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Report Highlights:

The Bulgarian livestock industry continues to restructure in preparation for EU accession. Among the new challenges to the red meat sector are the classical swine fever eradication program, improved animal genetics and meeting food safety and quality standards. Growing consumption in 2005/2006 has stimulated higher beef imports. U.S. meat exporters may continue to export beef and pork to the local market until the end of 2006.

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Executive Summary

Over CY2005 and in early 2006, Bulgarian livestock industry continued restructuring in preparation for the EU accession. The major challenges for livestock farms and the meat processing industry were related to active investment, improvement of animal breeds, and the introduction of EU harmonized food safety and animal health norms.

The good grain crop in 2005 supported overall successful development of the livestock sector. Most small and medium size farms, however, struggled to introduce EU veterinary requirements in the area of animal health and animal welfare, and some went out of business. In 2005, total number of livestock farms declined 7.5% with the number of small farms coming down by 15%-17%. Meat prices continued to increase as consumer demand continued to exceed supply, and stimulated slaughter by smaller farms. Thus, the reduction in livestock numbers continued due to industry restructuring and meat deficit issues, but the pace slowed.

As a result of the above trends, red meat production in 2005 was lower and meat imports continued to increase. Total 2005 red meat imports were 79,000 MT compared to 55,000 MT in 2004 or a growth of 44%, as beef imports alone were 209% higher and as beef substituted for pork. Pork imports, due to vague and unclear trade policy and protectionist measures, dropped to 21,000 MT. For the first six months of 2006, imports stayed high: beef at 27,000 MT, and pork at 17,000 MT, or total 44,000 MT. By 2007, with EU accession, meat imports are likely to be significant; however, trade patterns may change: more pork will be sourced within the EU, and pork imports will likely increase and surpass declining beef imports.

According to U.S. Customs, in 2005, U.S. red meat exports to Bulgaria increased to 3,355 MT (2,662 MT in 2004). In 2006, (January-June), these exports were 2,117 MT or 64% growth over 2004.

A new challenge was the termination of vaccination against classical swine fever (CSF) which started January 1, 2006. To date, Bulgaria has had 3 officially announced CSF outbreaks, which has not led to any dramatic drop in swine numbers or pork production but has raised many issues related to correct implementation of the CSF eradication program and bleak industry hopes for exports (see BU6006).

In late 2005 and in 2006, the MinAg/Vet Service intensified its inspections in connection with the introduction of EU food safety standards at meat plants. The final EU food safety inspection, due in the fall of 2006, should verify and/or revise the list of locally-approved establishments, so that by January 2007 only those which have final EU approval will operate on the market. Currently, about 310 red meat facilities or 42% fewer than existed in two years ago, are assessed as ready to operate on the EU market.

Bulgaria still continues to allow entry of U.S. meat and meat products in 2006. The FAS Office of Agricultural Affairs negotiated a derogation from the current regulation (Ordinance #47 passed in May, 2006) which introduced EU requirements for third country imports such as approved establishments, export certificates etc. starting October 1, 2006. As a result, the U.S. will be able to use the current FSIS 9060-5 bilingual certificates to continue to export meat products to Bulgaria until December 31, 2006 (the last date on the certificate should be not later than December 31, 2006). Shipments will be allowed entry in the first two months of 2007.

The prospects for U.S. exports of higher quality beef steaks in 2007 are still good. This trade is in small quantities and sourced from EU approved plants in the U.S. U.S. exports of pork

are likely to continue as well, most likely sourced from Smithfield's EU-approved plants in the U.S. and traded via Romania/port of Constantza and indirectly coming to the local market. Due to upcoming EU accession, however, Bulgaria will not allow imports of U.S. poultry and products, and beef tripe, two major products in which the U.S. has been seen as traditionally competitive. Thus, the potential loss of this market can be estimated at about \$14 million.

In 2006-2007, the livestock and meat industries are to continue with further restructuring related to investment in improved breeds; better meat quality; adoption of stringent hygiene practices and food safety standards; and development of new marketing strategies. Most likely results by 2007/2008 are fewer farms, stabilized livestock numbers, and improved efficiency and competitiveness of commercial operations.

EU accession challenges

There are several areas in the veterinary field which have been outlined by the EU experts as being of high concern in the last EU progress report of May 2006. The MinAg showed a commitment and put extra efforts to eliminate these "red flag" zones in the period after May, so that the next EU progress report due in October can register a considerable improvement.

- Border veterinary control: out of 8 EU-model border points, only one has been fully completed in 2005. The work on the remaining 7 border point has been expedited and they should be ready by October 1, 2006. It is assumed that their certification will take 1-2 months, so that by January 1, 2007, all border points should be operational. These border points should be able to process all trade (imports and exports) in foods of animal origin with third countries, including USA.

- Incinerators for the BSE specific risk materials (SRM), management of high and low risk materials. Bulgaria currently has only one industrial capacity incinerator which meets the EU requirements (Shoumen); and one (Varna) temporary approved to process SRM until the new EU-funded incinerator start working by 2009. This new incinerator funded by the EU is in process of being built and will be ready by 2008/2009. The new facility will be the largest on the Balkans and will be able to process SRM, high and low risk materials, from neighboring countries as well (Macedonia, Greece).

Since the beginning of 2006, incinerators can not sell the meat and bone meal due to the feed ban. The GOB used to pay to incinerators for burning of high and low risk materials but transferred this cost to meat establishments in 2006. Due to high transportation cost and high fees, many plants preferred to bury the waste. However, burying of such quantities carries a risk for human health and is not in line with the EU standards.

- Not completed livestock ear marking computer database for tracking of animal movement, animal health status, births, deaths, losses etc;

- Eradication of classical swine fever. Bulgaria stopped vaccination in January 2006 (see BU6006).

Cattle and Beef

Production

The data in the PSD table for cattle was revised based on final official figures for cattle and cows numbers as of November 2004 and November 2005 which are accepted as official numbers as of January 1, 2005 and 2006, due to insignificant difference. Data about the number of slaughtered animals and meat production differs from official (explanations are

given below). Birth and loss rates are AgOffice estimates due to lack of reliable statistics. Meat trade is calculated in CWE as per USDA/FAS/DLP instructions. Please, note that this methodology leads to differences with official Bulgarian statistics which includes variety meats and pork fat (in CWE) in the category pork meat trade.

