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Livestock and Products

Livestock Annual

2004

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Report Highlights:
In 2003 and 2004, Bulgaria continued to be a net importer of pork and beef. Imports are forecast to increase in 2004 to meet the demand, especially in the second half of the year. Currently, demand for pork and high meat prices stimulate imports and encourage farmers to keep their animals in an effort to restore animal numbers which declined as a result of the feed shortage in 2003/2004, especially in the pork sector. The U.S. export opportunities are favorable, both for beef, including high quality beef steaks; and for pork, mainly for processing. Bulgaria allows entry of U.S meats and no additional import requirements are likely before the accession in the EU by 2007.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
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Executive Summary

Over the last CY2003 and in early-2004, Bulgarian livestock industry faced difficulties related to the grain deficit and higher feed prices. These problems led to bankruptcy of small farms which slaughtered more than usual number of livestock, especially in the pork sector. The number of sheep and goats also decreased significantly due to feed problems, and due to the fact that sheep/lamb meat remained the cheapest meat for rural population, usually consumed on-farm. Especially alarming is the fact that the number of sows, ewes and she goats has declined and possible reproduction potential will be negatively affected in the longer run. A positive sign is the increase in cattle numbers since this sector was not so severely affected by the grain shortage; and due to the fact that the dairy processing sector is developing successfully and stimulates keeping of cows for milk production.

As a result of the above trends, beef production in 2003 was lower and imports increased. Production of pork and sheep meat was close to the projections. Pork imports were traditionally high to meet demand for certain cuts and products, mainly for the meat processing industry. For the first time, the declining sheep numbers and alarming situation in this export oriented sector led to imports of live sheep in an attempt to restore genetic resources and establish more commercially oriented farms.

In 2004/2005, good grain supply and cheap feed are expected to lead to lower slaughter animals in the pork and sheep sectors, and to normal rate of slaughter in the cattle sector. Cattle numbers are likely to stabilize and continue to increase.

In 2004-2005, the livestock and meat industries are to undertake major transformations and restructuring related to new investment in improved breeds; better meat quality; adoption of stringent hygiene practices and food safety standards; and development of new marketing strategies.

As of August 2004, Bulgaria has several EU approved meat facilities: 4 slaughterhouses for red meats (Svishtov, Vratza, Silistra, Shoumen); 9 slaughterhouses and processors of poultry meat (mainly for ducks and geese); and 5 meat processing facilities for red meats. In addition, Bulgaria has 2 EU approved facilities for game meat and 4 seafood facilities (2 for caviar and 2 for fish).

The EU sanitary and hygiene requirements for the meat processing facilities become mandatory for the Bulgarian industry in 2005. The HACCP is also a required food safety system from January 1, 2006 for industrial facilities and from January 1, 2007 for smaller facilities. These requirements are included in the negotiation agreements under Agriculture Chapter and based on the new EU directives 852/2004, 853/2004 and 854/2004. The Association of Meat Processors (AMP) in Bulgaria will start developing generic HACCP plans for smaller facilities and will assist them in their implementation.

The National Veterinary Service (NVS) together with EU inspectors will increase the number and level of detail of vet inspections. Thus, many of the facilities which will not be able to meet the EU requirements, will be shut down in 2005 and in 2006. In the second half of 2004, EU will make site visits and inspections in country on the following topics: red meat facilities; identification of livestock; animal health; humane attitude towards animals; import control and border inspection points; and food hygiene.

It is expected that due to the new EU rules, the use of MDM, MSM and trimmings under 100 grams will be banned for use in meat products by 2005/2006. This change will have a significant effect on meat imports since trimmings account for a major portion of imports (more than 50 percent).

Meat imports in CY2003 were stable, at CY2002 level, (41,000 MT of which 19,000 MT of pork and 22,000 MT of beef), as more beef was imported due to lower local production, and less pork was imported due to higher slaughter rates. Imports of processed meat products and meat foods also stayed stable at 33,000 MT-34,000 MT. There was higher demand for certain pork cuts for processing. The forecast for CY2004 and CY2005 is for higher imports, both for pork and beef, due to lower slaughter rates, and higher local meat prices. Some imports of sheep meat are also possible due to declining supply. Only in July 2004, Bulgaria imported record high amount of pork meat under double zero EU quota, 9,000 MT, compared to the usual rate of use of this quota, 3-4 months, in the past.

The United States meat market share in CY2003 was about 9 percent for pork (1,646 MT) and 6 percent for beef (1,353 MT), compared to 12 percent (2,082 MT) in pork and less than one percent in beef, respectively, in 2002.

Despite the BSE temporary import ban on the State of Washington (December 26, 2003 - February 6, 2004) Bulgaria continued to allow entry of US beef steaks for HRI consumption and hotel promotions. In 2004, three major US beef promotions take place (May, June, September) in Sofia hotels. Currently, quality U.S. beef steaks are offered in the top six hotels/restaurants.

The prospects for U.S. meat, both beef and pork for processing, as well as higher quality beef steaks for direct consumption, are very good. Since 2002, Bulgarian NVS agreed with USDA/FSIS on new import certificates for U.S. meat and meat products which will allow entry of U.S. meats until Bulgaria becomes a full member of the EU (by 2007). Slowly but steadily increasing consumer income as well as development of the food service sector and tourism will continue to stimulate demand for more and better quality meats.

Cattle and Beef

Production

The data in the PSD table for cattle was revised based on final official figures for cattle and cow numbers as of November 2002 and November 2003 which are accepted as official numbers as of January 1, 2003 and 2004, due to insignificant difference.

The grain deficit in MY2003/2004 did not affect the cattle sector since the local cattle industry is entirely destined for milk production, and use of compound feed and grains is minimal compared to the pork sector. Recent successful development of the dairy processing industry stimulated lower slaughter rates. The number of slaughter cattle in 2003 was lower than initially projected, 264,000 head (see PSD table). As a result, the ending stocks as of January 1, 2004 increased by 5 percent for all cattle and by 1 percent for cows.
The good grain crop in 2004 as well as low feed grain prices in MY04/05 are likely lead to stabilization in the entire livestock sector and cattle numbers are likely to continue to increase, by 4-5 percent (4 percent FAS forecast).

At end-2003, the number or cows was 52 percent of total cattle numbers as the proportion varied from 53 percent at small subsistence farms to 48 percent at commercial farms. Total number of calves below one year old was 9.3 percent higher at the end of 2003 compared to a year earlier. The number of heifers for breeding purposes older than 2 years age increased 8 percent and accounted for 6.5 percent of total cows number.

The structure of the cattle industry is described in the table below. As of early-2004, commercial cattle sector accounts for 3 percent of total farms and 21 percent of total cattle.

Structure of the Cattle farms and Cattle numbers as of November 2003				
		Cattle total	Cows	Calves under one year age
Commercial cattle farms	Livestock, numbers	150,600	72,900	44,800
	Average number of livestock per a farm	24.9	12.4	8.8
	Share in the total number of farms	2.8%	3.0%	3.6%
	Share in the total number of cattle	20.7%	19.3%	18.1%
Small livestock farms (subsistence farms)	Livestock, numbers	577,700	305,300	202,800
	Average number of livestock per a farm	2.8	1.6	1.5
	Share in the total number of farms	97.2%	97.0%	96.4%
	Share in the total number of cattle	79.3%	80.7%	81.9%
Total farms	Livestock numbers	728,300	378,200	247,600
	Farms	213	194	141
	Average number of livestock per a farm	3.4	1.9	1.8
Note: MinAg Bulletin #51, April 2004				

At the end-2003, the MinAg reported that 21-22 percent of cattle, 36 percent of buffalo, 15 percent of sheep, 4 percent of goats, and 40 percent of pigs are raised on commercial farm operations.

Dairy cows farms: At the end of 2003, about 58 percent of dairy cows are at farms with 1-2 cows/per farm. About 20 percent of cows are at farms with 3 to 9 cows, and these farms have prospects to grow and develop as commercial dairy farms. Both farm categories account for 78 percent of total cows compared to 95 percent at the beginning of the year which shows the dynamic development and commercialization of the cattle sector, mainly due to the development of the dairy industry.

