva/MT (including transportation cost, various fees etc). In November, the Reserve purchased 55,000 MT at 197-200 leva/MT. Despite this total intervention of 170,000 MT at little higher prices, overall market prices remained unchanged.

In January 2005, price went up to 159 leva/MT and 166 leva/MT in February. In March and April 2005, mills started to refill their stocks and prices increased further up to 167 leva/MT. In May, prices stagnated again due to high ending stocks at 159 leva/MT.

Reportedly, the farm-gate prices of 2005 crop will start from around 160 leva/MT (\$100) so that traders will be able to compete in the Black Sea region. This is comparable to the prevailing prices in the Black Sea region (Russia, Ukraine) where the prices are reportedly around \$103/MT. Some industry sources speculate that traders may offer little higher prices in order to complete the use of the EU export quotas but afterwards (in August), the farm gate price may go down to lower levels due to deteriorated wheat quality. Wheat farm-gate prices increased in mid-July '05 to 167 leva/MT for milling quality (at some place up to 200 leva/MT) and 143 leva/MT for feed quality.

Feed wheat prices followed a similar trend. The demand for this wheat is usually higher in August-October period before the corn harvest. The average farm-gate prices were 132-140 leva/MT with a peak in April 2005 at 144 leva/MT and down again in May to 140 leva/MT.

In June-July 2005, however, wheat products prices started to react to the expectations for poor wheat quality, and jumped significantly. The most affected products were wheat flour and bread prices. For example, in July, wheat flour prices increased on average by 15 percent and more, and bread prices started to increase by 5 to 10 percent. Reasons for this increase were: the running stocks of wheat prior to harvest due to exports to the EU of about 200,000 MT-220,000 MT; higher oil prices; and intensified investment for introduction of food safety standards and upgraded technologies in milling and baking industries to meet the EU hygiene/safety requirements. Some experts forecast gradual increase in wheat flour and bread prices by 20-40 percent from now until the end of the marketing year.

Currently, Bulgaria has 47 licensed public warehouses with a capacity of 473,000 MT and 130 registered storage facilities with a capacity of 1.0 million MT. The percent of grain stored is not high, 20-40 percent in the fall, and about 10 percent in the spring. In addition, Bulgaria has a capacity to store about 5.0 million MT at flour mills; plus private storage and storage at feed mills.

The milling industry today consists of 267 registered flour mills although industry estimates show 450 actually functioning mills. Similarly, registered bakers are 2,531 but all baking facilities are estimated at 4,000 to 6,000. The gray sector accounts for 20 - 50 percent in both industries, mainly very small units. According to industry sources, if the industry introduces the EU hygiene and food safety standards, this will reduce the number of companies to about 30 percent of the current level.

Currently, Bulgaria has milling capacity about 3 to 5 times higher than the needs. The annual needs are estimated at 1.2 to 1.4 MMT of wheat for flour, with a capacity of registered mills for 3.0 million MT of flour or 4.1 MMT of wheat. Bread production annually is about 350-400,000 MT and has been steadily declining over the recent years. This makes the competition in the milling and baking businesses very keen.

Wheat export prices

In July-December 2004, FOB export prices of Bulgarian wheat increased due to depreciation of the U.S. dollar to the local currency. They started with \$113/MT in July to reach \$137/MT in December 04, and further increase in early 2005.

Corn

In MY04/05, corn prices, both on the local market and for exports, were record low due to good supply and quality.

Production cost

Production cost estimates for MY04/05 crop were between 400 and 792 leva/HA compared to 590 leva/HA in MY03/04. Corn production cost on non-irrigated areas was about 350-580 leva/HA; on irrigated areas, it increases to 520-590 leva/HA reaching maximum 860 leva/HA in south-central region. Due to high average yields in MY04/05, average production cost was 72-143 leva/MT compared to 211 leva/MT (upon yield of 2.8 MT/HA) in MY03/04.

