

V. FORESTRY

1. Main priorities in the working activity of the National Forestry Board in 2003

In 2003 the activity of the National Forestry Board /NFB/ was directed toward:

- management and protection of forests – increase of share of clear-cutting in young and average age plantations and crops in order to improve their structure, increase of their sustainability and productivity, conducting of renovation cuttings with ensured natural renovation, as well as measures for its support, conducting of forest protection activities.
- Efficient forest conservancy against forest fires, illegal felling etc.
- Creation and replenishment of forest crops, decrease of soil erosion threat and improvement of environmental status of forest area damaged by fires and drying.
- Efficient utilisation of resources and creation of conditions for market development of the forestry.
- Retention of genetic resources and biodiversity.
- Amendments in the current regulatory base.
- Implementation of international agreements and conventions on preservation of biologic diversity and protected territories.

2. Renewal of forests, anti-erosion measures

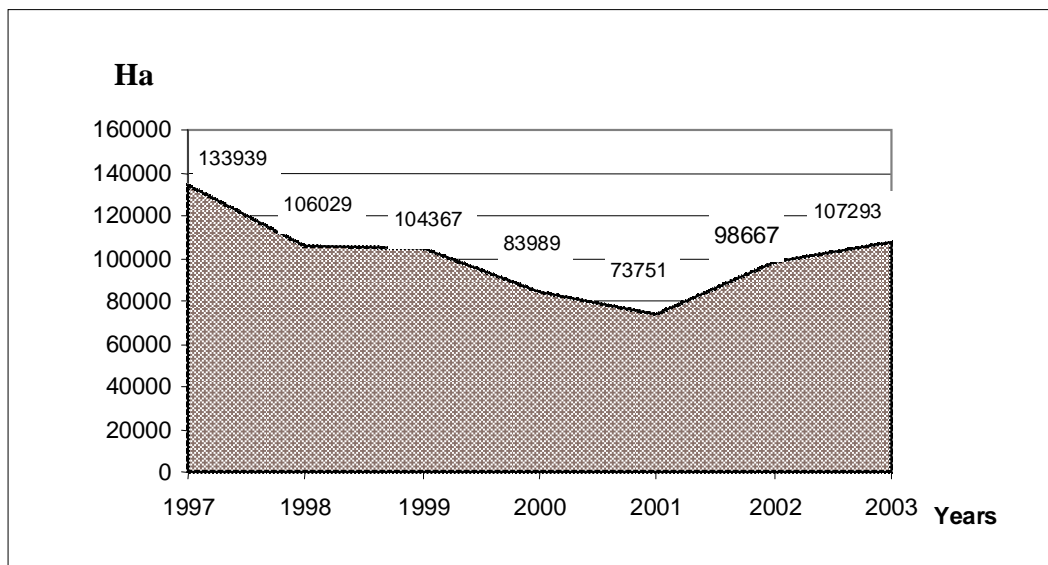
2.1. Afforestation and replenishment of forest crops

In 2003 the afforestation was directed: to the increase of afforested areas in the State Forest Fund /SFF/ in order to achieve during the next 5 years the amount planned in the Forest Management Plan, i.e. 11.8 thousands of ha; to re-establishment of forests on area damaged by fires, drying and natural disasters, re-establishment of cutting areas in poplar forests and due to illegal felling. The efforts were directed also to the re-establishment of sprout plantations in poor conditions, support for the re-establishment of forests for its conversion, support for forests in poor situation, replenishment of losses in the new created forest crops which rate of transplantation is under 80 %.

As a result of good autumn soil cultivation in 2002 consisting to 3 600 ha, in the SFF were afforested and replenished totally 10 729 ha.

Figure V.1.