About 8 percent of cows are at farms with 10 to 20 cows and 14 percent of cows are at farms with 20 and more cows per a farm. The last two categories account for 22 percent of total cows (3,622 farms or 2 percent of all cattle farms) and represent the commercial sector in cow's milk production. It is expected that in 2005/2006, this category will be enlarged to include those farms which currently have 3-10 cows, thus the commercial dairy cattle sector would account for 45 – 50 percent of total cow's milk production by 2005/2006.

The calf crop for the period 2003-2004 is based on 100 percent for so called "feeder cows" which corresponds to the methodology for cattle numbers. The number of slaughtered animals is obtained as a remaining figure after deducting loss rate which is estimated at average 4.0-5.0 percent in 2003 (vs 2.5 percent in good feed years). The percent of slaughtered animals has declined lately from 30 percent of total supply in the past to 25 percent in 2003/2004. This trend is a result of improved heard management, improvement in dairy management, and commercialization of the sector which keeps an increasing number of dairy cattle at more efficient farms.

There were no imports of live cattle in 2003. Exports of live cattle in 2003 were simulated by the fact that Bulgaria was considered free of BSE. Practically, all exported cattle were for slaughtering and not for breeding purposes. These exports stayed stable at 25,000 head (22,000 head in 2002) with the largest market for exports being Yugoslavia.

Production factors

Feed

In MY2004, grain crop was very good. Higher planted area under wheat and barley, and favorable weather, resulted in good supply of both crops. Corn, although planted under smaller total area in MY2004, is likely to be record high due to favorable weather. At the same time, export demand is targeted to higher milling quality grains which will leave feed in good supply within Bulgaria. As a result, ex-farm feed prices started to drop to 80 leva/MT ($50/MT) for feed barley and 130 leva/MT ($81/MT) for feed wheat. Corn prices are also forecast to be lower than in MY03/04. Therefore, most livestock farmers started to reduce slaughter rates and to keep animals for longer periods for production of milk since milk prices are stable and at higher levels.

In MY03/04, short grain supply resulted to historically high grain prices. Feed wheat prices in September 2003 were 230–240 leva/MT ($135-$140) or 2–3 times higher than in the previous season; and barley prices were $123/MT. In the winter /spring time, wheat prices reached 350-380 leva/MT ($220-$237) and corn was traded at 220-240 leva/MT ($137-$150). Prices of cattle compound feed in September 2003 were at 350-370 leva/MT ($206) and in July 2004 (before the new crop is used), they were 400-430 leva/MT ($250-$281).

These high prices negatively affected cattle feeding and losses but did not lead to increased slaughter rates. The dairy processing industry reacted in time and increased farm-gate prices for milk in order to secure the procurement of fresh milk which is currently in shortage. Due to gradually increasing income and the fact that dairy products are staple products in the daily Bulgarian diet, consumers continued to buy more expensive dairy products which allowed processors to be more flexible with farm-gate prices.

Genetic resources

Over the past 2 years, the concentration and development of the large commercial farms led to more active artificial insemination. According to the latest official data (end 2003), 40-45 percent of cattle farms use artificial insemination and 50-55 percent of the cows are artificially inseminated. In 2003, the development of the Breeding Associations have successfully started: today such breeding associations exist for Holstein, Brown Swiss, Simmental, and some local breeds. In the cattle sector, the national selection program covers 25,000 animals of which 75 percent are Holstein and 17 percent are Brown.

Due to ongoing commercialization and increase in cattle herds, in 2003 and 2004 there was an increasing demand for high quality imported genetic material, mainly by large commercial dairy farms. The local legislation which was creating difficulties to imports in 2002 (authorization of the Bulgarian Agency for Livestock Selection and Reproduction not only to control imports of genetic materials (semen) but also to be the sole seller of locally produced semen and old semen stocks instead of transferring this right to the Breeding Associations) was changed. According to the newly passed Livestock Act in 2004, the Breeding Associations should take the major responsibility for sales/distribution and overall management in this sector as required by the international and EU legislation.

Prices

The trend of higher beef prices which started in 2001/2002, continued in the first half of 2003. The feed expenses continued to account for the largest portion (70-75 percent) in the production cost. In the second half of 2003, beef prices registered a downward trend.

For example, in July/August 2003, ex-farm prices for cattle were 1.0 leva/kilo to 1.30 leva/kilo ($0.58-$0.76) compared to 1.30-1.40 leva/kilo ($0.76- $0.82) in the same period in 2002 (LWE). Due to stable development of the cattle sector between July 2003 and July 2004, in July/August 2004, ex-farm prices for cattle were about the same, from 1.00 leva to 1.20 leva/kilo ($0.62-0.$75). For calves, prices were 1.30-1.50 leva/kilo ($0.76-$0.89) in July 2003, and slightly higher: 1.50 leva/kilo to 1.70 leva/kilo ($0.93-$1.06), in July 2004 (sources: Meat Bulletin #27, 2003 and #33, 2004 of the Bulgarian Meat Association and MinAg Agrarian Annual Reports 2002 and 2003).

Credit and subsidies

The GOB via State Fund Agriculture does not have any significant support credit lines for the development of the cattle sector except for a small subsidy for high quality fresh milk and soft credit lines for purchase of breeding stocks. Small credit lines exist for purchase of equipment for livestock farms and for construction/reconstruction of existent livestock farms. There are no subsidies for cattle farmers, or any target programs to encourage beef meat production.

Production problems

Animal health: There were cases of bovine tuberculosis (TB) and leucosis on cattle in 2003 and in 2004. These diseases are rather frequent on cattle in the country and require higher farmers' attention.

Bulgaria is currently known to be free of BSE. Bulgaria did not register any BSE outbreaks over the last 40 years. In general, Bulgarian cattle farmers do not use meat and bone meal in their feed formulations. Bulgaria is also not a significant market for imported cattle.

In the fall of 2002, Bulgaria opened the first modern BSE testing laboratory built with the EU financial assistance. The tests, and BSE eradication and surveillance programs applied, are in line with the EU requirements.

Investment: In 2003 and 2004, the EU-SAPARD program was intensively used for investment at meat procession facilities, livestock commercial operations, slaughterhouses, and for infrastructure in the meat trade (warehouses, refrigerators etc.). After major revision in SAPARD program in June 2004, the EU inspection team along with the MinAg made the following changes in the program:

- the meat facilities which are in the first category of the Vet Service, or they fully meet the EU sanitary and hygiene safety standards, will not have access to SAPARD;
- only facilities which are in the second category of the Vet Service, or those who have potential to meet EU sanitary and hygiene safety standards by 2005 (deadline), will have access to SAPARD;
- all applicants should have a minimum history of 3 years to be eligible (with the exception for slaughterhouses);

- the maximum limit of a single project investment is reduced to 2.5 million Euro; for slaughterhouses, the limit is 5.0 million Euro
- -only two slaughterhouses for red meats can be built in South Bulgaria; 3 maximum slaughterhouses for white meats can be built, one in South and two in North Bulgaria. The goal is more even regional distribution of SAPARD funds around the country;
- Additional 105 million euro were transferred from other SAPARD schemes to the scheme #2 which covers the meat processing industry due to the depleted funds and high demand.

Bulgarian commitments under EU Agriculture Chapter

In June 2004, Bulgaria completed talks with the EU on the Agriculture chapter. Some of the major results in the cattle sector were as follows:

-Bulgaria is granted 90,343 rights for special bonuses for male cattle (Note: The EU methodology is used: cows number multiplied by 0.8 (live calves/cow), multiplied by 0.5 (percent of male calves) and multiplied by 0.6 (percent of non slaughtered animals);
-Bulgaria is granted a limit of 16,019 head of livestock subject of premiums for cows with suckling calves;
-Bulgaria is granted 22,191 rights for premiums for slaughtering of old animals and 101,542 for calves. These rights are calculated based on the presented data by Bulgaria for total slaughtered animals (at farms and at slaughterhouses) multiplied by 75 percent.
-Bulgaria is granted additional payment of 380,172 Euro. Beef meat subject to premiums is 5,849 MT multiplied by 65 Euro/MT or total 380,172 Euro. These amount is calculated based on the number of animals slaughtered only at slaughter houses (as reported by the MinAg).