The attractive beef prices in 2005 as a result of red meats shortage, combined with restructuring of the sector and orientation of commercial farms to milk production, resulted in continuing higher slaughter rates for cattle. Thus, the total number of cattle as of January, 2006 was 7.4% lower than in 2005 (see Table.1), however, the reduction was slower compared to the previous year (8% drop in numbers between 2005 and 2004). The number of dairy cows has dropped 5.3%, but their relative share has increased from 52% of total cattle numbers at end-2004, to 57% by end-2005 and 58% in 2006. The share is likely to be 57.5% by 2007 (AgOffice estimate). Since the above trends continue in 2006/2007, it is expected that the number of cows will likely stabilize, and the total cattle numbers may only slightly decline.

During 2005, the number of cattle farms continued to decline by 13.2% to 168,000; out of them dairy cows farms were 14.6% down to 151,000 (Tables 2 and 3). The average number of cattle per a farm increased from 3.5 to 3.7; and for cows/farm, from 2.1 to 2.3. However, still 63.4% of dairy cows farms have only one cow which represents 27.6% of all dairy cows. As of early-2006, commercial cattle sector accounted for 2.8% of dairy farms (2.0% a year ago) and 29.4% of total dairy cows (22% a year ago).

The calf crop for the period 2004-2006 is based on estimated 75 percent birth rate for 100 cows (there is no such official data). The loss rate is estimated at about 4.5% to 6% of total supply in 2004-2006.

Production factors

Feed

In MY2005, grain crop was in good supply and of very good quality. In MY2006, the grain supply was also good, although the quality was lower and more appropriate for feed purposes. In both years, feed prices were favorable for the livestock farmers. Export demand was targeted to higher milling quality grains which left feed in good supply within Bulgaria.

As a result, in 2005 (post harvest) ex-farm feed prices were comparable to those in the same period in 2004: feed wheat at 120 leva/MT (130 leva/MT in 2004); and feed barley at about 100 leva/MT (80 leva/MT in 2004). In MY2006 (post-harvest) ex-farm prices are also closer to 2005 levels although started to increase much faster in July and August due to favorable export demand, especially for wheat. Corn was in abundant supply in MY2005 and at attractive prices, however, prospects for MY2006 are for lower corn supply, which combined with higher EU export quota may result in more expensive feed corn. Thus, overall feed prices in MY2006 are estimated to be stable but slightly higher than in the previous two years.

Good feed availability is likely to stimulate larger farmers to keep dairy cows for milk production, especially with the new EU milk quota mechanism in place which will be introduced in 2007. The new market tool has already stimulated imports of genetic materials, and live breeding animals (pregnant heifers) in 2006 from Germany, Denmark, Holland and Austria. The first pilot milk quotas were assigned to dairy farmers in July as the final quotas will be granted in December 2006 based on the average annual dairy numbers and produced milk. Thus, slaughter rate at larger farms is likely to drop and dairy cattle

numbers stabilize at their current level. However, attractive beef prices will continue to motivate small farms (especially those which are not eligible for EU support) to slaughter.

With the new EU market support policies, an increasing number of farms is trying to develop its dairy specialization (EU milk quota system) but at the same time, are allocating small herds to develop meat breeds due to attractive beef meat premiums. This specialization will take couple of years since Bulgaria currently has no meat breeds. In the next 3-5 years, the country will produce beef mainly from the slaughtered dairy calves and will be a net importer of beef, both for processing and direct consumption.

Animal health

There were a few cases of bovine tuberculosis (TB) and leucosis on cattle in 2005/2006. These diseases are rather frequent, especially leucosis, and require higher farmers' attention.

Bulgaria is currently known to be free of BSE. The country did not register any BSE outbreaks over the last 40 years. Bulgarian cattle farmers do not use meat and bone meal in their feed formulations. According to the latest EU inspection (May 2006), Bulgaria needs to do more work to meet EU-BSE related requirements. This includes modern incinerators (see summary), and the appropriate treatment of risk materials. In the fall of 2002, Bulgaria opened the first modern BSE testing laboratory built with the EU financial assistance (in Veliko Turnovo). The tests, and BSE eradication and surveillance programs applied, are in line with the EU requirements.

Prices and local demand

The trend of hiking beef prices which started in 2004, has continued to date due to demand constantly exceeding supply (Table 4).

With the development of the retail sector, the share of ex-farm prices in the retail beef price has continued to decline. In 2005 and 2006, consumer income has steadily increased, along with the meat purchases and demand for quality meat. Retail distribution consolidated further, with supermarkets/hypermarkets share reaching 25% in 2005 compared to 18% in 2000. It has been estimated that in 2005, supermarkets/hypermarkets sell between 32% and 46% of all retail meat.

In 2005-2006, meat, as a food category, retained its second biggest volume share of fresh food sales. Sales of fresh meat (all from local supply) remained much higher than those of canned/preserved meats, frozen or chilled (Euromonitor data). Pork continued to be the most popular meat as sales of pork were almost twice the size of those of poultry, with beef coming on a third position. Total meat sales in 2004-2006 continued its upward trend increasing from 386,000 MT in 2002 to 392,000 MT in 2004 and 398,000 in 2005 (source: National Statistical Institute).

Domestic support

The GOB via State Fund Agriculture does not have significant support programs for the development of the cattle sector. In 2005 and in 2006, there were no subsidies for meat cattle farmers, or any target programs to encourage beef meat production.

The most popular domestic support programs in 2005 were:

- the subsidy for high quality fresh milk (increased in value in 2005 and 2006, and extended to include goats' milk);

- soft credit lines for purchase of breeding stocks; credit lines for purchase of equipment for livestock farms and for construction/reconstruction of existent livestock farms (15 million leva);
- import subsidy for imports of breeding dairy/meat livestock from the EU (1.8 million leva);
- target subsidy for feeding of control breeding livestock, and for support of breeding associations (5.0 million leva of which 1.6 million leva for 52,000 breeding cattle and 250,000 leva as a support for cattle breeding associations)
- export subsidy for lamb meat (520,000 leva in 2005 of which 347,000 leva were used for exports of 433 MT of lamb). In 2004, the subsidy was 200,000 leva for exports of 250 MT of lamb.

In 2005, the EU-SAPARD investment program continued to support investment at livestock farms. As of May 2006, total 90 red and white meat livestock farm investment projects were approved with a total subsidy of 55 million leva. Investment in the meat processing and trade industry enjoyed higher interest, so total 91 projects were approved for 92 million leva subsidy.