Abundant corn supply along with good supply of all other grains and oilseeds led to record low farm-gate prices in MY04/05, in the range of 140 and 151 leva/MT (\$93-\$100). However, even at these levels, farmers were able to make a profit.

Farm-gate prices

Farm-gate prices started from record high 313 leva/MT in July 2004 (for corn ending stocks from MY03/04) to slide down. Harvest time corn prices (September 04) were at 230-250 leva/MT but quickly dropped to 150 leva/MT in October. In November-December period, ex-farm prices were between 115 leva/MT to 190 leva/MT depending on the region, or on average at 145 leva/MT. These prices were stable until March 05 when they slightly increased to 152 leva/MT (\$100 MT).

In MY04/05, for the first time over the last 10 years, corn prices were very close to those of feed wheat and by 10-15 leva/MT more expensive than feed barley. In previous years corn prices were always 20-30 leva/MT higher than those of feed wheat and barley. Often, farmers were substituting corn with wheat which also contributed to lower corn prices.

Export prices

After record high export prices in MY03/04, in MY04/05 export prices were 70-90 leva/MT lower and reached the lowest level for the last 6 years of 157-167 leva/MT. In October 04-April 05 period, they were at \$103-\$116/MT. The export price to the EU were at \$110-115/MT FOB Black Sea. The export prices in May 2005 was \$109/MT. Another reason for lower export prices was the good Ukrainian crop which was offered at \$100-103/MT FOB. Bulgaria and Ukraine are regional competitors and export to the same markets.

Agricultural and Trade Policies

Trade Policy

Due to good crop, the GOB canceled duty free imports of cereals which was introduced in 2004 (see the trade tables).

In order to stimulate exports, in June 2005 the GOB reduced export fees from 3.50 leva/MT-4.50 leva/MT to about 50% (2.25 leva/MT) of this amount, as follows:

- plant protection fee- from 2.0 to 1.0 leva/MT
- National Grain Agency fee- from 1.50 leva to 0.80 leva/MT;
- National Veterinary Service fee- from 1.0 leva/MT to 0.50 leva/MT.

Industry was also insisting on a reduction for port fees since total export fees are considerable, about 10.00 leva/MT (\$6.25/MT).

In addition, when the higher stocks in May-June were threatening the new crop/and prices, the industry supported an introduction of an export subsidy of 20-30 leva/MT (\$12.5-\$18.7). Except for high stocks, industry representatives were claiming that higher production cost related to increased prices of diesel oil, higher input use and higher expenses for cleaning and drying of grain, makes the export prices uncompetitive, so the export subsidy is needed to cover the difference between the farm gate and export price. Currently, the GOB does not have any direct or hidden export subsidies for grains and oilseeds. According to the WTO commitments, Bulgaria can subsidize exports of 116,000 MT only.

Farmer Support Programs

The floods, rains and hail storms in 2005 raised again the issue of insurance and risk management in the agriculture. Currently, majority of farmers do not make any insurance for their crops unless it is required when they apply for loans or government support programs. The major reasons are the lack of habits/traditions, and lack of funds. Current ag insurance packages cost about 200 to 500 leva/HA (\$125-\$312). Large farmers reports that these expenses are usually higher than the losses and it does not make insurance attractive or necessary. Smaller farmers usually lack these funds. Often, larger farmers pay insurance on a certain part of the fields; certain percent of the crop; or one or two crops. Insurance companies, on the other hand, do not pay a full, 100 percent compensation. Usually, the insurance companies pay less at high losses since they quickly spend their limits. This practice, in turn, further discourages farmers.

In calendar year 2005 to date, the MinAg provided support to 2,291 farmers to plant 95,000 HA of corn, 212,300 HA of sunflower and 6,700 HA of spring barley (source: MinAg).

The support programs for the fall crops in MY05/06 covered the planting on 330,000 HA. According to the MinAg, as of early May 2005, total 40 million leva were paid to farmers for MY05/06 fall crops of which 9.0 million leva short term credit and 31 leva subsidy under 4,037 contracts.