Beef Meat Production

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

The beef/veal production data in the PSD table is based on the slaughter data from the PSD table for cattle numbers and the estimated average live weight at slaughtering (400 Kilos/head of which 50 percent meat in 2003, and slightly higher LWE in 2004 and 2005 due to better feeding and no need for earlier slaughter).

In 2003 (November 2002-November 2003, MinAg source), the number of total slaughtered animals is officially reported to be total 3,051,000 head of which 37 percent sheep; 33 percent pigs; 24 percent goats and less than 6 percent of cattle. The MinAg did not report the share of animals slaughtered at slaughtering houses and at farms.

In general, the share of pigs slaughtered at slaughter houses is higher due to commercialization of the pork sector and stringent food safety requirements for the processed product (pork is the major raw material). Some sheep are slaughtered at slaughter houses (about 7,000 MT) since this is a requirement for exports to the EU. Other livestock which is used mainly for on-farm consumption, is slaughtered at farms under a veterinary control. According to the latest MinAg data, in the period January – May 2003, about 37 percent of the total cattle are slaughter at slaughter houses, the rest are slaughter at farms or sold to traders.

Please, see the table below (official information) about slaughtered animals and distribution by regions in Bulgaria:

Number of slaughtered animals in 2003 by regions in Bulgaria					
	Cattle	Swine	Sheep	Goats	Total
Northwest	8,800	78,800	153,700	84,900	326,200
North central	25,000	253,700	115,100	116,700	510,500
Northeast	38,300	281,300	273,400	120,300	713,300
South east	18,800	82,500	182,900	105,100	389,300
South central	71,200	186,500	247,200	170,500	675,400
Southwest	15,500	135,800	160,300	124,800	436,400
Total Bulgaria	177,600	1,018,600	1,132,600	722,300	3,051,100
Note: MinAg Landsis Bulletin #51					

The official slaughter numbers above do not include very small farms, or more correctly rural houses which have one or two animals (cattle, pigs) and up to 3-5 animals for goats and sheep. Therefore, the actual number of slaughter animals is higher and this percent varies depending on the animal type. Such information is not collected and it is not available officially, thus, the PSD information about slaughter animals is based on experts estimates by trade/industry. For 2003, it is as follows (see PSD tables, in head): cattle 264,000; swine 1,899,000; sheep 2,687,000. These numbers are higher than the official numbers as the biggest discrepancy is seen with sheep and goats since these animals are traditionally raised at rural houses/small subsistence farms which are not covered by above official statistics.

In 2003, lower than projected number of slaughter cattle resulted in lower meat production, 53,000 MT. This led to slightly higher beef imports for processing, 22,500 MT vs. 21, 400 in 2002. Higher imports stabilized total supply and human consumption dropped only slightly to 75,000 MT (see PSD beef table). The expectations for 2004 and 2005 are for slightly higher meat production at 56,000 MT and 58,000 MT, due to increased total cattle numbers and preserved slaughter rates. Beef imports are likely to stabilize at about 22,000 MT-23,000 MT. As a result, human consumption is expected to restore to its previous level of 76,000 MT-77,000 MT.

In the medium/long term, beef consumption is forecast to stay within the limits of 76,000 MT to 79,000 MT depending on the local supply and with stable annual imports from 15,000 MT to 23,000 MT.

Production of meat in CY2002-CY2005 in thousand metric tons

Years	**2002**	**2003**	**2004**	**2005**
Beef	54	53	56	58
Pork	179	142	125	128
Mutton, Lamb	54	46	44	39
Poultry	108	110	115	120
Total meat	395	351	340	345
Total red meat	287	241	225	225

Consumption of meat in CY2002 - CY2005 in thousand metric tons

Years	2002	2003	2004	2005
Beef	75	75	76	77
Pork	193	168	149	153
Mutton, Lamb	45	40	39	37
Poultry	125	130	130	130
Total meat	438	413	394	397
Total red meat	313	283	264	267

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

Commercial Beef Production

Beef production is traditionally lower then consumption. This is due to the fact that Bulgaria is a net importer of beef. Reportedly, about 45 percent of produced beef does not reach the market and stays for on-farm consumption. Therefore, the 2003 beef market can be estimated at 30,000 MT (55 percent of total production of 53,000 MT) local beef and 22,000 MT imported beef or about 52,000 MT of commercially traded beef. For 2004 and 2005, these figures can be estimated at 54,000 MT (see PSD beef table for production and imports).

Beef Meat Consumption

Unlike poultry and pork, no significant changes in the total volume of beef consumption are expected in the near future. Beef meat produced in Bulgaria is not from meat breeds, it is obtained from slaughtered dairy cattle. Therefore, its quality is not high and it is used mainly for processing. A relatively small portion of beef is destined for direct consumption as fresh meat in retail and food service outlets. There are not any established commercial supply farms of beef for direct consumption. 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.

Over the last two-three years, there is a tendency of increased consumer interest in beef meat for direct consumption. A significant factor contributing for this trend is the fact the Bulgaria is known to be free of BSE; and that since 2003, there is a reliable vet testing for imported beef. Currently, high quality beef steaks on the market are imported from the U.S. and from Argentina. Importers of these products report increasing sales both in 2003 and 2004. In 2004, the U.S. beef was offered at 3 promotions as the target market is 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.

In the second half of 2004, beef became a good alternative to more expensive pork for meat processors. Thus, its consumption is likely to increase in the next 6-8 months until pork prices are forecast to drop.

Prices

Wholesale beef prices in July 2003 were 4.20 – 4.80 leva/kilo CWE ($2.47-$2.82), and retail prices (with bones) were 4.80 – 5.00 leva/kilo ($2.82-$2.95). In July 2004, wholesale prices were 4.20-4.40 leva/kilo CWE ($2.62-$2.75), and retail prices (with bones) were 5.00 – 5.50 leva/kilo ($3.1-$3.43). Thus, the prices were slightly higher, more at the retail level. Prices in hard currency increased more due to depreciation of the U.S. dollar compared to leva.

Higher feed expenses in MY2003/2004 affected mainly milk prices and not beef meat prices. For example, the ex-farm prices of fresh milk in September 2003 increased from the average 0.21-0.25 Bleva/liter to 0.30-32 Bleva/liter or about 20-30 percent. As of August 2004, these prices are already 0.45-0.50 leva/liter ($0.28-$0.31).

Trade

Exports

In 2004, the MinAg decided to subsidize exports of certain agricultural products but beef meat was not among them. See “sheep and goats” section in the report for details.

Cattle

Bulgaria exports a small number of cattle/calves mainly for slaughtering to the Near and Middle-East, and North Africa countries based on traditional ties. In 2002 and 2003, 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 2003, exports of live cattle increased from 21,901 head in 2002 to 24,706 head ($5.0 million).

About 20,000 to 25,000 head of cattle are expected to be exported in 2004 - 2005. 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.

Beef

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

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

Quotas for the EU are not filled since Bulgarian beef is not competitive in terms of quality and price on the EU market. Although there are 4 EU approved slaughter houses for red meats, only one has a line for cattle (Vratza) and another one is likely to be approved until end-2004 (Silistra).

In 2003, beef exports were very small, 356 MT ($0.5 million) of which 314 MT fresh/chilled meat and 42 MT frozen beef. The major reason for low beef exports is higher demand on the local market.

Traditional market for small quantities of local beef in 2003 was Macedonia, 86 percent of exports or 305 MT. This is all fresh meat exported at average price of $1,213/MT (see the export trade matrix). Thus, Bulgaria fully uses the export quota of 300 MT for Macedonia (above).

Imports

The BSE crisis in the US did not have an effect on beef trade. The Bulgarian Vet Service issued a temporary import ban for products originating from the State of Washington. The ban was effective from December 29, 2003 to February 6, 2004. The ban did not include dairy products and gelatins from hides and skins. Currently, there is no ban of any beef/cattle related products from the U.S.

