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Bulgaria

Planting Seeds

Planting Seeds Annual Report

1999

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Report Highlights:

Despite lower overall seed consumption in 1999, imports of corn and sunflower seeds increased due to lower domestic seed production and expected expanded exports. The U.S. share of the corn seeds market is estimated at 50%, followed by sunflower planting seeds, 40%.

Bulgarian farmers planted 4% of corn acreage with U.S. GMO corn. By the year 2000, both corn and sunflower GMO planting seeds are expected to be sold on the local market.

Includes PSD changes: No
Includes Trade Matrix: No

Executive Summary

Despite increased wheat and barley planted area in 1999 overall demand for grain/oil planting seeds will likely be down due to a reduction in corn/sunflower planted area. Demand for vegetable seeds has also declined due to low farm-gate prices of fresh vegetables as a result of limited export opportunities.

Seed production for the 1999 crops decreased significantly, especially production of corn/sunflower planting seeds due to a lack of funding at the parastatal Institutes where the majority of local varieties are generated.

The limited supply of domestic corn/sunflower seeds opened good opportunities to imports in early 1999. All importers are unanimous that the 1999 spring planting was the most successful season over the last several years. The market share of imported corn/sunflower seeds has been estimated at 70%-75% and the market share of the US, 50%. Local wheat and barley seeds as well as vegetable seeds continue to dominate the market.

In 1998, total seed imports reached 3,300 MT (US$6.2 million) compared to 2,000 MT (US$2.0 million) in 1997. The increase was a result of higher demand, financial stabilization in the country and increased farmer income. Total Bulgarian imports from the U.S. reached US$0.3 million.

In 1999, Bulgaria continues to formulate its liberal biotechnology legislation and policy in close cooperation with the research community and trade. All major seed importers currently have a permit to sell selected amounts of GMO corn/sunflower planting seeds (reportedly, about 270 MT total). However, the harvested product (feed corn and sunflower seeds) must be exported this year. By the year 2000, these limitations are expected to be abolished. Regulations regarding sales, imports and use of food products for consumption containing GMO plants (which indirectly affects the planting seeds market), should be approved this fall in a special Decree to the Food Law.

Currently, the best marketing opportunities continue to exist for U.S. early and middle early corn hybrid seed, sunflower seed, and vegetable seed. As in 1998, some varieties of feed grass offer a good market due to the lack of local production and favorable demand.

Production/Consumption

Local production of wheat seeds for the 1999 planting is expected to be sufficient and to meet local needs (about 350,000 MT). The major producer of these seeds, the Institute of Wheat and Sunflower (a mixed public/private institution), is concentrating on wheat planting seeds production since foreign varieties are not typically appropriate for local climate.

The Institute has also decreased sunflower planting seeds production due to re-allocation of resources. Local sunflower planting seed production in 1999 is estimated to cover up to 30% (0.6 MT - 0.7MT) of total local consumption (between 2,000 and 2,600 MT), the remaining 2000 MT were supplied by imports. At the same time, according to the trade, planted sunflower acreage in 1999 is about 10% down compared to 1998 since most crushing factories have large stocks of sunflower seeds and are not willing to contract farmers and to provide financial assistance.

Local corn planting seeds production has been reduced in 1999 due to the lack of financial resources at the major producer (Institute of Corn, also public/private ownership) and since local hybrids (mainly middle late and late) are not demanded. The market share of local corn seeds is estimated at about 20% (1,400 MT) of total consumption (7,000 MT). The remaining was supplied by imports. According to the trade, total corn planting seed consumption is 10% down due to decreased planted acreage in 1999.

The local supply of vegetable planting seeds in 1999 has been estimated to be at the same level as in 1998. The demand, however, has been reduced significantly due to the collapse of vegetable market in 1998. Major consumers of vegetables, canning factories, are still stockpiled with finished produce and most of them are not contracting out in 1999, therefore, planted acreage was down and seed demand have been sluggish.

Plant Health Regulations

There have been no changes in the seed import regulations. Legislation in this area is considered to be liberal and in accordance with the EU rules. According to the trade, the GOB plans to approve the acceptance of EU variety list and to adjust current plant health regulations. It is unlikely these changes will occur until the end of 1999.

Seed Certification/Variety Approval

The seed certification and variety approval processes are liberal and no changes have occurred. Imported and local seeds both must meet same requirements to be certified and neither trade or local producers have ever expressed any concerns about this procedure. For most grain/oilseeds, the variety approval process takes two years, however, if the tests in the first year show positive results, certain quantities of these seeds can be sold on the market. For vegetable seeds, the variety approval process usually takes a year. Required fees for domestic and imported varieties are on average of US$500.