Beef Meat Production

Meat production is estimated based on PSD for animal numbers, and produced meat from slaughtered animals (AgOffice estimate) using average slaughter indexes based on official MinAg data. The official slaughtered numbers are used as a reference. This statistics, however, is not fully reliable since it is based on a survey with farmers answering questionnaires, and "underreporting" or lack of information, especially at small/medium farms, is common, due to tax evasion. There are two MinAg bulletins (Landsis #91, March 2006, and Landsis #95, June 2006) which refer to slaughtered animals in 2005: 206,100 cattle of which 180,300 head slaughtered at farms under the veterinary control (87%), and 29,800 head slaughtered at slaughterhouses (13%). The AgOffice estimate, 228,000 head of cattle, takes into account the usual "underreporting" by farmers. See Tables 5, 9-13.

The number of slaughtered cattle is obtained as a remaining figure after deducting loss rate (estimated at 6.5% in 2005, 5% in 2006 and 4.4% in 2007). The percent of slaughtered cattle in 2005 is estimated at 24% of total supply, a decline from 30 percent in the past to 25 percent in 2003/2004. This trend is a result of improved herd management, and commercialization of the sector which keeps an increasing number of dairy cattle at more efficient farms. The estimate for 2006/2007 is for 22% of total supply to be slaughtered.

The beef/veal production in PSD is based on accepted average CWE of 170 kilos/head for 2005 and 175 kilos/head estimated for 2006. The 2005 official data shows variations in CWE from 177 kilos/head at slaughter houses to 137 kilos/head at farms.

As per MinAg data, cattle and calves slaughtered at farms in 2005 were about the same as in 2004 (Table. 10) while those slaughtered at slaughterhouses was 34% less than in 2004 (Table. 9). Thus, total CWE at slaughterhouses has declined 30.8%. At the same time, the average LWE and CWE at slaughterhouses have increased by 9% and 5.4%, respectively. Similar to the trend at slaughterhouses, average LWE at farms was 10.3% higher than in 2004. The rate CWE/LWE at slaughterhouses and at farms is the same, 0.46 -0.47. Thus, in 2005, official total beef meat production was 30,025 MT (39,000 MT AgSofia estimate) of which 5,273 MT or 17.5% produced at slaughter houses, and 24,752 MT or 82.5% produced at farms.

It is important to note that beef produced at farms is not usually traded on the market, it remains for on-farm consumption or village in-kind trade. The trend of higher cattle

numbers slaughtered at farms is a result not only of current livestock sector restructuring but also due to shutting down of many slaughterhouses in 2003-2006.

Commercial Beef Production

Beef production is traditionally lower than consumption, so Bulgaria continues to be a net beef importer. In 2005, 82.5% of produced beef did not reach the market and stayed for on-farm consumption. Therefore, the 2005 commercial beef market can be estimated at 71,000 MT of which 7,000 MT local beef and 65,000 imported beef.

Slaughter and red meat production in 2005

During 2005, total 154 slaughter houses or 11.5% less than in 2004 were functioning. In early 2006, only 70 were allowed to operate based on the new EU standards.

Out of 154 operating slaughter facilities 100 slaughtered cattle; 149 slaughtered swine; and 83 slaughtered sheep. There were a few specialized slaughter facilities – 2 for cattle; 3 for sheep and goats; and 44 for pork (Table 9). The number of EU licensed for exports slaughter houses was 8, accounting for 59.2% of total slaughtered animals and 25.3% of total produced meat. Total 146 facilities worked for the local market and produced 74.7 % of total meat.

The official statistics reported total 8.6% more slaughtered animals and 0.5% less meat production in 2005 vs. 2004. The reduction in total meat output was due to lower average LWE/CWE with sheep/goats while these indexes for cattle and swine have increased in 2005. During 2005, the number of slaughtered livestock at slaughterhouses was reported to be 2.2% higher than in 2004 but produced 14.2% less meat output. At the same time, both the number of slaughtered animals and meat produced at farms increased in 2005 by 14.5% and 12%, respectively, which proves the increased slaughter rates at small/medium farms. As a result, red meat produced at slaughter houses and entering the food chain in 2005 (53,166 MT) was 41.2% of total red meat vs. 58.8% (75,823 MT) of red meat produced at farms.

Thus, the commercial meat deficit in the food chain deepened, contributed to higher meat prices, and led to higher imports. The differences between the commercial, market oriented and on-farm, self-sufficient red meat sectors became even more drastic with the new EU sanitary and quality requirements (HACCP and (S)EUROP carcass standard). As of 2006, it is clear that there is no realistic near-time future for small livestock farms to become market oriented due to stringent requirements for high investment in safety, marketing and quality standards. Meat market shortage seems to be inevitable in the next 2-3 years until commercialization of red meat industry is completed.

Beef Meat Consumption

Beef meat produced in Bulgaria is from dairy, not meat breeds. 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 beef commercial farms yet.

In 2005, lower meat production 39,000 MT combined with increasing consumer demand, both for direct consumption and processing, led to higher beef imports for processing, 69,000 MT vs. 33,000 in 2004. Higher imports stabilized supply and human consumption increased sharply to 104,000 MT (see PSD beef table). MinAg has estimated local consumption in 2005 at 75,000 MT (Red Meat Bulletin, November 2005) to 95,300 MT (Landsis #95, June 2006). Higher demand for beef in 2005/2006 was a result of steadily

increasing income, a side effect from reduced chicken meat consumption due to Avian Influenza(AI) fears, and played a role of a substitute to expensive pork in processed meat products.

The expectations for 2006 and 2007 are for further drop in beef meat production to 35,000 MT due to lower total cattle numbers and gradually declining slaughter rates. With the EU accession, cheaper beef imports from Brazil may go down, so total beef imports are likely to drop to 50,000MT-53,000 MT. As a result, human consumption is expected to shrink to 92,000 MT in 2006 and 87,000 MT in 2007 but still be higher than the period 2001-2005.

In the medium/long term, beef consumption is forecast to stabilize at around 90,000 MT depending on the local supply and with stable annual imports at 50,000 MT - 55,000 MT. However, this forecast is highly dependant on, first, expected higher consumer income and preferences towards beef, and the future trade policy after the Bulgarian accession in the EU. Currently, most beef for processing is supplied by Brazil and Argentina, so these suppliers share will likely decline. The EU is also a net beef importer. If Bulgaria will not be able to import at competitive prices from the global market, this will significantly change beef consumption pattern and may force consumers (most of them very price sensitive) to seek for other alternatives (pork).