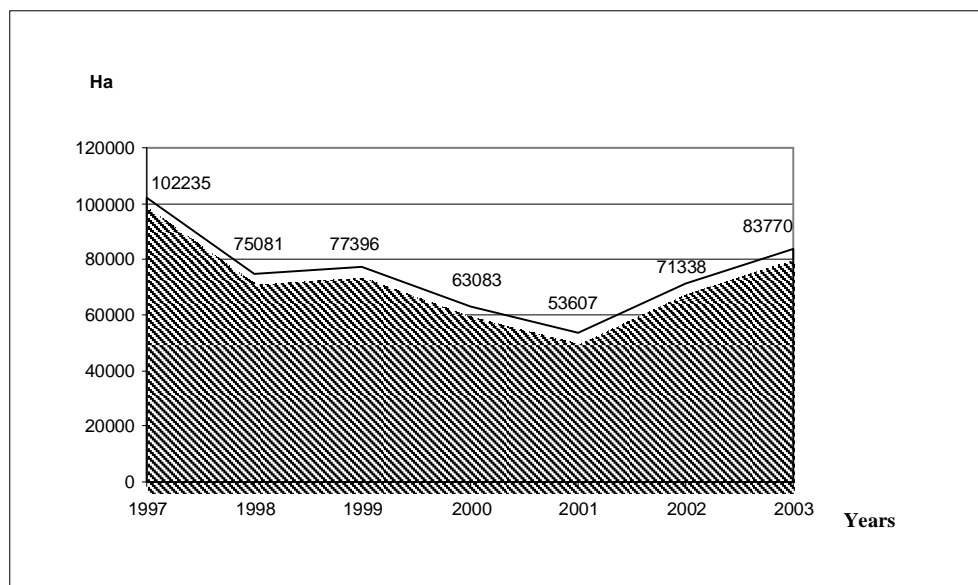
Created and replenished forest crops in the SFF during 1997-2003 period



The new established crops figured out at 83 770 dca, while the amount of replenished crops was 23 523 dca. This is the highest amount, achieved during the last 5 years.

Figure V.2.

Afforestation (without replenishment) in the SFF in 1997-2003 period



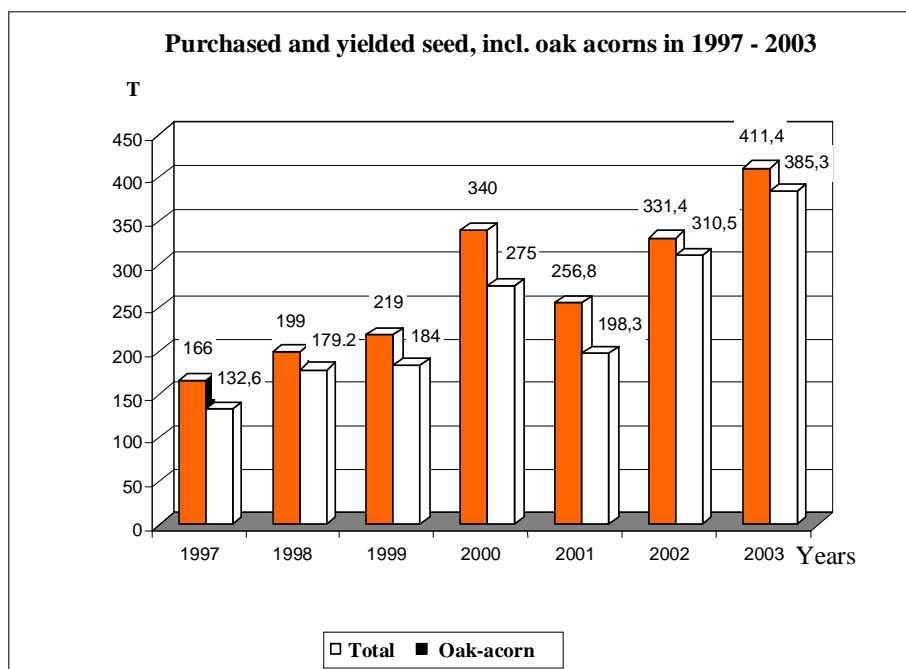
Totally for cultivation of soil, afforestation and replenishment of crops during the year were spent 14 233 000 BGN, including 2 936 000 BGN from MTSP under "Renewal and conservancy of the Bulgarian forest – 2003" Program. A proportion between coniferous and deciduous species in the new afforestation figured out at 24%: 76%. The rate of crop transplantation is: 72.82% for annual crops; 75.82% for biennial and 83.87% for triennial crops.

As positive aspect at these afforestations is considered the larger participation of indigenous deciduous species in the crop structure /76%/, increase of poplar afforestation /9%/ and of area where mixed crops were established /37%/.

2.2. Forest seed-production

In 2003 from 74 tree species were collected, produced and purchased totally 411 tons of seed, including 396 t. of oak-acorn. For seed-production were spent 409 000 BGN, and 66 000 BGN from MTSP under "Renewal and conservancy of the Bulgarian forest – 2003" Program.