Intellectual Property Rights

Bulgaria is a member of the UPOV (International Union for Protection of New Varieties of Seeds) and two years ago, a special Law on the Protection of Local Varieties and Breeds was approved in accordance with the UPOV convention. It gave traders the needed protection and had a positive impact on imports.

Genetically Modified Organisms (GMOs)/Biotechnology

In early 1999, the GOB approved several types (reportedly, nine) GMO corn hybrids including BT (Ostrinia nubilalis) corn hybrids (5); corn hybrids resistant to herbicides (1); and corn hybrids resistant both to herbicides and BT(3). Commercial companies were allowed to sell a certain amount (about 270 MT) of GMO corn seeds in 1999. Despite this permit, some firms are continuing to utilize demonstration farms rather than direct sales to market their products.

One company has sold GMO corn seeds resistant to herbicides which were very well accepted and, reportedly, demand for this type of seed is quite high. Farmers planted these seeds in areas with high weed infestation. About 4% (an estimate) of the 1999 corn crop will be produced from GMO seeds. Purchases of GMO seeds were preceded by a number of demonstrations in 1998 (over 50, attended by about 40% of producers). Two companies have organized demonstrations in 1999 and plan to start GMO corn seeds sales next spring. Demonstration tests for sunflower GMO seeds also should be shown this year to start sales in the year 2000.

According to the trade, GMO corn seeds resistant to herbicides are more demanded than the BT corn since weeds are the biggest problem to farmers. In spite of generally high price sensitivity of Bulgarian market, GMO seeds whose price is 20% to 100% higher than other seeds, were sold quickly. According to the trade, these seeds should result at minimum 20% higher yields at lower production cost. Especially important for producers, is higher quality of final product since most corn and sunflower are likely to be exported. According to some traders, by the year 2000 sales of GMO corn seeds will be tied to export contracts.

In the area of biotechnology legislation, Bulgaria has a liberal policy. According to all importers and traders, there are no regulatory or legislative problems in imports, sales, and use of GMO seeds. The Government Biotechnology Council, and the well established Institute of Genetic Engineering (IGE) both play a key role in this area. The IGE is authorized to make special tests for GMO seeds along with the regular tests executed by the State Variety Testing Commission. There are established procedures for approval of genes and the respective fees. Total fees for the approval of one gene (from the application to the permit for commercial sale) cost about US$12,000 - US$15,000. The approval of each additional gene costs an additional 50% of the respective fee.

The IGE plans to have a large demonstration on test fields this fall and to invite local as well as regional experts, traders and Government officials. There is also an idea to establish a non-Government body, Biotechnology Association, which should include traders and researchers and which will contribute to Government legislation work. This association should give a special emphasis to public awareness and education on GMO issues as well as lobbying in favor of new biotechnology methods.

Trade and Marketing

Note: Since early 1999, the GOB has been using a new reporting methodology which could affect both 1998 and 1999 information. In this new system, for a country of destination (origin) to be reported, at least three companies have to declare their exports/imports. The countries excluded from the particular commodity traded, will be included in the category of "other" or "unknown". The "total" reported for each respective commodity will, however, include the actual quantity and value of trade.

Total seed imports in 1998 increased (in value) as follows: 180% for seed potato, 750% for durum wheat seeds, 144% for corn seeds, 150 % for sunflower seeds, between 3% and 300% for different types of feed grass seeds, 237% for vegetable seeds and about 300% for rapeseed.

The United States continued to supply the majority of corn and sunflower planting seeds. Although the official data reports a decrease in U.S. market share from 30% (in kilos) in 1997 to 6% in1998, according to the trade, the U.S. market share was about 45%-50%. Often seed imports from Austria and Hungary are of U.S. origin.

The U.S. market share on sunflower seeds market was 7 % in 1998 according to the statistics and about 40% according to the trade. As in the case with corn, U.S. seeds were imported from Austria and Turkey.

The U.S. did not export any vegetable, durum wheat (it is assumed that imports in 1998 are from U.S. although it is not reported in the statistics), feed grass and alfalfa seeds in 1998 (Bulgarian imports from the U.S. of these seeds in 1997 were total about 1.0 MT).

As in 1998, the most active U.S. competitors were the Netherlands (seed potato and other vegetable seed), France and Yugoslavia (corn), Germany (sugar beets, alfalfa, rapeseed and vegetable seed), and France (sunflower and vegetable seed).