Over the last two-three years, there has been a tendency of increased consumer interest in beef meat for direct consumption. Currently, high quality beef steaks are imported from the U.S. and from Argentina. Importers have reported increasing sales since 2003 to date. In 2005, the U.S. beef was offered at two U.S. promotions as the target market was the HRI sector. Argentine steaks are promoted mainly at the retail level (in Metro outlets) since they are lower priced compared to the U.S. beef steaks. One of the major local restaurant chains included local origin beef as their key product in 2005/2006 to substitute for declining chicken sales due to the AI fears. Consumers reacted unexpectedly well and the chain is likely to continue with the new policy in 2007.

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 sometimes with pork.

Trade

Exports

In 2004 and 2005, the MinAg subsidized exports of certain agricultural products but beef meat was not among them.

In 2002 - 2004, Yugoslavia and Jordan were the largest markets for live cattle due to the fact that Bulgarian export supply was known to be free of BSE. In 2004, exports of live cattle were 24,714 head of which 21,944 declared for slaughter. In 2005, exports reached record high number of 50,057 animals (\$10.8 million) of which 3,721 breeding cattle, destined for the region - Albania, Serbia & Montenegro, Macedonia and Greece.

About 35,000 head of cattle are expected to be exported in 2006 - 2007. 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.

Since May 1, 2004, the new trade agreements between Bulgaria and the EU-25 came in force. According to these agreements, the following was granted to Bulgarian exports to the EU for the period July 1, 2004 to June 30, 2005:

- HS#0102 90- livestock, 6,000 head at 0% duty and annual increase in this quota of 600 head;
- HS#0201 and 0202 – 2,500 MT of beef at 0% import duty;
- HS#1602 50 – beef cans, 0% duty for a TRQ of 600 MT for the period July 1, 2005 to June 30, 2006; 60 MT annual increase.

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 under HS#0201 and HS#0202.

In 2005, beef exports were negligible, 250 MT (93 MT in 2004). The major reason for low beef exports is higher demand on the local market. Traditional market for small quantities of local fresh beef in 2005 was Yugoslavia and UAE. Quotas for the EU are not filled since Bulgarian beef is not competitive in terms of quality and price on the EU market.

Imports

In 2004, 186 breeding cattle were imported (Austria, Hungary and Croatia) vs. no imports of live cattle in 2003. In 2005, imports were much higher at 1,887 head at \$2.7 million due to a state import subsidy program for herd improvement and upcoming EU dairy quota regulation. This trend continued in 2006 (reportedly, above 3,000 head imported in the first 7 months) and will likely take place in 2007.

The BSE crisis in the U.S. did not have an effect on beef trade. No bans on U.S. beef products were imposed since February 2004 to date. Currently, there is no ban of any livestock or beef/cattle related products from the U.S with the exception of a regionalized ban on Texas.

Bulgaria also softened its import restrictions for EU BSE-affected countries. On June 3, 2004, it lifted the ban on imports of reproductive materials originating from BSE affected countries (bovine semen, ova and embryos). Also, a ban on pet food containing proteins from livestock originating from such countries was removed.

On August 22, 2006, the MinAg issued a temporary ban on imports of livestock from the Netherlands, Luxemburg, a number of provinces in Germany and two provinces of Belgium due to Blue Tongue disease.

Beef imports in CY2005 were 68,697 MT at \$55.0 million or 206% higher than in CY2004, mainly from Brazil and Argentina. Unusually high beef imports were the best alternative to difficult and expensive pork imports to meet the meat processors demand. Beef imports are almost entirely in a form of frozen, boneless meat, mainly beef trimmings and beef edible offal for processing (90 percent of total imports); and direct consumption (10 percent). The average import price in 2005 was \$1,086/MT compared to \$813/MT in 2004. Imports of carcass meat from the EU were banned due to BSE. In 2005, only a few EU countries were allowed entry. Beef meat imports were 26,562 MT for the first 6 months of 2006.

Major suppliers of beef to Bulgaria are Argentina, Brazil, Uruguay and most recently Greece. The U.S. exports in 2005 were 242 MT (in CWE) compared to 842 MT in 2004 and 1,353 MT in 2003. In CY2005, Bulgaria imported small quantities of high quality U.S. beef steaks which were successfully sold to the HRI sector. Currently, quality U.S. beef steaks are offered in the top six restaurants and hotels.

Trade Regime

Beef Import duties (Table.14)

Beef Import Quotas: In 2005, the GOB issued a regulation introducing licensing of importers under EU import quotas (Official Gazette #56 of July 8, 2005). Licenses are granted to importers after approval by the MinAg based on company's history. The EU-TRQs are distributed in 4 equal portions per a quarter. In 2005, the MinAg were regulating 5 such TRQ: for beef, veal, pork and meat products.

According to GATT agreement, total 19,800 MT in beef quotas are available for 2006.(Table.16) Bulgaria does not fill its WTO meat import quotas. For example, the WTO quota of 10,200 MT of beef of which 8,149 MT from the EU, at 8.5% reduced import duty is not used (Table 17,18).

Trade Agreements: The EU has the largest portion in beef import quotas (Table 16,19). Imports of cattle offal for pharmaceutical industry are duty free. Live cattle imports are duty free.

Agricultural Policy

As of 2005, Bulgaria closed Agriculture chapter with the EU and is considered as harmonized in its veterinary and livestock related policy with the EU legislation. The emphasis is given to implementation of food safety regulations, quality standards of meat products and application of hygiene norms at meat processing plants and slaughter houses.

In 2005, Bulgaria introduced the EU system for classification and grading of animal carcasses for slaughtering (S)EUROP (Official Gazette #8 of January 21, 2005); and a new regulation for labeling of beef and veal meat. In October 2005, the GOB passed the key Veterinary Law (Official Gazette #87 of November 1, 2005 which entered in force on May 2, 2006). A number of other major laws and regulations were passed since beginning of 2005 to date such as: Waste Management Law, Health Law, Consumer Protection Law, Food Law, Water Resources Law along with more than 30 new regulations.

The size and complexity of new legislation along with the pressure for new investment, safety and quality standards led to bankruptcy of a number of small businesses and further consolidation, acquisitions and mergers in the meat industry.

U.S. Market Opportunities

The beef market in Bulgaria continues to be good and the prospects are optimistic. Despite the harmonization with the EU legislation, the U.S. is granted derogations for entry of US products until full EU membership. Therefore, AgOffice recommends a continuation of market promotion activities for prime quality beef in coordination with the U.S. Meat Export Federation in 2007.