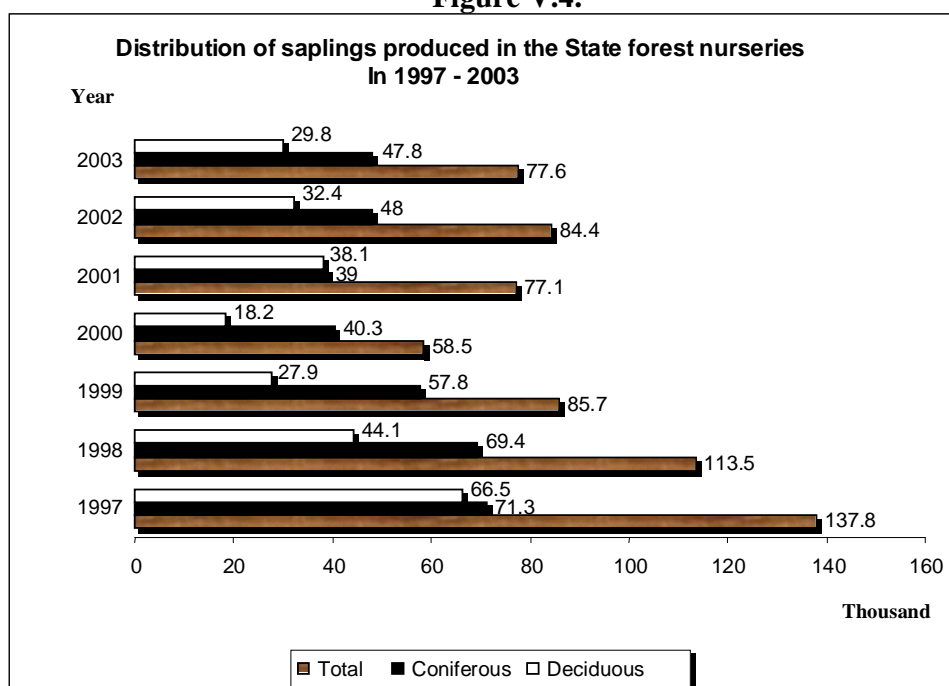
Figure V.3.



2. 3. Nursery production

The production of saplings in 2003 was carried out in 244 permanent forest nurseries having total area of 1 939.5 ha, from which 62% are intended for production purposes. Totally were produced 77.6 million of saplings intended for afforestation, from which 73.5 million of seedy saplings, 1.05 million of poplar sapling and 3 million of saplings for pricking in. The coniferous saplings prevailed in number: approximately 60 %. The species multiformity was presented by 70 tree species and 22 shrubby species. 95 000 saplings were produced for decorative purposes and 90 000 saplings were intended for Christmas trees.

Figure V.4.



The funds spent for this activity accounted for 4 483 million BGN, including 204 000 BGN from MTSP under "Renewal and conservancy of the Bulgarian forest – 2003" Program.

3. Management of forests and lands of forest fund

3.1. Structure of forests and lands of forest fund

The total area of the forest fund figures out to 4 003 755 ha, from which 3 551 550 ha of afforested land, 23160 ha of dwarf-pine, 126 418 ha of unforested land intended for wood production (from which: 15 377 ha of burnt out area; 28 861 ha of wood - cutting area; 82180 ha of barren area) and 302 027 ha of area not intended for wood production .

Table V.1.
Main indicators of forest fund according to the forest type and total

	Forest type	%	Afforested area (ha)	Total reserve (m ³)	Average age (years)	Average growth per 1 ha	Average reserve per 1ha	Average fullness
1	Coniferous	31.6	1 123 666	248 330 186	42	6.735	221	0.75
2	Deciduous high-stemmed	20.8	737 420	142 322 060	67	3.574	193	0.74
3	Rehabilitation	16.3	577 741	25 420 604	48	1.022	44	0.60
4	Sprout for conversion	27.3	968 854	125 951 020	48	2.971	130	0.76
5	Low-stemmed	4.0	143 869	7 912 795	20	4.051	55	0.80
6	Total	100.0	3 551 550	549 936 665	49	4.00	155	0.73

Source NFB

The total area of deciduous forests figured out at 2 427 884 ha (68.4%), while the total area of coniferous forests accounted for 1 123 666 ha, i.e. 31.6 %.

The natural plantations covered 2 554 872 ha, from which 362 222 ha of coniferous (14.2%).

The crops covered 909 645 ha, from which 741 009 ha of coniferous (81.5%).