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 form such countries was removed.

Beef imports in CY2003 were 22,500 MT ($19.0 million) or 5 percent higher than in CY2002 (21,400 MT) in tonnage and about 1 percent increase in value. 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 2003 was $830/MT. Imports of carcass meat from the EU were banned due to BSE. In 2004, only a few EU countries are allowed entry.

Major suppliers of beef to Bulgaria are Argentina, Brazil, Uruguay and most recently Greece. The United States significantly increased it imports in 2003 to 1,353 MT which represents 6 percent of total imports. In CY2003, Bulgaria imported small quantities of high quality U.S. beef steaks (about two metric tons) which were successfully sold to the HRI sector.

Basic Import Duties

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	fore and hind quarters	5% plus 97 Euro/MT

0202 30 50		
HS#0202 3090	Other	5% plus 97 Euro/MT

Beef Import Quotas

According to GATT agreement, the following beef quotas are available for 2004, total 19,800 MT:
HS#0202 - High quality meat from bovine animals - 1,000 MT at 0%
HS#0201 30; 0202 30 10;
0202 30 50; 0202 30 90 Other high quality boneless cuts, fresh, chilled or frozen - 500 MT at 10% duty
HS#0201 10; 0201 20 20;
0201 20 30; 0201 20 50;
0201 20 90; 0201 30 Fresh or chilled bone-in or boneless meat - 1,000 MT at 10%
HS#0202 10 Frozen bone-in whole and half carcasses - 2,000 MT at 10%
HS#0202 20 30; 0202 20 50 Bone-in frozen cuts - 10,200 MT at 85.% of which 8,149 MT is for the EU and 2,051 MT for non-EU

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

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. This quota is used mainly for meat imported from third countries as follows:

Use of 2003 WTO meat import quotas in MT				
WTO	HS#	Description	TRQ	Actually imported quantity in MT
	0202 30	beef	4,100	4,100
	0210 11	Pork cuts	500	74
	0210 12	Pork cuts	500	139
	0210 19	Pork cuts	500	500
	1601 100-1603 990	Ready meat products	2,000	628
	1602 49-50	Ready foods from pork	900	1
	1602 49-50	Ready foods from beef	200	79

Trade Agreements

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

Turkey, Israel and Macedonia: no preferences

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

Agricultural Policy

As of July 2004, Bulgaria closed Agriculture chapter with the EU and is considered as fully harmonized in its veterinary and livestock related policy with the EU legislation. The emphasis is given to food safety issues, quality of meat products and application of hygiene standards in meat processing plants and slaughter houses. In 2004/2005, Bulgaria plans to introduce the EU system for classification and grading of animal carcasses for slaughtering EUROP.

Marketing

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

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 membership in 2007. Therefore, AgOffice recommends a continuation of market promotion activities in coordination with the U.S. Meat Export Federation.

Swine

General

The data in the PSD table for animal numbers was revised based on official GOB statistics and industry data for stocks as of end-November 2003 – January 2004 (see cattle section). AgOffice numbers used in this report are supported by industry groups and independent consultants and experts.

In 2003, short feed supply discouraged most small medium size pork farmers to keep their animals. The pork sector, in general, was the hardest hit compared to the cattle/beef sectors. At the end of 2003, the MinAg reported 8 percent decrease in total swine numbers and 10 percent reduction in sows numbers. Estimated slaughtering was close to the expected (1,900,00 head vs 1,934,000 head). The 2003 pork production was slightly lower than expected due to lower average live weight at slaughter (most slaughter was done at small farms). The birth rate used in PSD table is 18.5 for the three consecutive years. The number of slaughtered animals is a remaining figures after deduction of the loss rate which is estimated at 10 percent to total supply.

After slightly lower but in general stable local pork supply in the first half of 2004, pork meat shortage in June-August was very serious and meat prices are skyrocketing. As a result, after relatively stable pork imports in 2003 (compared to 2002), an increase in imports in the second half of 2004 are very likely. The EU double zero import quota for 9,000 MT was used for less than one month. The Association of Meat Processors declared that the pork shortage is estimated at 10,000 MT and that the industry will request an immediate reduction of import duties or introduction of a TRQ as soon as September 2004. Pork imports in 2004 and 2004 are forecast to higher level due to local shortages.

The major risk the pork farms face today is the restructuring in order to introduce improved breeds in line with the EU requirements, and in order to meet carcass classification EUROP. Pork farms should be licensed by 2007 based on the EU regulations, otherwise they will not be able to work even on the local market. According to the Association of Pork Producers, local pork farms are not ready yet for this restructuring. They estimate their investment needs of about 2.0 million Euro for a farm of 1,000 sows (2,000 Euro per a sow). This is a very high amount which only a few commercial operations will be able to afford. The Association claims that current high pork prices compensate the loss of the sector in 2003, and it is needed to provide higher profitability and revenue to farms in order to make the necessary investment.

Another challenge to the pork sector is the lack of export opportunities due to termination of mandatory vaccination against the classical swine fever. Until Bulgaria will not terminate vaccination, the country will not be able to export pork to the EU.

Production

As of May 2003, the MinAg reported an increase in the number of animals with the most significant increase in the number of pigs for fattening. However, after the feed deficit in the second half of the year, the slaughter rate has been higher which led to reduction in numbers by end-2003. It is likely that the current 2004 good feed crop and cheaper feed will led to lower slaughtering and eventual increase in total hog numbers by end-2004.

Commercialization in the pork sector is the highest compared to other red meat sectors. Commercial pork farms are 1.7 percent of total farms and account for 40 percent of total swine. Pork farms with over 200 sows are about 1.0 percent of total farms and they account for 33 percent of total sows (see the two tables below).

Distribution of sows at farms as of November 2003			
Sows per a farm	Number of farms	Sows, number	Share in total sows number
1-2	22,507	28,000	26.6%
3-9	4,594	19,900	18.9%
10-49	969	14,100	13.4%
50-199	98	8,200	7.8%
Over 200	31	35,100	33.3%
Total	28,199	105,300	100.0%
Note: MinAg Landsis Bulletin #51			

Pork farms structure, November 2003			
		Swine, total number	Sows, number
Commercial pork farms	Livestock, numbers	404,900	33,400
	Average number of livestock per a farm	108.5	25.1
	Share in the total number of farms	1.7%	5.4%
	Share in the total number of swine	39.2%	42.3%
Small livestock farms (subsistence farms)	Livestock, numbers	627,400	45,500
	Average number of livestock per a farm	2.8	1.9
	Share in the total number of farms	98.3%	94.6%
	Share in the total number of swine	60.8%	57.7%
Total farms	Livestock numbers	1,032,300	78,900
	Farms	224.2	24.8
	Average number of livestock per a farm	4.6	3.2

Production Factors

Animal health

In 2004, to date, there was one outbreak of classical swine fever (CSF) in May in Bourgas region. Three farmers had 57 sick pigs which were liquidated. The MinAg banned trade in live pigs and any livestock movement in the region. The ban was lifted in July 2004.

In 2004, Bulgaria started to introduce EU required termination of mandatory preventive vaccination which was the reason for EU to ban Bulgarian pork exports to EU member states. In 2005, Bulgaria has to start to use marker vaccines for one year until 2006 as a transition to the complete abolishment of hog vaccination (from 2006 on). Many experts and industry representatives doubt that the country will be able to meet these deadlines. They fear that gradual elimination of the vaccination will lead to more outbreaks, lower pork supply and continued ban on exports of Bulgarian pork and pork products to the EU markets.

To date, Bulgaria used live vaccine type "K". Despite the mandatory vaccination, in the period 1996-2002, limited outbreaks of classical swine fever were registered with non-vaccinated pigs at small farms. The genetic analysis has showed the source of the infection was wild boars crossing national borders. In 2002, Bulgaria registered its largest outbreak of CSF, 32 outbreaks in 16 regions; in 2003, there were 11 outbreaks in 4 regions; and in 2004, as of August 2004, there was one outbreak. Over the last 4 years, all outbreaks were in south Bulgaria (regions of Bourgas, Sliven, Plovdiv, Blagoevgrad, Kiustendil)

Feedstuffs

The MY2003/2004 short grain supply very negatively affected 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.