MY05/06 fall crops were subject to the following support programs:

- Target subsidy for ag research institutes to produce elite seeds for MY05/06, 1.1 million leva of which 1.0 million for wheat seeds and 100,000 leva for barley seeds. The total amount was used under 14 contracts covering 4,000 HA of wheat and 390 HA of barley for seed production.
- Subsidy for purchases of certified spring barley seeds, 1.5 million leva for 50,000 HA;
- Subsidy of 11.9 million leva was allocated to purchase wheat certified seeds. This allocation was fully used, 11.2 million leva for 326,000 HA under 1,243 contracts.
- A subsidy of 18 million leva (\$12 million) of which 9.0 million leva credit and 9.0 million leva subsidy, was allocated for the grain producers for purchase of fertilizers. The entire allocation was used to support planting on 300,000 HA under 1,065 contracts.

Later, this allocation was increased by 3.6 million leva to cover additional 120,000 HA. This amount was also fully used under 573 contracts.

- The MinAg provided a 1.0 million leva (\$630,000) subsidy for grain storage in public warehouses of 1.2 leva/MT for 300,000 MT until the end of the calendar year.

According to the MinAg, the amount is even higher than the average in the EU (0.60 Euro/MT in Bulgaria compared to 0.46 Euro/MT in the EU).

- Allocation of 6.0 million leva for diesel oil for the fall planting. This program supported planting of 299,000 HA under 1,142 contracts.
- The State Reserve purchased 170,000 MT of MY04/05 crop to support wheat prices and farmers income, and to stimulate fall planting.
- In June 2005, the GOB approved additional funds to support wheat and barley harvest campaign due to higher diesel oil prices, 3.5 million leva. It was estimated that total 1,250 farmers will get access to these funds; a farmer can not apply for more than 600 HA for 10 leva/HA. In July, 2005, the MinAg took a decision to increase further the above amount to 1.6 million leva to total 5.1 million leva which will allow for more farmers to have access to this support.
- The MinAg provided a 2.25 million leva (\$1.4 million) subsidy for grain storage in public warehouses of 1.5 leva/MT (1.2 leva/MT in MY04/05) for 300,000 MT until the end of the calendar year.
- In May 2005, the State Reserve announced its intention to purchase 68,000 MT of old stocks to the market in August-September time. Reportedly, the SR sold the same quantity on the market for exports to the EU in May 2005. Currently, the SR keeps 60 percent of its wheat stocks at its own storage and 40 percent is stored at private hands under an agreement. It is not very clear, however, how the SR will be purchasing these quantities since in July, the Parliament passed the new Grain law which does not allow the SR to intervene on the market (see the policy section).

For corn producers, MY05/06, several support programs were released:

- a line of 3.2 million leva was provided for buying certified seeds for 100,000 HA. To date, 772 contracts were closed for use of 2.8 million leva under this program;
- a credit line for purchase of fertilizers for corn and sunflower, 12.5 million leva for 312,000 HA or 40 leva/HA;
- targeted support for control of rodents – 500,000 leva. These funds were provided to farmers in areas with higher mice population (Bourgas, Varna, Dobrich, Shumen and Yambol) which re-ploughed the fall crops due to high mice losses and planted them with spring crops. The support is for 100 leva/HA. A farmer has the right to sue this program for not more than 600 HA.

The support allocated for the fall crops to be planted in 2005 (MY06/07):

- Total 7.475 million leva are provided to farmers to purchase fertilizers. This will provide support for 300,000 HA of wheat at 25.00 leva/HA. These funds will be provided as a one year loan (until Sep. 30, 2006) at 3 percent interest rate. Farmers have to make insurance against natural disasters in order to have access to these loans.
- 12.5 million leva for purchase of certified seeds of 40.0 leva/HA which will cover the needs for 300,000 HA.

- In order to provide better terms of payments to farmers, the MinAg extended the deadline on the 2004 fall planting fertilizer loans (same as above) from Sep. 30, 2005 to November 18, 2005.
- The MinAg also increased the initial funds (soft term loans) allocated under its "Farming Equipment" program from 25 million leva to 40 million leva.