According to their functions, the forests are divided as it follows:

- Forests and lands of forest funds with basic wood productive and environment-forming functions - 65.9%.
- Protective and recreational forests of forest fund - 26.6 %.
- Forests and lands of forest fund in protected territories - 7.5 %.

3.1.1. Forest management

In 2003 was opened a procedure for the assignment of public procurement about elaboration of forest management and hunting management projects for 16 state forestry stations and two game breeding stations. After the completion of procedures it was assigned the elaboration of forest management and hunting management projects for the following State forestry stations: Botevgrad, Samokov, Koprivshitz, Turtakan, Elena, Lovech, Burgas, Sadovo, Haskovo, Ardino, Yakoruda, Belitza, Karlovo, Vratza, Provadia and State Game Breeding stations of Kotel and "Tundja"-Yambol. The total area of sites under management was 430 000 ha, while the total amount of public procurement value accounted for 2.1 million BGN.

The Expert Technical and Economic Council (ETEC) adopted 18 Terms of Reference about the elaboration of forest management projects, as well as 22 proposals for segregation of management categories, harvesting age and size of annual use for forestry stations and game breeding stations managed in 2002 - 2003.

At the end of the year there was organized ETECs for adoption of minutes from the second forest management meetings and forest management projects for 22 State forestry stations and game-breeding stations.

3.1.2. Situation of forest fund

In 2003 were analysed, controlled and completed documents on 65 correspondences about the change of use of forest fund lands and forests: 58 correspondences about establishment of right of use and easements on forests and lands from the State forest fund; 12 correspondences about the sale of built-up and regulatory specified adjacent area according to the provisions of § 123 of Act amending and completing the Forestry Act and 8 draft decisions of the Council of Ministers (CoM).

3.1.3. Distribution of Forest fund according to the form of ownership

At 01.01.2004 according to data established on the basis of information supplied by the State forestry stations, State game-breeding stations and Regional Boards of Forestry, the distribution of forests and lands form Forest funds is at it follows: total resituated ownership 820 292 or 20.48% from the total area of Forest fund, from which 390 010 ha (9.74% from the total area of Forest fund) belong to physical persons, 361 669 ha (9.03% from the total area of Forest fund) belong to municipalities, 22 265 ha (0.55% from the total area of Forest fund) belong to religious communities and 8 400 ha (0.20% from the total area of Forest fund) belong to other legal entities. From the resituated ownership 37 726 ha (0.94 %) are temporarily managed by the municipalities.

3.2. Forest management and protection

The management of forests encompasses an afforested area of 3 512 000 ha with total wood reserve of 549 936 665 m³, at average annual growth of 4.03 m³/ha.

The leading activities of forest management and protection in the NFB were directed to the implementation of its priorities for 2003 – increase of share of clear-cutting in young and average age plantations and crops in order to improve their structure, increase of their sustainability and productivity, conducting of renovation cuttings with ensured natural renovation, as well as measures for its support, conducting of forest protection activities.

3.2.1. Clear-cuttings

In 2003 in the State Forest fund were carried out clear cuttings on area of 64 243 ha, with which was achieved a growth of 48% in comparison to 2002.

The carrying out of clear-cuttings in young and average age plantations and crops for the reporting period accounted for 44 747.1 ha and it is 51% more than the preceding year.

Clear-cuttings without timber production, that are financed from the NFB budget, are carried out on 8 643.5 ha, which is 93.4% fulfilment of plan and 4.6% more than 2002. The funds spent were 1 162 573 BGN and the average expenditure per hectare wad 130 BGN, which is more than 60 BGN understatements compared to 2002.

The performance of clear-cuttings in young plantations during the last two years is shown in the following diagrams:

Figure V.5.