Swine and pork

Production

In 2005 and in 2006, the pork sector continued to struggle with inefficiencies, restructuring, changes and improvement in genetics, and lower pork production compared to demand. The sector continued to enjoy high protection in the trade policy. Hiking pork prices as a result of

long-standing demand stimulated slaughter, although at a slower rate in 2005 vs.2004, and mainly at smaller farms. Thus, swine and sow numbers during 2005 stabilized and slightly increased by 1.2% and 1.0%, respectively (Table 1).

The structure of the pork sector in 2005 improved as the commercial concentration increased. Currently, 81 farms account for 46.3% of total swine numbers; 389 farms or 0.2% have more than 100 pigs and account for 53.7% of total swine. At the same time, 81.9% of all pork farms have 1-2 sows; 86.9% of pork farms have 1-2 pigs. The number of these small pork farms declined during 2005 by 17% (Table 6,7).

The data in the PSD table for animal numbers was revised based on official GOB statistics as of end-November 2004 (used as beginning stocks on January 1, 2005, and numbers as of end-November 2005 (used as beginning stocks on January 2006 (see cattle section). A revision was made based on official number of swine and sows (Landsis bulletin #91).

There is no official data about birth and loss rates. The birth rate in 2005-2007 is estimated to be lower due to restructuring of the herds, 16 piglets per a year; the loss rate is estimated at 10 percent to total supply. Commercial farms are trying to improve their breeds but although positive, this has temporary negative effects on birth and loss rates. The swine numbers in the PSD for 2006 are "neutral" and do not assume any collapse in the sector due to the Classical Swine Fever (CSF) eradication.

EU integration: Classical Swine Fever eradication program and carcass classification standard

The biggest challenge in the pork sector in 2006 is the CSF eradication due to Bulgarian commitments for the EU accession. Until Bulgaria will not terminate vaccination, the country will not be able to export/trade pork to the EU. (see BU6006)

In addition, pork farms have to continue with restructuring in order to introduce improved breeds in line with the EU requirements, and in order to meet carcass classification standard (S)EUROP. According to the Association of Pork Producers, local pork farms are not ready yet for herd restructuring due to lack of capital. Most likely, (S)EUROP will be introduced only at a few slaughter houses but the carcass trade will continue to be dominated by sales in LWE.

Production Factors

Animal health: In 2006, to date, there were 3 outbreaks of classical swine fever (CSF) all in Bourgas region. (see BU6006)

Feed: The MY2005/2006, grain supply was good and positively affected the pork sector. The feed accounted for 70-75 percent of pork production cost. The average feed conversation rate was 3.20-3.70 kilos of feed for a kilo of growth. Good grain harvest in MY2006/2007 are likely to support further revitalization of the sector. (see cattle and beef section for more details).

Prices and local demand

After the price reduction in 2003 due to higher meat supply, during 2004 and 2005, prices were hiking upward to reach 2.50-2.75 euro/kilo for pork carcass meat in September 2005 or almost double than the average EU prices (Table 8). This trend was a result of short local meat supply, and high import duties prohibiting competitive imports. Attractive pork prices in 2005 stimulated further slaughter by smaller farms. High prices were stable throughout 2006 until July/August 2006 when they dropped slightly as a result of new imports:

autonomous TRQ, 3,500 MT of pork cuts, and the EU-TRQ of 10,050 MT (both TRQs are opened on July 1, 2006).

Pork Meat Production

Good feed supply in 2005 and 2006 led to lower slaughtering at larger farms, and slight increase in hog numbers. However, high pork prices stimulated small/medium farmers to slaughter and sell pork or to use it on-farm. Overall, hogs were better fed and slaughtered at 5% higher average LWE/CWE both at slaughterhouses and at farms.

Hogs slaughtered at slaughterhouses declined in 2005 by 14.1% which resulted in 15.1% lower pork supply for the market (38,512 MT or 51.6% of total pork in 2005) despite higher average LWE/CWE. In 2005, farms registered 9.1% higher number of slaughtered hogs and higher average LWE at slaughter, thus meat produced at farms was 36,021 MT or 48.4% of total pork. The LWE/CWE rate was the same at farms and at slaughterhouses, 0.68-0.69 (Tables 9-13). In 2005, the regions of North Central and Northeast accounted for 55% of total pork production.

These trends are not likely to change significantly in 2006/2007 when the good feed availability continues. Slaughter rates are expected to be stable although they may vary widely depending on the size of the farm. Due to slightly increasing hog numbers, projected meat production may slowly revitalize but not to the extent to meet accelerating demand. Good prices will likely lead to higher imports of pork in near-medium term. Therefore, the AgOffice forecasts further growth in imports in 2006 and 2007 up to 32,000 MT. It is assumed that most of this pork will come from the EU suppliers such as Germany, Denmark and Poland due to expected Bulgarian accession, which will substitute for most of Brazilian imports.

The number of slaughter hogs is estimated by the AgOffice after having other estimates in the demand part of the balance (similar with the cattle tables). According to official data (Bulletins #91 and #95), the number of slaughter swine, both at the slaughter houses and at farms, in 2005 was 936,600 or lower than the AgOffice estimate. Using the same methodology as with cattle (see above), the AgOffice estimate is for 1,000 million slaughter head.

Meat production is calculated based on official data about CWE registered at farms (87.3 kilo/head) and at slaughterhouses (72.2 kilo/head), or an AgOffice estimate of 79 kilos/head. This index is used for 2005 and 2006/07 since no significant changes are likely. Thus, PSD-2005 shows pork production at 79,000 MT compared to official 74,533 MT, due to lower official slaughter numbers.

Domestic support

There are not any specific programs for the pork industry. See the cattle/beef section.

Pork Consumption

The estimate for 2006 and 2007 is for stabilization and revitalization in pork consumption to 104,000-111,000 MT. Growing and favorable consumer demand is likely to stimulate easier and reasonably priced imports with the eventual EU accession from traditional EU pork producer countries. Local pork is likely to be traded mainly in fresh form as to date, and at higher prices resulting in lower fresh pork consumption. This trend has already started in 2005 when the market research companies have registered a decline in consumption of fresh meat and a slight increase in purchases of processed meat products.

Another tendency for stronger consumer preferences towards leaner pork meat and chicken, as a substitute for pork, has continued in 2005 and 2006 as well. Price sensitive consumers were replacing pork with turkey, and meat processors were substituting pork with beef or turkey. These preferences developed partly as a result of healthy nutrition orientation in the urban areas but mainly due to price adjustments for low-middle income consumers (Euromonitor and GfK data).