Warehouse receipts system

In MY04/05 and MY05/06, the system of grain public warehouses started to function more efficiently. As of end-2004, total 48 warehouses were licensed as public, with a total capacity of 513,000 MT. Grain deposited against warehouse receipts was 217,000 MT including 125,000 MT of wheat; 78,000 MT of sunflower; 12,000 MT of barley and 2,000 MT of corn. Total 8 commercial banks participated in this system and issued 20 million leva credits against warehouse receipts which is the highest amount since the introduction of the system in 2000. In 2005, at least 2 new commercial banks will start offering credits against warehouse receipts.

Legislation

Over the last 5-6 years, Bulgaria has been harmonizing its agrarian legislation with the EU. An important commitment in the Agricultural Chapter was an establishment of the Paying and Intervention Agencies, a task which has not been done yet and which causes significant concerns among the EU observers. For political reasons, the last two governments did not initiate any steps in this direction and left the State Reserve/SR to intervene on the market. This SR system was created in the past and was not based on any sound market principles. Despite the fact that in the last 3-4 years, the SR was purchasing and selling its grain stocks via Commodity Exchanges, the mechanism was open to various political manipulations and corruption. This was especially visible in deficit years.

The last interventions performed by the State Reserve was in early fall of 2004, when the Reserve purchased 170,000 MT from 2004 crop. This intervention increased the demand but did not support farmers' income and led to further reduction in farm gate prices due to unclear buying mechanisms. Reportedly, the Reserve sold a portion of its stocks in May 2005 which was afterwards exported to the EU. The SR plans to purchase 2005 wheat crop in September-October time, up to 68,000 MT.

In July 2005, the Parliament passed the changes in the Grain Law which excluded the State Reserve from the grain market. The Reserve will continue to store only military or war-time emergency grain stocks but will have no right to intervene on the market. This opens the legal door for establishment of the Intervention Agency as required by the EU. The Intervention Agency should be established in the fall of 2005 and should start operating by June 30, 2006. The Intervention Agency will be a part of the Paying Agency which will funnel all EU funds for the ag sector. A technical assistance project is already in place between the MinAg and the Austrian Government regarding this agency. Bulgaria has a determined size of intervention stocks at 500,000 MT of wheat.

In addition, the Grain Law calls for stricter state control over the grain industry market players. All entities which produce, trade, store and process grains, should show their records to the National Grain and Feed Agency/NGFA. Owners of grain storage with a capacity of over 500 MT are required to submit quarterly reports about available grain stocks to the NGFA.

Wheat PSD

PSD Table

Country Commodity	Bulgaria		(1000 HA)(1000 MT)				UOM
	2003	Revised	2004	Estimate	2005	Forecast	
Market Year Begin	USDA Official [Estimate [New]	DA Official [Estimate [New]	DA Official [Estimate [New]	MM/YYYY
	07/2004		07/2005		07/2006		
Area Harvested	750	950	950	1,000	1000	980	(1000 HA)
Beginning Stocks	519	189	52	187	277	92	(1000 MT)
Production	1700	3600	3600	3000	3000	3300	(1000 MT)
TOTAL Mkt. Yr. Imports	243	18	25	15	25	20	(1000 MT)
Jul-Jun Imports	243	0	25	0	25	20	(1000 MT)
Jul-Jun Import U.S.	23	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	2462	3807	3677	3202	3302	3412	(1000 MT)
TOTAL Mkt. Yr. Exports	40	1120	900	680	700	1000	(1000 MT)
Jul-Jun Exports	40	1120	900	680	700	1000	(1000 MT)
Feed Dom. Consumption	600	900	700	930	700	940	(1000 MT)
TOTAL Dom. Consumptic	2370	2500	2500	2430	2450	2304	(1000 MT)
Ending Stocks	52	187	277	92	152	108	(1000 MT)
TOTAL DISTRIBUTION	2462	3807	3677	3202	3302	3412	(1000 MT)

