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Bulgaria

Poultry and Products

Current Poultry Market Situation in Bulgaria

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Report Highlights:
The Bulgarian poultry industry has enjoyed stable development over the last two years. Trading companies are trying to find new marketing methods and new high value products which can sell best in supermarkets and food service outlets. Domestic production in CY2000 is projected to be stable at 100,000 MT (chicken meat) with imports expected to range between 10,000 MT and 20,000 MT.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
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Supply

Bulgarian poultry industry is represented by 28 large scale commercial egg operations; made up of 16 ex-state farms, now privatized, and 12 newly established private operations. Broiler production is concentrated in 14 large scale operations. There are 11 slaughtering houses for broilers with an average annual capacity each of 16,000 MT or total annual capacity for production of 200,000 MT (carcass weight) broiler meat. In addition, there are 15-16 smaller broiler slaughtering houses and 10 non-broiler (duck, geese) slaughtering houses. Total capacity for egg production equals 3 billion eggs.

Current CY2000 poultry meat production is estimated at 106,000 MT of which 100,000 MT is broiler meat. Roughly 30,000 MT is commercial production and the rest is on-farm production. Egg production for CY 2000 is projected at 1.65 billion eggs.

Trade

Exports

The local poultry industry was well developed in the past but suffered set backs during the transition to a market economy (1989- present). Prior to 1989, Bulgaria exported annually an average of 40,000 MT of broiler meat and 550 million eggs. In 1999, exports were only 4,000 MT in poultry meat, and of this amount only one third was broiler meat and the balance was duck and goose meat. Egg exports in 1999 were 38 million eggs.

Broiler meat exports prior to 1989 were destined for Cuba (about one third), Soviet Union (another one third) and the near and middle East. Currently, Bulgaria exports broiler meat mainly to Georgia and tiny quantities to the near East. Duck and goose meat is exported to EU countries such as France and Belgium.

Imports

The latest official data for 1999 imports shows 11,000 MT of poultry meat and 12 million eggs--mainly hatching eggs. These figures are significantly lower compared to 1998 imports which totaled 25,000 MT of poultry meat. The US market share is estimated by different sources at one fourth to one half of total poultry meat imports. Average import prices, CIF Black Sea ports, for US leg quarters vary between $400/MT and $600/MT. The local Poultry Producers Association is concerned about chicken leg quarters imports as it is a product in high demand on the local market due to the good price/quality ratio. The Poultry Producers Association pays close attention to import shipments, including customs procedures and possible smuggling.

Trade Policy

Over the last two years, the Poultry Association has actively participated in government policy making in close cooperation with the Ministry of Agriculture. Recently, the Poultry Association took part in the Bulgarian EU negotiations on "double zero" trade agreements. As a result, the Poultry Association was proud to announce that the agreed import quotas were reduced from levels initially demanded by the EU at 7,000 MT down to 1,000 MT of poultry meat and to 1,000 MT of processed poultry products. In return, Bulgaria was granted a duty free export quota of 6,500 MT of poultry meat into the EU. The quota is likely to be used for non- broiler meats such as duck and goose as Bulgaria does not have EU-approved plants for exports in the broiler sector.

The export quota is expected to stimulate this segment of the Bulgarian industry which so far has exported an average of 5,000 MT per year.

However, the Poultry Association is highly concerned about customs control on imports under the EU’s "double zero" agreement. Lax customs control oversight was the major argument for reducing the import quota to 1,000 MT. The Poultry Association demanded personal assurances from EU officials for stringent control on imports, nonetheless, industry members remain concerned.

Bulgaria does not have broiler processing plants approved for export to the EU due to unsatisfactory sanitary conditions and the lack of EU- required cooling and cleaning equipment. In addition, all refrigerators in Bulgarian slaughtering houses are working with ammonia which should be replaced with equipment working using freon gas as required under EU standards. The Poultry Association estimates that each domestic chicken slaughtering house will need at least 1.5 million DM for purchase and installation of required equipment.

The industry is skeptical about possible aid from EU sources such as the Special Accession Program for Agriculture and Rural Development (SAPARD). According to the Poultry Association, the SAPARD program will not have any financing schemes in place in CY2000. The biggest obstacle for potential applicants is the requirement of 100 percent up-front, pre-financing of projects.

Consumption

The Bulgarian market has good potential for higher consumption of broiler meat. In the years prior to 1989, the average per capita consumption was 18.5 kilos of poultry meat and 285 eggs. Today, these figures are estimated at half of previous levels. In early CY2000, retail prices were fairly low relative to world prices, but still high given the average monthly wage of $120 per capita.

On the last several years, an increasing number of local companies improved their retail marketing methods. As a result, more companies are using brand names and selling higher value products. Supermarkets now sell various chicken cuts as well as chicken burgers, patties, nuggets, tenderloins and cutlets, etc., which were not available locally three years ago. This trend is closely related to the growing food service sector and especially fast food service outlets. Market niches exist for products such as chicken frankfurters, sausages, canned chicken products and dehydrated chicken. This is partly related to local consumer preferences as well as the lack of local standards for processed chicken products (sausages and frankfurters).

Table #1. Bulgarian Selected Poultry Retail Prices

Bulgaria: Selected Retail Prices in USD/kilo		
Products	January 2000	June 2000
Chicken (whole)	2.80 - 2.90 Bleva/kilo (USD1.4 - 1.45/kilo)	2.80 - 3.10 Bleva/kilo (USD1.4 - 1.55/kilo)
Chicken Leg Quarters	2.50 Bleva/kilo (USD 1.25/kilo)	2.60 Bleva/kilo (USD1.30/kilo)
Eggs	0.12 - 0.15 Bleva/egg (USD 0.06-0.075/egg)	0.11-0.13 Bleva/egg (USD 0.055 - 0.065/egg)
Source: SAPI independent information agency		

Table #2. Poultry Products Consumption in Bulgaria

Broiler Meat and Egg Consumption, Annual Estimate for CY2000		
	On-Farm	Commercial
Broiler Meat	74,000 MT domestic production	42,000 MT- 52,000 MT (32,000 MT domestic production and 10,000 MT to 20,000 MT imports)
Eggs	900 million	700 million
Source: FAS Sofia estimates based on trade sources		