Pork consumption in the PSD data is an AgOffice estimate based on market research data. In 2005, lower local meat supply was not compensated by sufficient imports, thus, pork consumption dropped to 101,000 MT. The MinAg shows consumption of 109,000 MT (Red Meat Bulletin, November 2005) to 115,300 MT (Bulletin#95, June 2006). Please, note that the MinAg methodology includes more products in the category of pork imports such as pork fat and variety meats, thus MinAg shows 2005 pork imports (in CWE) at 41,126 MT (43,065 MT for 2004) consequently changing consumption estimates.

Trade

Exports

In 2005, Bulgaria exported 2,110 breeding live swine for \$0.5 million to Ukraine. Exports of pork were negligible – 755 MT in CWE, mainly in a form of processed meat products to the region (Macedonia, Serbia & Montenegro, Russia). Bulgaria can not export pork and products to the EU since it is not considered free of CSF. Other reasons are poor quality of local pork which has thicker fat layer and lack of implemented (S)EUROP carcass standard. Thus, pork exports are likely stay small, below 1,000 MT per year, and only to the region.

In 2004-2005, Bulgaria had an export quota to the EU at duty free access for 3,900 MT (July 1, 2004 – June 30, 2005). The annual increase in this quota is 500 MT or 4,400 MT for the period July 1, 2005 - June 30, 2006. There is an export quota for 200 MT of pork to Macedonia at 50 percent reduction in import duty or 10 percent plus 0.21 Euro/kilo.

Imports

In 2005, imports of breeding live pigs were 13,754 head or 13 times more than in 2004 due to high demand for better quality breeds. The main suppliers were Germany and Holland.

The trade matrix shows pork imports for 2005 at 20,742 MT (in CWE) for about \$25.0 million. Imports are mainly in a frozen form. However, due to high import duties under HS#0203, most importers have to trade other pork products such as variety meats (HS#0206) and pork fat (HS#0209) (Table 14). Imports in 2004 and 2005 were significant since these products are less expensive and enjoy high demand, especially by the meat processing industry. These imports in 2005 were 34,024 MT vs. 28,109 MT in 2004 and 16,945 MT in 2003. Pork imports for the firsts six months of 2006 were 16,434 MT (in PWE, Customs data).

Frozen pork usually accounts for over 90 percent of imports. Demand for imports of frozen cuts for processing is increasing due to higher consumer demand for processed meat products vs. fresh pork. This demand is also stimulated by significant tourist inflow in the summer months.

Trade Regime

In 2005/2006, the situation on the meat market became tense. Growing incomes and the development of the retail and food service sectors continued to stimulate meat consumption. At the same time, local production was facing difficulties with necessary investment, animal health issues and efficiency. Local farmers were unable to meet the demand of the meat processors for higher volume and better quality meats. Practically all locally produced meat was used either for on-farm consumption or for fresh/chilled use on the market, a pattern which has been traditional for the last 5-6 years due to the meat shortage. At the same time, the protectionist trade policy did not allow imports of necessary meat for the meat processing industry in a volume demanded by the market.

Pork imports in 2004 and 2005 were erratic and overall difficult due to unclear and unpredictable trade policy. High pork prices and the deficit market were causing lots of pressure on the GOB for a more liberal regime. On the other hand, farmers were appealing for a trade protection for the pork industry which is not otherwise subsidized. The result was introduction of several small import TRQs for pork meat and fat, without sufficient advance notice and for short period of validity, all leading to negative effects for the meat trade (Table 21).

Currently, meat processors are looking forward EU accession with a hope for easier and price competitive pork trade. Some experts, however, are afraid, that easy and liberal procurement of pork meat for processing on the EU market may cause food safety issues in Bulgaria where still the public health authorities and meat establishments do not have a smooth verification system in place.

Import Duties, Trade Agreements and TRQs (see Tables 16-21). According to the latest trade agreement with the EU, Bulgaria was granted an export TRQ for pork meat and products under HS#0203, 1601,1602 at a zero duty for 3,900 MT with an annual increase of 500 MT starting July 1, 2005.

U.S. Market Opportunities

Market opportunities for U.S. pork are limited by upcoming EU accession. Due to regional Smithfield investment, most likely US pork from Smithfield EU approved plants are likely to come to the region via Romania.

Table 1. National number of livestock as of January 1, 2003- 2006 in 1,000 head

Table 1. National number of livestock as of January 1, 2002 - 2005 in 1,000 head				
	2003	2004	2005	2006
Cattle	691	728	671	622
Cows	376	378	380	359
Hogs	1117	1032	931	943
Sows	116	79	76	77
Sheep	1728	1600	1,693	1,602
Ewes	1379	1280	1,351	1,314
Goats	754	725	718	608
She-goats	619	593	578	506
Total sheep and goats	2482	2325	2,411	2,210
Total ewes and she-goats	1998	1873	1,929	1,820
Note: 2004 - 2006 numbers are official MinAg livestock numbers (Agro Statistics Dep.) as of November, 2003 - 2005 which is accepted as a valid (or very close number) for January 1, 2004 - 2006				

Table 2. Structure of the cattle farms and cattle numbers as of November 2005

Structure of the cattle farms and cattle numbers as of November 2005				
		Cattle total	Cows	Calves under one year age
Total farms	Livestock numbers	621,800	359,300	179,800
	Farms	168,000	153,600	100,100
	Average number of livestock per a farm	3.7	2.3	1.8
Note: MinAg Bulletin #91, March 2006				

Table 3. Distribution of cows, ewes, and sows per farms in November 2005

Distribution of cows, ewes, and sows per farms in November 2005						
Number of livestock per a farm	Dairy Cows		Ewes		Sows	
	As a share (%) of farms	As a share (%) of total cows	As a share (%) of farms	As a share (%) of total ewes	As a share (%) of farms	As a share (%) of total sows
1-9	97.2%	70.6%	86.0%	42.5%	95.1%	31.0%
10 and more	2.8%	29.4%	14.0%	57.5%	4.9%	69.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Note: MinAg bulletin #91

Table 4. Beef prices in 2002-2006 in leva/kilo

Beef prices in 2002-2006 in leva/kilo					
	Average 2002	Average 2003	Average 2004	Average 2005*	August 2006
Purchase price in LWE, calves	1.71	1.60	1.63	1.84	2.00-2.50
Purchase prices in LWE, cattle	1.26	1.18	1.14	1.20	1.10-1.50
Wholesale price, leva/kilo, beef in carcass	4.46	4.26	4.36	4.77	4.20-5.50
Retail price, leva/kilo, beef with bones	5.24	5.00	5.14	5.56	6.20-7.00