Wheat Import Matrix

Import Trade Matrix

Country Bulgaria

Commodity Wheat

Time Period **MY04/05** Units: **MY03/04**

Imports for: **1**

U.S. **1750** U.S. **20,693**

Others		Others	
Canada	5,530	Greece	8,598
Greece	7,959	Germany	24,883
Turkey	694	Romania	27,803
France	364	Russia	32,471
		Brazil	74,056
		Canada	5,078
		Syria	4,500
		Turkey	69,319

Total for Others **14547** **246708**

Others not Listed **970**

Grand Total **16297** **268371**

Wheat Export Matrix

Export Trade Matrix

Country Bulgaria

Commodity Wheat

Time Period Units:

Exports for: **1**

U.S. U.S.

Others Others

Spain	379,815	Greece	2,298
Tunisia	113,192	Cyprus	1,019
Indonesia	78,498	Romania	30,491
Romania	71,689	Yugoslavia	6,065
Macedonia	55,287	Albania	722
Bangladesh	48,646		
Croatia	41,059		
Italy	39,623		
Syria	29,822		
Morocco	45,150		

Total for Others 902781 40595

Others not Listed

Grand Total 1120216 40595

Wheat Price Table

Prices Table

Country Bulgaria

Commodity Wheat

Prices in per uom

Year	<input type="text" value="2004"/>	2005	% Change
Jan	225	107	-52%
Feb	220	110	-50%
Mar	210		-100%
Apr	200		-100%
May	199		-100%
Jun	199		-100%
Jul	100		-100%
Aug	96		-100%
Sep	98		-100%
Oct	101		-100%
Nov	105		-100%
Dec	108		-100%

Exchange Rate Local Currency/US \$
 Date of Quote MM/DD/YYYY

Barley PSD

PSD Table

Country Commodity	Bulgaria		(1000 HA)(1000 MT)				UOM
	2003	Revised	2004	Estimate	2005	Forecast	
Market Year Begin	USDA Official [Estimate]	DA Official [Estimate]	USDA Official [Estimate]	DA Official [Estimate]	USDA Official [Estimate]	DA Official [Estimate]	MM/YYYY
	07/2003		07/2004		07/2005		
Area Harvested	270	270	280	280	260	240	(1000 HA)
Beginning Stocks	70	70	85	10	82	18	(1000 MT)
Production	450	450	950	950	600	600	(1000 MT)
TOTAL Mkt. Yr. Imports	35	19	20	5	10	15	(1000 MT)
Oct-Sep Imports	35	19	20	5	10	15	(1000 MT)
Oct-Sep Import U.S.	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	555	539	1055	965	692	633	(1000 MT)
TOTAL Mkt. Yr. Exports	20	19	393	430	200	120	(1000 MT)
Oct-Sep Exports	20	19	400	430	200	120	(1000 MT)
Feed Dom. Consumption	300	280	400	300	250	285	(1000 MT)
TOTAL Dom. Consumptic	450	510	580	517	400	505	(1000 MT)
Ending Stocks	85	10	82	18	92	8	(1000 MT)
TOTAL DISTRIBUTION	555	539	1055	965	692	633	(1000 MT)

Barley Import Matrix

Import Trade Matrix

Country Bulgaria

Commodity Barley

Time Period Units:
 Imports for: **1**
 U.S. U.S.

Others		Others	
Hungary	1,747	Ukraine	2,713
France	3,447	Russia	12,412
		France	3,935

Total for Others 5194 19060
 Others not Listed
 Grand Total 5194 19060

Barley Export Matrix

Export Trade Matrix

Country Bulgaria

Commodity Barley

Time Period Units:

Exports for: **1**

U.S. U.S.