The compound feed prices increased considerably to reach 420 leva/MT in January 2004 ($262), and 430 leva/MT in June ($269). In August 2004, the good grain crop caused a 14 percent drop in feed prices to 370 leva/MT ($231). It is expected that the reduction will continue in the fall due to abundant grain crop.

Prices

Between July 2003 and April 2004, pork prices were relatively stable as a balance of more expensive feed and increased slaughtering.

As of July 2003, pork prices were as follows:
Ex-farm prices in LWE – 1.20- 1.50 leva/kilo ($0.69 – $0.87)
Wholesale carcass without skin – 3.00 – 4.00 leva/kilo ($1.74 - $2.32)
Retail prices were about 5.50-6.00 leva/kilo ($3.20 – $3.50)

In 2004, farm-gate prices for pigs were stable from January until April and have gradually increased after April as follows:
For sows (LWE): from 1.25 leva/kilo in January 04 to 1.45 leva/kilo in June 04; and 1,50-1.80 leva/kilo in August 2004
For fatted pigs (LWE): from 1.70 leva/kilo to 1.95 leva/kilo in June 04; and 2.0-2.20 leva/kilo in August 2004.

Wholesale pork prices (shoulder): They remained relatively stable between 5.25-5.30 leva/kilo from January to April 2004, with an increase after April to reach 5.60 leva/kilo in June. Retail prices followed a similar trend, being stable at 5.60 leva/kilo from January till May and a sharp increase after May to reach 5.80-5.90 leva/kilo in June/July.

Pork Meat Production

Average LWE for swine in the PSD table for CY2003 and CY2003 is 110 kilos per head and 68 percent meat to the carcass or 75 kilos CWE per head (based on the last 5-years average index). For 2004 and 2005, slightly higher average live weight is used due to no necessity of earlier slaughter like in 2003 (113 kilo/head). Due to relatively high percent of commercial farms, about 55 to 60 percent of total slaughtered swine is estimated to be slaughter at slaughtering houses.

In 2004, good feed supply will discourage slaughtering, thus the meat production is likely to decline, to increase pork prices, and stimulate imports. The AgOffice estimates pork production in 2004 at 125,000 MT and slightly higher in 2005.

Pork Consumption

Pork continues to hold the largest share in local meat production and consumption, usually about 60 percent of red meats and 40 percent of total meats. In 2003, consumption was lower than in 2002 but at the projected level and accounted for 58 percent in red meat consumption and 40 percent in total meat consumption. The major reason was lower supply. In 2004, further reduction in consumption is likely, especially in the second half of the year due to lower local supply (despite higher imports) and climbing prices. Expectation for better supply and lower pork prices by 2005 may increase consumption closer to the traditional levels.

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

Trade

Exports

In 2003, Bulgaria had an export quota to the EU at duty free access for 2,500 MT. In 2004, the quota is 3,000 MT (July 1, 2003 – June 30, 2004). The annual increase in this quota is 500 MT.

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.

Currently, Bulgaria does not export pork to the EU due to mandatory vaccination of hogs against swine fever. Other reasons are related to the poor quality of local pork which has thicker fat layer. In addition, the EUROP carcass classification is not adopted yet. Thus, pork exports are small, usually 140-170 MT per year. In 2003, total pork exports were 143 MT ($0.5 million) at average export price of $3,300/MT. The traditional market was Macedonia: the quota for exports of pork (200 MT) was filled at 16 percent.

Imports

In CY2003, the GOB approved a reduced import duty quota for only 3,000 MT at a duty of 250 Euro/MT for April 1 - June 30 (vs 7,000 MT at 100 Euro/MT duty in 2002) regardless the origin of the product. The quota was filled in for less than one day. In 2004, for the first time, the GOB did not introduce any such TRQ due to protests of local pork producers.

Over the last three years (2002-2004), the EU double zero quota for pork, currently 9,000 MT with 500 MT increase per year, is fully filled.

Since 1995/96, Bulgaria is a net importer of pork. Over the last 2-3 years, pork imports stayed high. In 2003, pork imports were 3 percent higher than in 2002, 18 780 MT ($19.0 million, average import price of $1,013/MT). Frozen pork usually accounts for 90 percent of imports (96 percent in 2003). Demand for imports of certain frozen cuts for processing is increasing due to higher consumer demand fro processed meat products versus fresh pork. This demand is also stimulated by significant tourist inflow in the summer months.

In 2003, imports of “other” pork meat products were also significant. Imports of pork edible offal were 8,912 MT total ($3.2 million) of which frozen pork liver were 1,570 MT, at average import price of $324/MT. Pork fat imports in 2003 were 8,036 MT. There was a EU duty free quota for 9,000 MT which was 85 percent used in 2003. Imports of cured and salted meat were 1,760 MT. Additionally, 997 MT of meat processed products, and 217 MT of ready foods from pork were imported. Thus total imports of pork products, other than pork cuts, were 19,922 MT or higher than imports of pork meat.

The United States had a very good portion of the 2002 TRQ for pork with about 2,100 MT or 12 percent of total pork imports. In 2003, the U.S. share (1,646 MT) was smaller due to the tight competition from the EU (Denmark, France, Greece). Another competitor in 2003 was Poland.

Tariff Rate Quotas

In 2004, there are annual autonomous tariff reductions as follows:

Pork fat – 0%, not limits;
Frozen pork liver – 10% duty, no limits;
Pork edible offal – 10% min 70 Euro/MT, no limits;

Basic Imports Duties, 2004

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

Trade Agreements

EU: For the second half of 2004, there is a duty free import quotas for 9,000 MT only for EU origin products.
Turkey, Israel and Macedonia: no preferences
Croatia: The max import duty for HS#0203 is 25 percent without any quantitative restrictions.

Agricultural Policy

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

EU accession agreement: There are no production quotas for pork or direct support for producers. In general, export subsidies will be applied after 2007 and intervention on the market will be executed based on the EU rules.

U.S. Market Opportunities

Market opportunities for U.S. pork for processing are very good. The limiting factor are relatively high import duties and duty free import quota for the EU origin pork which discriminates against U.S. pork products. The favorable import period for the U.S. in 2004 is after August due to the higher local pork prices and utilization of the EU pork import quota.

Sheep and Goats

Production

Animal numbers in the PSD table are based on official data as of January 1, 2003-2004 for sheep and goats, and for ewes and she-goats. Due to changes in the official livestock numbers as of early 2003, a revision in the PSD was made accordingly. The total sheep number in thousands of head in 2004 are 1,600, and total goats number is 725; the ewes are reported at 1,280 and she-goats at 593. The AgOffice numbers used in this report are based on MinAg data and is supported by industry groups.

In 2003, the feed shortage negatively affected sheep/goat sector as well. As of end-2003, the total number of sheep has declined by 7.5 percent (by 8.6 percent at small farms, and by 1.2 percent at commercial farms). The numbers of ewes is also declining by 7.3 percent (by 8.3 percent at small farms and by 0.5 percent at commercial farms). Goat numbers reduced 4 percent, and she-goats registered 4 percent drop.

Commercialization in this sector is the weakest compared to cattle/swine sectors. Commercial farms account for 15 percent of total sheep and only about 4 percent of total goats. These farms represent 1-2 percent of total farms in this sector. Traditionally, sheep and goats are considered typical for rural houses, subsistence farm animals. In the near future, it is expected that goats will continue to be raised in the traditional way while more intensive commercialization is expected for sheep for meat due to export opportunities in the EU.