Export opportunities for U.S. seeds and especially GMO seeds in Bulgaria are very good. The best market segments continue to be corn and sunflower due to higher production levels and export potential of these sectors. Other potential markets are soybean and vegetable seeds, however, the demand for these seeds will be highly dependant on local animal feed consumption and export capacity of canning industry.

Trade Regime and Tariff Changes

The VAT has been decreased from 22% to 20% in January 1999 and the temporary import tax was canceled. Importers still should pay 1% cross-border tax.

The tariff code and trade regime were revised in December 1998. Import duties for several types of seeds were reduced in 1999 as follows:

1001 10 00 Durum wheat seeds for planting - from 23% to 20%
1003 00 Barley seeds for planting - from 4.6% to 4.0%

1008 30 00 Canary seeds - from 25 % to 20%
1201 00 10 0 Soybeans for sowing - from 10% to 5%

Import duties for all other planting seeds are the same as in 1998 (see 1998 report).

Changes in the trade regime introduced the following import quotas for the EU-countries and for countries with which Bulgaria has free-trade zone agreements:

Import quotas for all countries:
0701 10 00 0 Potato seeds - 800 MT at 0% import duty and 1,000 MT at 18% import duty

Preferential quotas for EU countries:
0701 10 Potato seeds - 332 MT at 17.5% import duty
1209 21 Alfalfa seeds - 66 MT at 3.5%
1209 91 Vegetable seeds - 38 MT at 3.5%

Preferential duties (0%) for CEFTA countries:
0701 10 Potato seeds
1001 10 Durum wheat seeds
1005 10 Corn Seeds
1201 Soybean seeds
1206 00 10 Sunflower seeds
1209 Vegetable seeds

Exports of seeds are subject to registration with the exception of elite seeds and seeds up to the first reproduction (wheat, barley, hybrid corn and sunflower) which are subject to export permits issued by the MinAg. Imports of seeds are subject to simple registration with the MinTrade.

Trade Matrices CY 1998 in kilos

Table #1. HS# 0701 10 00 0 Potato seeds for planting			
Export		Import	
Country	Quantity in kilograms	Country	Quantity in kilograms
		Germany	238,410
		Netherlands	1,075,934
		Others	142,300
Total		Total	1,456,644
Total in US$			617,000

Table #2. HS#1001 10001 Durum wheat for planting			
Export		Import	
Country	Quantity in kilograms	Country	Quantity in kilograms
		Unknown	15,095
Total		Total	15,095
Total in US$			1,573

Table #3. HS#1005 10 Corn for planting			
Export		Import	
Country	Quantity in kilograms	Country	Quantity in kilograms
France	86,444	Austria	290,165
Turkey	1,740,560	Canada	109,104
		France	434,895
		Hungary	58,310
		Yugoslavia	260,018
		USA	70,774
Total	1,847,004	Total	1,225,348
Total in US$	301,833		2,111,450

Table #4. HS# 1205 0010 0 Rapeseed planting seeds			
Export		Import	
Country	Quantity in kilograms	Country	Quantity in kilograms
		Germany	75,600
Total		Total	75,600
Total in US$			337,135

Table #5. HS#1206 00 10 Sunflower planting seeds			
Export		Import	
Country	Quantity in kilograms	Country	Quantity in kilograms
Unknown	22,000	Austria	19,893
		France	37,645
		Turkey	206,495
		USA	19,378
Total	22,000	Total	330,206
Total in US$	15,477		1,757,097

Table #6. HS# 1209 1100 0 Sugar beets planting seeds			
Export		Import	
Country	Quantity in kilograms	Country	Quantity in kilograms
Unknown	801	Germany	64
Total	801	Total	64
Total in US$	1,132		104

Table #7. HS# 1209 2100 0 Alfalfa planting seeds			
Export		Import	
Country	Quantity in kilograms	Country	Quantity in kilograms
		Germany	75,000
		Unknown	61,407
Total		Total	136,407
Total in US$			432,809

Table #8. HS#1209 2400 0 Poa pratensis planting seeds			
Export		Import	
Country	Quantity in kilograms	Country	Quantity in kilograms
		France	1200
		Unknown	948
Total		Total	2,148
Total in US$			5,217

Table #9. HS# 1209 9100 0 Vegetable seeds			
Export		Import	
Country	Quantity in kilograms	Country	Quantity in kilograms
Germany	40,265	Germany	1,080
Greece	284,710	Italy	34
Netherlands	4,423	Netherlands	32,589
Turkey	380,825	France	3,735
Macedonia	765	Israel	73
Others	18,932	Others	20,418
Total	729,920	Total	57,929
Total in US$	875,858		880,181