Others Others

Italy	48,523	Ukraine	2,601
Greece	77,449	Greece	9,638
Cyprus	47,108	Albania	32
Syria	63,162		
Romania	74,996	Romania	3,627
Tunisia	50,066		
Libya	19,722		
Morocco	10,852		
Israel	9,419		
Macedonia	7,290	Macedonia	2,763
Total for Others	408587		18661
Others not Listed	<input type="text" value="18583"/>		<input type="text" value=""/>
Grand Total	427170		18661

Barley Price Table

Prices Table

Country Bulgaria

Commodity Barley

Prices in per uom

Year	<input type="text" value="2004"/>	2005	% Change
Jan	174	86	-51%
Feb	174	93	-47%
Mar	185		-100%
Apr	187		-100%
May	190		-100%
Jun	138		-100%
Jul	78		-100%
Aug	72		-100%
Sep	74		-100%
Oct	74		-100%
Nov	80		-100%
Dec	86		-100%

Exchange Rate Local Currency/US \$
 Date of Quote MM/DD/YYYY

Corn PSD

PSD Table

Country Commodity	Bulgaria		(1000 HA)(1000 MT)				UOM
	2003	Revised	2004	Estimate	2005	Forecast	
Market Year Begin	USDA Official [Estimate]	DA Official [Estimate]	MM/YYYY				
	10/2003	10/2003	10/2004	10/2004	10/2005	10/2005	
Area Harvested	400	400	350	350	350	300	(1000 HA)
Beginning Stocks	31	97	62	125	62	36	(1000 MT)
Production	1000	1000	1500	1600	1200	1300	(1000 MT)
TOTAL Mkt. Yr. Imports	162	168	50	10	100	90	(1000 MT)
Oct-Sep Imports	162	168	50	10	100	90	(1000 MT)
Oct-Sep Import U.S.	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	1193	1265	1612	1735	1362	1426	(1000 MT)
TOTAL Mkt. Yr. Exports	81	81	500	540	150	300	(1000 MT)
Oct-Sep Exports	81	92	500	540	150	300	(1000 MT)
Feed Dom. Consumption	800	800	800	900	850	830	(1000 MT)
TOTAL Dom. Consumptic	1050	1059	1050	1159	1100	1089	(1000 MT)
Ending Stocks	62	125	62	36	112	37	(1000 MT)
TOTAL DISTRIBUTION	1193	1265	1612	1735	1362	1426	(1000 MT)

Corn Import Matrix

Import Trade Matrix

Country Bulgaria

Commodity Corn

Time Period **MY04/05** Units: **MY03/04**
 Imports for: **1**
 U.S. **834** U.S. **745**

Others		Others	
Hungary	1,169	Hungary	11,409
Romania	2,016	Romania	5,483
Ukraine	2,473	Ukraine	33,234
Croatia	290	China	369
France	166	France	3,079
Austria	292	Austria	678
		Brazil	112,660

Total for Others 6406 166912
 Others not Listed **420** **771**
 Grand Total 7660 168428

Corn Export Matrix

Export Trade Matrix

Country Bulgaria

Commodity Corn

Time Period Units:
 Exports for:
 U.S. U.S.

Others		Others	
Spain	124,896	Spain	17,883
Libya	59,720	Greece	21,413
Syria	86,692		
Tunisia	47,845		
Macedonia	33,382	Macedonia	5,652
Israel	37,403		
Italy	23,981	Italy	27,794
Cyprus	20,344		
Portugal	21,377	Portugal	8,059
Egypt	24,754		
Total for Others	480394		80801
Others not Listed	<input type="text" value="41,077"/>		<input type="text" value="40"/>
Grand Total	521471		80841

Corn Price Table

Prices Table

Country Bulgaria

Commodity Corn

Prices in per uom

Year	<input type="text" value="2004"/>	2005	% Change
Jan	177	96	-46%
Feb	183	96	-48%
Mar	179	102	-43%
Apr	178	99	-44%
May	186	98	-47%
Jun	192		-100%
Jul	190		-100%
Aug	176		-100%
Sep	141		-100%
Oct	98		-100%
Nov	97		-100%
Dec	98		-100%

Exchange Rate Local Currency/US \$

Date of Quote MM/DD/YYYY