Sheep and Goat farms structure, November 2003					
		Sheet, total number	Ewes	Goats, total number	She-goats
Commercial cattle farms	Livestock, numbers	245,500	183,200	29,700	23,000
	Average number of livestock per a farm	58.4	44.1	15.3	12.2
	Share in the total number of farms	1.9%	1.9%	0.9%	0.8%
	Share in the total number of cattle	15.4%	14.3%	4.1%	3.9%
Small livestock farms (subsistence farms)	Livestock, numbers	1,353,100	1,095,600	695,600	569,600
	Average number of livestock per a farm	6.2	5.2	3.1	2.6
	Share in the total number of farms	98.1%	98.1%	99.1%	99.2%
	Share in the total number of cattle	84.6%	85.7%	95.9%	96.1%
Total farms	Livestock numbers	1,598,600	1,278,800	725,300	592,600
	Farms	221,500	214,000	227,500	224,200
	Average number of livestock per a farm	7.2	6.0	3.2	2.6

In the PSD table, the lamb/goat crop is calculated using 100 percent birth rate for sheep and 150 percent for goat or on average 117 per ewe/she-goat. The loss rate is estimated at 10 percent to total supply. The number of slaughtered animals is a remaining figure after deducting exports and loss rate from total supply.

Meat production in the PSD table is based on the number of slaughtered animals. Average LWE for sheep in the PSD table for CY2003 - CY2005 is 45 kilos/head and 22 kilos CWE per head.

Production Factors

The major difficulties for the sheep/goat farmers in 2003 were expensive feed; insufficient allocation of ewes/she goats for reproduction; distress slaughtering of higher number of ewes and she-goats in an effort to produce more meat for exports; relatively low fresh milk prices compared to cow's milk; lack of milk collection stations for separate collection of sheep's and goats' milk; lack of market opportunities for selling wool etc.

Prices

Usually, the sheep and lamb meat prices are higher in the spring period due to the traditional local demand around local holidays. In 2003, sheep and lamb meat prices were fluctuating about 3.10 – 3.60 leva/kilo LWE ($1.82-$2.09) and were about 3.80-4.20 leva/kilo LWE in 2004.

Production Problems

In 2003 and 2004, there were several cases of listeriosis, scrapie, and rabies, however, the precautions were taken in time to prevent widespread outbreaks.

Consumption

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

Mutton/lamb/goat meat continues to hold the smallest share in local meat production and consumption. The share in total red meat production in 2003 was about 19 percent and in consumption this index was 14 percent. It is projected that sheep meat production share may decline to 17 percent in 2005 but will keep to account for 14-15 percent in consumption. Since Bulgaria is a net exporter of this type of meat, production levels traditionally exceed consumption levels (unlike pork and beef).

Trade

Exports

In 2004, the MinAg took a decision to subsidize exports of certain agricultural products, important to overall agricultural trade. These products were: white and yellow cheese; sheep meat, poultry and eggs; and processed fruits and vegetables. Total allocation was 3.0 million leva divided in sub-allocations per products (see the table below).

The first attempt for organize bids for export subsidies were not very successful. Total 9 companies won export subsidies of which two for exports of 250 MT sheep meat to Croatia, one for exports of cheese (105 MT for Lebanon), four companies for exports of processed fruits and vegetables (2,100 MT for Russia and Israel), and two companies for exports of eggs (600 MT for Macedonia and Switzerland) .

In general, industry comments are that these export subsidies will not play any role for promotion of ag exports due to:
-small size of total subsidies allocation and small size of subsidies per MT;
-significant restrictions on export markets which exclude the EU-25 and other most prospective markets; restrictions are also imposed on traditional export markets for these products. In this respect, Bulgaria firmly followed WTO directions.
-stringent quality and safety requirements which can be met by a handful of exporters.

Export subsidies in 2004			
Product and quota limit	Maximum size of subsidy per MT	Total subsidy allocation	Export markets
Meat and edible offal from poultry, fresh, chilled, frozen (2,500 MT)	400 leva	1.0 million leva	All excl. EU-25
Poultry eggs for consumption (500 MT)	400 leva	200,000 leva	All excl. EU-25
White sheep and cow milk cheese (2,880 MT)	250 leva	1.2 million leva	All excl./EU-25, North and Latin America, and Australia
Yellow cheese from sheep and cow milk (1,370 MT)	350 leva		All excl./EU-25, North and Latin America, and Australia
Lamb meat (250 MT)	800 leva	200,000 leva	All excl. EU-25; and Southeast Asia, Australia,Turkey, Saudi Arabia, Iran, Bahrain, Kuwait etc.; Jordan- up to 500 MT
Vegetables and fruits for consumption, prepared or canned with vinegar	Cucumbers-60 leva, quota 1,300 MT; pepper-100 leva, vegetable mixes-100 leva, total quota for these two categories 1,600 MT	400,000 leva	All exc. EU-25, North America, Asia, Australia and some countries in Latin America
Fruit jams, jelley, purees, and other prepared by boiling (600 MT)	From strawberries and raspberries – 100 leva		
Fruits prepared in other then the above ways (1,250MT)	Cherries, peaches-80 leva		

Traditionally, Bulgaria exports live sheep and lambs to the Near and Middle East countries, Lebanon and Jordan. In CY2003, however, exports were small, only about 1,125 head since exports of meat were more profitable. Instead, Bulgaria imported breeding sheep in an effort to restore the declining number of animals.

Italy and Greece remained the major export markets for Bulgarian mutton and lamb. In 2003, exports were 7,582 MT which is 11 percent higher than in 2002. There is a more significant increase in value ($32 million) due to 23 percent higher average export price, $4,182/MT (vs. $3,389/MT in 2002). Exports are mainly in whole or half carcasses, fresh or chilled.

Bulgaria exported sheep meat under 7,000 MT quota provided by the EU. Due to its full use, as of May 2003, the EU abolished export quotas for Bulgaria (Ordinance #233). Thus, since June 2003, Bulgaria had no limitations in these exports to the EU.

However, due to already established commercial tries, it is not expected that exports in CY2004 – CY2005 will exceed 7,000 MT. Bulgaria currently has 4 approved slaughtering houses licensed by the EU for exports of mutton and lamb.

Imports

In 2003, imports were small us usual, only 46 MT, 90 percent of which are frozen cuts from Norway. Unlike in the previous years, for the first time Bulgaria imported breeding sheep to improve the reproduction in the sector. In 2004- 2005, the reduced meat production, however, is likely to lead to some small imports, more likely around spring holidays, in order to meet local supply.

Current CY2004 import duties for live sheep, goats and respective meat are:

HS# 0104 10 00 1 Breeding animals - 0%
HS# 0104 10 00 9 Other - 278 ECU/MT
HS# 0204 10 00 0 - 10%
HS# 0204 21 00 0, 0204 22 10 0, 0204 22 30, 0204 22 50 0, 0203 22 90 0,
0204 23 00 0 - 15%
HS# 0204 30 00 0 - 10%
HS# 0204 41 00 0, 0204 42 00 0, 0204 43 00 0, 0204 50 00 0 - 15%

Croatia exports duty free to Bulgaria with no limitations. Macedonia has a quota of 200 MT at a zero duty.

Agricultural Policy

EU negotiations

According to the completed negotiations with the EU under Agriculture Chapter, Bulgaria is granted the following:

-total 2,058,483 head of animals as a limit for premiums in the “sheep and goats” sector. Initially, Bulgaria was granted much smaller amount, 1,420,433 head. However, after Bulgaria submitted additional information that goats and sheep are raised in a very similar way, and that goats are raised for meat as well; the premiums limit was reviewed and increased. This number includes a national reserve of 3 percent.

-Bulgaria receives additional payments in this sector in a size of 2,176,155 Euro based on the number of stocks for development purposes.