Source: MinAg Marketing Bulletin for Red Meat, November 2005; Association of Meat Processors Bulletin #31, 2006; Note: Average 2005 prices are for the period of the first 9 months

Table 5. Number of slaughtered animals in 2005 by regions in Bulgaria

Number of slaughtered animals in 2005 by regions in Bulgaria					
	Cattle	Swine	Sheep	Goats	Total
Northwest	16,300	53,000	95,200	87,800	252,300
North Central	24,000	247,300	126,300	87,100	484,700
Northeast	48,100	268,700	362,600	119,800	799,200
South east	18,700	138,800	199,200	82,200	438,900
South Central	73,500	153,700	264,100	113,700	605,000
Southwest	25,500	75,100	151,500	113,000	365,100
Total Bulgaria	206,100	936,600	1,198,900	603,600	2,945,200

Note: MinAg Landsis Bulletin #91

Table 6. Pork farms structure, November 2005

Pork farms structure, November 2005			
		Swine, total number	Sows, number
Total farms	Livestock numbers	943,000	76,600
	Farms	197,800	16,400
	Average number of livestock per a farm	4.8	4.7

Table 7. Distribution of sows at farms as of November 2005

Distribution of sows at farms as of November 2005			
Sows per a farm	Number of farms	Breeding sows above 50 kilos, number	Change in livestock number per category, 2005/2004
1-2	15,517	19,300	-15.4%
3-9	2,496	10,700	5.9%
10-49	792	13,300	14.7%
50-199	77	6,000	-16.7%
Over 200	54	47,500	10.2%
Total	18,936	96,800	2.1%

Note: MinAg Landsis Bulletin #91

Table 8. Pork prices in 2002-2006 in leva/kilo

Pork prices in 2002-2006 in leva/kilo					
	Average 2002	Average 2003	Average 2004	Average 2005*	August 2006
Purchase price in LWE, hogs	2.04	1.58	2.09	2.41	1.70-2.00
Purchase prices in LWE, sows	1.69	1.24	1.58	1.98	1.30-1.60
Wholesale price, leva/kilo, pork carcass	4.35	3.60	4.26	5.06	4.50-5.20
Retail price, leva/kilo, pork ham	6.59	5.59	6.11	7.19	7.00-7.50

Source: MinAg Marketing Bulletin for Red Meat, November 2005; Association of Meat Processors Bulletin #31, 2006; Note: average 2005 prices are for the period of the first 9 months

Table 9. Slaughtered livestock, head, and meat production, MT, at slaughterhouses in 2005

Slaughtered livestock, head, and meat production, MT, at slaughterhouses in 2005						
Livestock	Number of slaughter houses	Number of slaughtered animals	Meat production, MT	Rate CWE/LWE	Average LWE, kilos	Average CWE, kilos
Cattle	100	29,700	5,273	0.47	376	177
Swine	149	533,800	38,512	0.69	104	72
Sheep	83	870,600	9,123	0.46	23	11
Goats	27	31,400	255	0.49	17	8

Source: MinAg statistical bulletin #95, June 2006

Table 10. Slaughtered livestock at farms in 2003-2005, 1000 head

Slaughtered livestock at farms in 2003-2005, 1000 head				
	2003	2004	2005	Meat, CWE, produced at farms in 2005, MT
Cattle	124	179	178	24,751
Swine	274	376	412	36,020
Sheep	333	476	667	8,606
Goats	684	570	573	6,444
Total	1,415	1,601	1,830	75,823

Source: MinAg statistical bulletin #95, June 2006

Table 11. Meat produced at slaughterhouses in 2003-2005, MT, CWE

Meat produced at slaughterhouses in 2003-2005, MT, CWE			
	2003	2004	2005
Beef	9,036	7,624	5,273
Pork	51,706	45,348	38,512
Sheep, lamb, goat meat	9,071	8,974	9,378
Total meat	69,813	61,946	53,166

Source: MinAg statistical bulletin #95, June 2006

Table 12. Red meat production in 2003-2005, Bulgaria, total

Red meat production in 2003-2005, Bulgaria, total			
	2003	2004	2005
Beef	28,727	30,887	30,024
Pork	70,644	78,320	74,533
Sheep, lamb and goat meat	19,367	20,468	24,428
Source: MinAg statistical bulletin #95, June 2006			

Table 13. Structure of meat production in 2005

Structure of meat production in 2005				
	Meat produced at slaughterhouses		Meat produced at farms	
	MT	%	MT	%
Beef	5,273	17.5	24,751	82.5
Pork	38,512	51.7	36,020	48.3
Sheep	9,123	51.4	8,606	48.6
Goat meat	255	3.9	6,444	96.1
Total	53,165	41.2	75,823	58.8
Source: MinAg statistical bulletins				

Table #14. Imports of meat products different from meat cuts (variety meat, fat, salted/cured meat, processed meat products) in 2002 - 2005 in MT by origin

Imports of meat products different from meat cuts (variety meat, fat, salted/cured meat, processed meat products) CY 2002 – CY 2005 in MT by origin				
	2002	2003	2004	2005
HS#0504 Beef tripe	3,962	4,684	5,213	5,254
Greece	425	1,818	1,533	1,322
USA	1,827	1,121	1,696	805
Germany	494	579	435	732
Holland	382	303	-	-
Brazil	400	NA	250	705
Spain	0	0	314	-
Australia	0	0	163	-
HS#0206 Variety meats	10,165	8,910	12,607	15,661
Greece	2,226	2,071	4,603	7,945
Holland	1,691	1,037	878	652
Canada	833	1,023	1,665	1,007
Spain	318	676	1,750	1,531
USA	344	152	NA	633
Germany	1,370	NA	825	851
Austria	0	0	798	-
HS#0209 Pork fat	10,916	8,035	15,502	18,363
Spain	1,527	1,952	3,667	2,956
France	2,595	1,609	2,038	1,878
Greece	1,668	966	3,300	3,550
Austria	1,320	950	NA	-
Holland	1,307	901	1,318	1,657
Canada	0	0	1,408	902
USA	NA	NA	586	681
HS#0210 Salted/cured meat	1,156	1,756	4,838	1,961
Greece	164	994	668	51
Cyprus	NA	296	658	327
Yugoslavia	NA	234	306	16
USA	279	88	190	77
France	156	36	NA	-
Brazil	NA	NA	2,442	1,204
HS#1601 Processed meat products	1,784	996	699	299
Austria	865	550	234	19
Spain	342	272	338	132
Belgium	144	70	NA	0
Germany	0	0	0	75
Greece	0	0	0	33