Table 1. National number of livestock as of January 1, 2002, 2003 and 2004 in 1,000 head

Table 1. National number of livestock as of January 1, 2002, 2003 and 2004 in 1,000 head			
	2002	**2003**	**2004**
Cattle	640	691	728
Cows	410	376	378
Hogs	1300	1117	1032
Sows	120	116	105
Sheep	2200	1728	1600
Ewes	1800	1379	1280
Goats	1000	754	725
She-goats	750	619	593
Total sheep and goats	3200	2482	2325
Total ewes and she-goats	2550	1998	1873
Note: 2004 numbers are official MinAg livestock numbers (Agro Statistics Dep.) as of November 1, 2003 which is accepted as a valid (or very close number) for January 1, 2004			

Table #2. Imports of meat products different from meat cuts (variety meat, fat, salted/cured meat, processed meat products) in 2002 and 2003 in MT by origin

Imports of meat products different from meat cuts (variety meat, fat, salted/cured meat, processed meat products) in 2002 and 2003 in MT by origin		
	2002	**2003**
HS#0504 Beef tripe	**3,962**	**4,684**
Greece	425	1,818
USA	1,827	1,121
Germany	494	579
Holland	382	303
Brazil	400	NA
HS#0206 Variety meats	**10,165**	**8,910**
Greece	2,226	2,071
Holland	1,691	1,037
Canada	833	1,023
Spain	318	676
USA	344	152
Germany	1,370	NA
HS#0209 Pork fat	**10,916**	**8,035**
Spain	1,527	1,952
France	2,595	1,609
Greece	1,668	966
Austria	1,320	950
Holland	1,307	901
France	2,596	NA
HS#0210 Salted/cured meat	**1,156**	**1,756**
Greece	164	994
Cyprus	NA	296
Yugoslavia	NA	234
USA	279	88
France	156	36
HS#1601 Processed meat products	**1,784**	**996**
Austria	865	550
Spain	342	272
Belgium	144	70
HS#1602 Ready food and cans made from meat	**4,742**	**9,689**
USA	691	3,476
Greece	80	1,945
Brazil	1,060	1,735
Germany	838	1,190
Denmark	711	632
Poland	NA	132
Total	**32,725**	**34,070**

PSD, Cattle, Animal Numbers

PSD Table

Country Bulgaria

Commodity Animal Numbers, Cattle (1000 HEAD)

	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official [	Estimate [	DA Official [	Estimate [	A Official [	Estimate [	New]
Market Year Begin		01/2003		01/2004		01/2005	MM/YYYY
Total Cattle Beg. Stks	691	691	690	728	694	760	(1000 HEAD)
Dairy Cows Beg. Stks	376	376	370	378	0	382	(1000 HEAD)
Beef Cows Beg. Stocks	0	0	0	0	0	0	(1000 HEAD)
Production (Calf Crop)	376	376	370	378	0	382	(1000 HEAD)
Intra EC Imports	0	0	0	0	0	0	(1000 HEAD)
Total Imports	0	0	0	0	0	0	(1000 HEAD)
TOTAL Imports	0	0	0	0	0	0	(1000 HEAD)
TOTAL SUPPLY	1067	1067	1060	1106	694	1142	(1000 HEAD)
Intra EC Exports	0	0	0	0	0	0	(1000 HEAD)
Total Exports	20	25	20	20	0	20	(1000 HEAD)
TOTAL Exports	20	25	20	20	0	20	(1000 HEAD)
Cow Slaughter	0	0	0	0	0	0	(1000 HEAD)
Calf Slaughter	0	0	0	0	0	0	(1000 HEAD)
Other Slaughter	330	264	320	276	0	282	(1000 HEAD)
Total Slaughter	330	264	320	276	0	282	(1000 HEAD)
Loss	27	50	26	50	0	55	(1000 HEAD)
Ending Inventories	690	728	694	760	0	785	(1000 HEAD)
TOTAL DISTRIBUTION	1067	1067	1060	1106	0	1142	(1000 HEAD)
Calendar Yr. Imp. from U.	0	0	0	0	0	0	(1000 HEAD)
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0	(1000 HEAD)

Export Matrix, Cattle

Export Trade Matrix

Country Bulgaria

Commodit Animal Numbers, Cattle

Time Period	2003	Units:	head
Exports for:			1
U.S.		U.S.	
Others		Others	
Yugoslavia	16558		
Jordan	2920		
Lebanon	2600		
Albania	2146		
Macedonia	308		
Croatia	174		
Total for Others	24706		0
Others not Listed			
Grand Total	24706		0

PSD, Beef Meat

PSD Table

Country Bulgaria

Commodity Meat, Beef and Veal (1000 MT CWE)(1000 HEAD)

	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official [	Estimate [I	DA Official [	Estimate [	DA Official [	Estimate [	New]
Market Year Begin		01/2003		01/2004		01/2005	MM/YYYY
Slaughter (Reference)	330	264	320	276	0	282	(1000 HEAD)
Beginning Stocks	4	4	5	2	5	3	(1000 MT CWE)
Production	60	53	58	56	0	58	(1000 MT CWE)
Intra EC Imports	0	0	0	0	0	0	(1000 MT CWE)
Total Imports	20	22	21	23	0	22	(1000 MT CWE)
TOTAL Imports	20	22	21	23	0	22	(1000 MT CWE)
TOTAL SUPPLY	84	79	84	81	5	83	(1000 MT CWE)
Intra EC Exports	0	0	0	0	0	0	(1000 MT CWE)
Total Exports	0	0	0	0	0	0	(1000 MT CWE)
TOTAL Exports	0	0	0	0	0	0	(1000 MT CWE)
Human Dom. Consumptic	77	75	77	76	0	77	(1000 MT CWE)
Other Use, Losses	2	2	2	2	0	2	(1000 MT CWE)
TOTAL Dom. Consumptic	79	77	79	78	0	79	(1000 MT CWE)
Ending Stocks	5	2	5	3	0	4	(1000 MT CWE)
TOTAL DISTRIBUTION	84	79	84	81	0	83	(1000 MT CWE)
Calendar Yr. Imp. from U.	0	0	0	0	0	0	(1000 MT CWE)
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0	(1000 MT CWE)

Import Trade Matrix, Beef

Import Trade Matrix

Country Bulgaria

Commodit Meat, Beef and Veal

Time Period	2003	Units:	metric tons
Imports for:			**1**
U.S.	1353	U.S.	
Others		Others	
Argentina	7702		
Brazil	6,467		
Poland	1091		
Greece	3275		
Uruguay	1025		
Portugal	511		
Romania	336		
Cyprus	243		
Norway	125		
Total for Others	20775		0
Others not Liste	1672		
Grand Total	22447		0

Export Trade Matrix, Beef

Export Trade Matrix

Country Bulgaria

Commodit Meat, Beef and Veal

Time Period	2003	Units:	metric tons
Exports for:			1
U.S.		U.S.	
Others		Others	
Macedonia	305		
Germany	2		
UK	1		
Malta	3		
Romania	12		
Total for Others	323		0
Others not Liste	33		
Grand Total	356		0

PSD, Swine, Animal Numbers

PSD Table

Country Bulgaria

Commodity Animal Numbers, Swine (1000 HEAD)

	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official [	Estimate [	DA Official [	Estimate [	DA Official [	Estimate [	New]
Market Year Begin		01/2003		01/2004		01/2005	MM/YYYY
TOTAL Beginning Stocks	1117	1117	1000	1032	1000	1060	(1000 HEAD)
Sow Beginning Stocks	116	116	110	105	0	108	(1000 HEAD)
Production (Pig Crop)	2146	2146	1900	1942	0	1998	(1000 HEAD)
Intra EC Imports	0	0	0	0	0	0	(1000 HEAD)
Total Imports	1	1	1	1	0	0	(1000 HEAD)
TOTAL Imports	1	1	1	1	0	0	(1000 HEAD)
TOTAL SUPPLY	3264	3264	2901	2975	1000	3058	(1000 HEAD)
Intra EC Exports	0	0	0	0	0	0	(1000 HEAD)
Total Exports	0	0	0	0	0	0	(1000 HEAD)
TOTAL Exports	0	0	0	0	0	0	(1000 HEAD)
Sow Slaughter	0	0	0	0	0	0	(1000 HEAD)
OTHER SLAUGHTER	1934	1899	1611	1624	0	1663	(1000 HEAD)
Total Slaughter	1934	1899	1611	1624	0	1663	(1000 HEAD)
Loss	330	333	290	291	0	295	(1000 HEAD)
Ending Inventories	1000	1032	1000	1060	0	1100	(1000 HEAD)
TOTAL DISTRIBUTION	3264	3264	2901	2975	0	3058	(1000 HEAD)
Calendar Yr. Imp. from U.	0	0	0	0	0	0	(1000 HEAD)
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0	(1000 HEAD)

Import Trade Matrix, Swine, Numbers

Import Trade Matrix

Country Bulgaria

Commodit Animal Numbers, Swine

Time Period	2003	Units:	head
Imports for:			1
U.S.		U.S.	
Others		Others	
Czech Republic	1054		
Cyprus	380		
Denmark	62		
Total for Others	1496		0
Others not Listed			
Grand Total	1496		0

PSD, Pork Meat

PSD Table

Country Bulgaria

Commodity Meat, Swine

(1000 MT CWE)(1000 HEAD)

	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official [	Estimate [	DA Official [	Estimate [	A Official [	Estimate [	New]
Market Year Begin		01/2003		01/2004		01/2005	MM/YYYY
Slaughter (Reference)	1934	1899	1611	1624	0	1663	(1000 HEAD)
Beginning Stocks	15	13	10	3	8	3	(1000 MT CWE)
Production	145	142	121	125	0	128	(1000 MT CWE)
Intra EC Imports	0	0	0	0	0	0	(1000 MT CWE)
Total Imports	22	19	29	25	0	25	(1000 MT CWE)
TOTAL Imports	22	19	29	25	0	25	(1000 MT CWE)
TOTAL SUPPLY	182	174	160	153	8	156	(1000 MT CWE)
Intra EC Exports	0	0	0	0	0	0	(1000 MT CWE)
Total Exports	0	0	0	0	0	0	(1000 MT CWE)
TOTAL Exports	0	0	0	0	0	0	(1000 MT CWE)
Human Dom. Consumptic	169	168	150	149	0	153	(1000 MT CWE)
Other Use, Losses	3	3	2	1	0	1	(1000 MT CWE)
TOTAL Dom. Consumptic	172	171	152	150	0	154	(1000 MT CWE)
Ending Stocks	10	3	8	3	0	2	(1000 MT CWE)
TOTAL DISTRIBUTION	182	174	160	153	0	156	(1000 MT CWE)
Calendar Yr. Imp. from U.	0	0	0	0	0	0	(1000 MT CWE)
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0	(1000 MT CWE)

Import Trade Matrix, Pork

Import Trade Matrix

Country Bulgaria

Commodit Meat, Swine

Time Period	2003	Units:	metric tons
Imports for:			1
U.S.	1646	U.S.	
Others		Others	
Denmark	2420		
France	2104		
Canada	1020		
Germany	1540		
Poland	4524		
Greece	1103		
Belgium	680		
Spain	678		
Austria	559		
Holland	539		
Total for Others	15167		0
Others not Liste	3613		
Grand Total	18780		0

Export Trade Matrix, Pork

Export Trade Matrix

Country Bulgaria

Commodit Meat, Swine

Time Period	2003	Units:	metric tons
Exports for:			1
U.S.		U.S.	
Others		Others	
Malta	11		
Macedonia	31		
St.Vincent	9		
Ukraine	5		
Total for Others	56		0
Others not Liste	87		
Grand Total	143		0

PSD, Sheep and Goats, Animal Numbers

PSD Table

Country Bulgaria

Commodity Animal Numbers, Sheep (1000 HEAD)

	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official [	Estimate [	)A Official [	Estimate [	)A Official [	Estimate [	New]
Market Year Begin		01/2003		01/2003		01/2003	MM/YYYY
TOTAL Beginning Stocks	0	2482	0	2325	0	2125	(1000 HEAD)
Ewes, Beginning Stocks	0	1998	0	1873	0	1700	(1000 HEAD)
Production (Lamb Crop)	0	2338	0	2191	0	1990	(1000 HEAD)
Intra EC Imports	0	0	0	0	0	0	(1000 HEAD)
Other Imports	0	60	0	50	0	50	(1000 HEAD)
TOTAL Imports	0	60	0	50	0	50	(1000 HEAD)
TOTAL SUPPLY	0	4880	0	4566	0	4165	(1000 HEAD)
Intra EC Exports	0	0	0	0	0	0	(1000 HEAD)
Other Exports	0	1	0	1	0	1	(1000 HEAD)
TOTAL Exports	0	1	0	1	0	1	(1000 HEAD)
Ewe Slaughter	0	0	0	0	0	0	(1000 HEAD)
Lamb Slaughter	0	2074	0	2000	0	1764	(1000 HEAD)
Other Slaughter	0	0	0	0	0	0	(1000 HEAD)
TOTAL Slaughter	0	2074	0	2000	0	1764	(1000 HEAD)
Loss	0	480	0	440	0	400	(1000 HEAD)
Ending Inventories	0	2325	0	2125	0	2000	(1000 HEAD)
TOTAL DISTRIBUTION	0	4880	0	4566	0	4165	(1000 HEAD)
Calendar Yr. Imp. from U.	0	0	0	0	0	0	(1000 HEAD)
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0	(1000 HEAD)

Import Trade Matrix, Sheep and Goats, Numbers

Import Trade Matrix

Country Bulgaria

Commodit Animal Numbers, Sheep

Time Period	2003	Units:	head
Imports for:			1
U.S.		U.S.	
Others		Others	
Romania	59450		
France	193		
Germany	91		
Czech Republic	3		
Total for Others	59737		0
Others not Listed			
Grand Total	59737		0

Export Trade Matrix, Sheep and Goats, Numbers

Export Trade Matrix

Country Bulgaria

Commodit Animal Numbers, Sheep

Time Period	2003	Units:	head
Exports for:			1
U.S.		U.S.	
Others		Others	
Jordan	900		
Yugoslavia	107		
Lebanon	118		
Total for Others	1125		0
Others not Listed			
Grand Total	1125		0

PSD, Sheep and Lamb Meat

PSD Table

Country Bulgaria

Commodity Meat, Lamb, Mutton and Goa (1000 MT CWE)(1000 HEAD)

	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official [	Estimate [I	DA Official [	Estimate [	DA Official [	Estimate [	New]
Market Year Begin		01/2003		01/2003		01/2003	MM/YYYY
Slaughter (Reference)	0	2074	0	2000	0	1764	(1000 HEAD)
Beginning Stocks	0	2	0	0	0	0	(1000 MT CWE)
Production	0	46	0	44	0	39	(1000 MT CWE)
Intra EC Imports	0	0	0	0	0	0	(1000 MT CWE)
Total Imports	0	0	0	3	0	5	(1000 MT CWE)
TOTAL Imports	0	0	0	3	0	5	(1000 MT CWE)
TOTAL SUPPLY	0	48	0	47	0	44	(1000 MT CWE)
Intra EC Exports	0	7	0	7	0	7	(1000 MT CWE)
Total Exports	0	0	0	0	0	0	(1000 MT CWE)
TOTAL Exports	0	7	0	7	0	7	(1000 MT CWE)
Human Dom. Consumptic	0	40	0	39	0	37	(1000 MT CWE)
Other Use, Losses	0	1	0	1	0	0	(1000 MT CWE)
TOTAL Dom. Consumptic	0	41	0	40	0	37	(1000 MT CWE)
Ending Stocks	0	0	0	0	0	0	(1000 MT CWE)
TOTAL DISTRIBUTION	0	48	0	47	0	44	(1000 MT CWE)
Calendar Yr. Imp. from U.	0	0	0	0	0	0	(1000 MT CWE)
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0	(1000 MT CWE)

Import Trade Matrix, Sheep and Lamb Meat

Import Trade Matrix

Country Bulgaria

Commodit Meat, Lamb, Mutton and Goat

Time Period	2003	Units:	metric tons
Imports for:			1
U.S.		U.S.	
Others		Others	
Noraway	42		
Total for Others	42		0
Others not Liste	3		
Grand Total	45		0

Export Trade Matrix, Sheep and Lamb Meat

Export Trade Matrix

Country Bulgaria

Commodit Meat, Lamb, Mutton and Goat

Time Period	2003	Units:	metric tons
Exports for:			1
U.S.		U.S.	
Others		Others	
Greece	4993		
Italy	1437		
Germany	108		
Austria	119		
Croatia	808		
France	70		
Switzerland	35		
Total for Others	7570		0
Others not Liste	12		
Grand Total	7582		0