Denmark	0	0	0	19
HS#1602 Ready food and cans made from meat	4,742	9,689	6,773	2,129
USA	691	3,476	796	150
Greece	80	1,945	1,066	538
Brazil	1,060	1,735	1,186	596
Germany	838	1,190	2,148	-
Denmark	711	632	399	-
Poland	NA	132	190	173
Total	32,725	34,070	45,632	43,667

Table 15. Beef Import Duties in 2006

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 HS#0202 30 50	fore and hind quarters	5% plus 97 Euro/MT
HS#0202 3090	Other	5% plus 97 Euro/MT

Table 16. Beef and Pork Tariff Rate Quotas under GATT agreement, 2006

Beef and Pork Tariff Rate Quotas under GATT agreement, 2006		
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%
HS# 0203 21	Frozen pork carcasses	306 MT at 40% min. 750 USD/MT
HS# 0203 22	Bone-in pork cuts, frozen	215 MT, 40% min. 750 USD/MT
HS# 0203 29	Other pork frozen cuts	330 MT, 40% min.750 USD/MT
HS# 0210 11	Pork cuts, bone-in	500 MT, 15%
HS# 0210 12	Pork cuts	500 MT, 15%
HS# 0210 19	Other pork cuts	500 MT, 15%
Source: 2006 Bulgarian Tariff Code		

Table 17. Use of 2005 WTO meat import quotas in MT

Use of 2005 WTO meat import quotas in MT				
WTO	HS#	Description	TRQ	Actually imported quantity in MT
	0202 20	Beef cuts	1,000	58
	0202 30	Beef cuts	4,100	4,100
	0203 29	Pork cuts	330	330
	0210 11	Pork cuts	500	3
	0210 12	Pork cuts	500	100
	0210 19	Pork cuts	500	500
	1601 100-1603 990	Ready meat products	2,000	104
	1602 49-50	Ready foods from beef	200	23
Source: Bulgarian Customs data (www.customs.bg)				

Table 18. Use of 2006 WTO meat import quotas in MT, as of August 21, 2006

Use of 2006 WTO meat import quotas in MT, as of August 21, 2006						
HS#	Duty	TRQ in kilos	Used TRQ	Remaining TRQ	Validity of TRQ	Date of final TRQ use
0202	0,0	1,000,000	0,000	1,000,000	01.01.2006-31.12.2006	
02	10,0	500,000	0,000	500,000	01.01.2006-31.12.2006	
0201	10,0	1 000,000	0,000	1 000,000	01.01.2006-31.12.2006	
020210000	10,0	2 000,000	0,000	2 000,000	01.01.2006-31.12.2006	
020220	8,5	2 051,000	0,000	2 051,000	01.01.2006-31.12.2006	
020220	0,0	1 000,000	0,000	1 000,000	01.01.2006-31.12.2006	
020230	10,0	4 100,000	4 100,000	0,000	01.01.2006-31.12.2006	06.2.2006
020321	40 min 750 usd/t	306,000	0,000	306,000	01.01.2006-31.12.2006	
020322	40 min 750 usd/t	215,000	0,000	215,000	01.01.2006-31.12.2006	
020329	40 min 750 usd/t	330,000	327,214	2,786	01.01.2006-31.12.2006	
020712	55 min 650 usd/t	200,000	0,000	200,000	01.01.2006-31.12.2006	
020714	55 min 650 usd/t	1 300,000	1 300,000	0,000	01.01.2006-31.12.2006	23.1.2006
020725	25,0	300,000	0,000	300,000	01.01.2006-31.12.2006	
020727	25,0	700,000	700,000	0,000	01.01.2006-31.12.2006	27.2.2006
021011	15,0	500,000	0,000	500,000	01.01.2006-31.12.2006	
021012	15,0	500,000	0,349	499,651	01.01.2006-31.12.2006	
021019	15,0	500,000	2,577	497,423	01.01.2006-31.12.2006	

Source: www.customs.bg

Table 19. Bulgaria Trade Agreements, beef and beef products; pork and pork products, imports to Bulgaria

Bulgaria Trade Agreements beef and beef products; pork and pork products, imports to Bulgaria	
Beef meat and products	
EU-25	HS#0202 20 30 (50) – 8,149 MT at 15% of MFN and 8.5% fixed duty; HS#1602 50 – Beef cans, TRQ of 300 MT, with annual increase of 30 MT; 0% duty
Turkey, Israel and Macedonia	no preferences
Pork meat and products	
Croatia	The max import duty for HS#0201 and HS#0202 is 25 percent without any quantitative restrictions.
EU:	For the period July 1, 2005 – June 30, 2006: - a duty free import quota for 10,050 MT distributed at 2,512.5 MT per a quarter; - a duty free import quota for 7,500 MT for frozen pork fat, at 1,875 MT per a quarter; - 100 MT for processed meat products
Turkey, Israel and Macedonia	no import preferences
Croatia:	The max import duty for HS#0203 is 25 percent without any quantitative restrictions.

Table 20. Pork Import Duties in 2006

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

Table 21. Autonomous reduced duty or duty free TRQ for pork/pork products for the period 2004-2006:

Autonomous reduced duty or duty free TRQ for 2006			
	HS#	Product	Duty
1	HS#0206 41 00 9	Frozen pork liver	10
2	HS#0206 49 20 9	Other pork offal suitable for human consumption, frozen	10 min 70 €/t
3	HS# 0209 00 11 0	Pork fat	6000 MT at 10% For the period January, 1 until June, 30 (used as of June 21, 2006)
Autonomous reduced duty TRQ for 2006, starting July 1 until December 31:			
1	HS#0203 29550	Pork cuts, frozen	3,500 MT at 150 €/t (3,425 MT were used as of August 21, 2006)
Autonomous reduced duty TRQ for 2005			
	HS#0203 29550	Pork cuts, frozen	2,000 MT at 150 €/t; January, 1 until March 31, used as of February 15
	HS# 0209 00 11 0	Pork fat	2,500 MT, duty free, opened on July 1, used as of July 25
	HS#0203 29550	Pork cuts, frozen	3,500 MT, at 150 €/t November 24 - December 31
	HS# 0209 00 11 0	Pork fat	3,000 MT, duty free, November 24 - December 31
Autonomous reduced duty/duty free TRQ for 2004			
	HS#0203 29550		3,000 MT at 150 €/t November 11- December 31
Source: www.customs.bg			