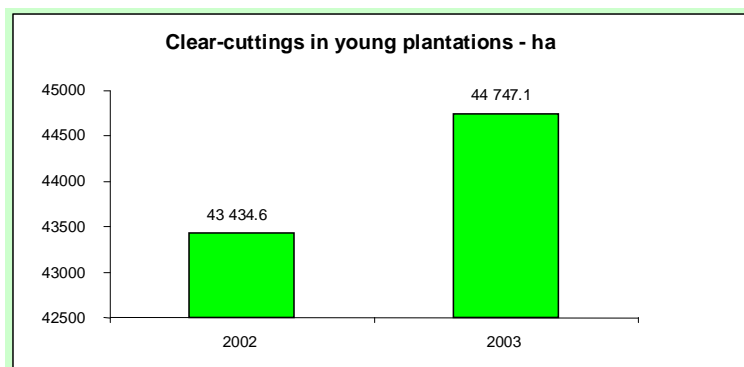
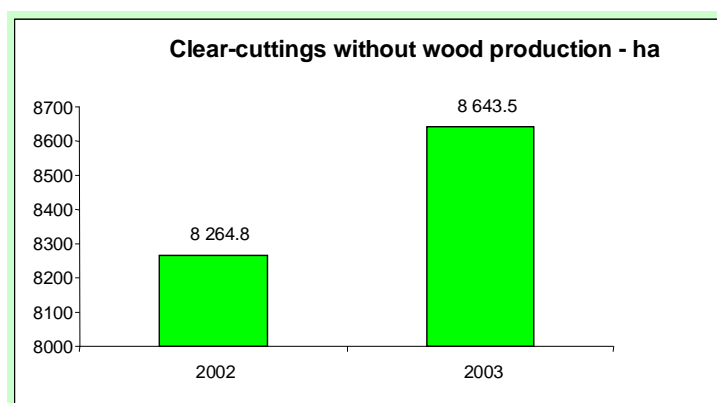


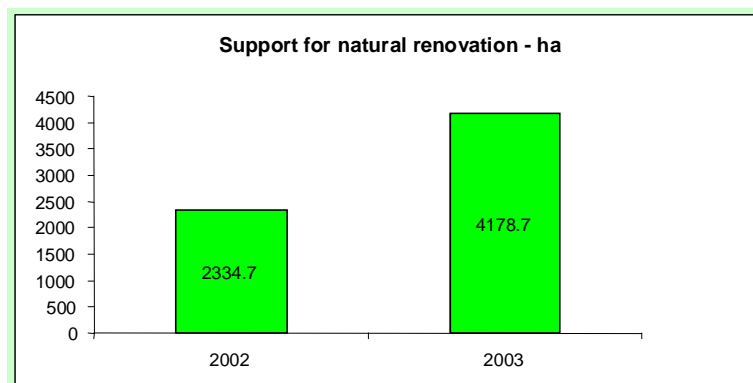
Figure V.6.



3.2.2. Support for the natural renewal

In 2003 according to the regional characteristics and necessity to support the process of natural renewal of forests, this measure was carried out on area accounting for 4178.7 ha, which exceeded preliminary planned 3612.9 ha by 15.7 %. Compared to 2002 it is 79% growth, which shall be retained as a trend in the work on forest management.

Figure V.7.



3.2.3. Management of non-governmental forests

In 2003 the work on the management of non-governmental forests was aimed at the alleviation of management regimes, improvement of forestry activity, increase of preventive control on the management and use of timber, provision of information to the owners about the different opportunities for management of their forests, improvement of owner service etc. To that end there were proposals about amendments in the normative base of forests and were prepared additional instructions for management. The Collegium of MAF adopted a “Concept for training and consulting of non-governmental forests' owners”. There were many meetings with owners, where NFB obtained information about the problems they were faced to at the management of forests and about the necessity and opportunities of support. In the framework of workshops with private forestry officers it was clarified regulatory requirements on the work in private forests. It was obtained additional information on the practical management.

The “Concept for consulting and training of non-governmental forest owners in the Republic of Bulgaria” was discussed in the NFB together with the other stakeholders.

In Plovdiv was organized 2-day seminar about the character and organization of advisory activity with participation of external consultant for initial training of RFB officers, responsible for non-governmental forests.

In the framework of working meetings devoted to the problems of management of non-governmental forests took participation forest owners, private forestry officers, RFB and State forestry stations officers, responsible for non-governmental forests, MAF experts and SAPARD Agency lecturers: 1). National working meeting in the region of RFB of Smolian 2). Regional meetings in the RFB of Russe, RFB of Shumen, RFB of Sofia and RFB of Berkovitza.

In the framework of implementation of program plan for the consultation and training of forest owners in 2003 it was organized and performed an inquiry of forest owners on the territory of the whole country according to the drafted fill-in-the-blank request. In the inquiry participated 5 668 owners and the requests were processed with the support of GBGP.

It was continued the preparatory activity on organising of mobile forestry school (MFS). Its concept was developed by the working group on forestry legislation within GBGP. It is forthcoming that the project will purchase the equipment needed for the mobile school. It was signed a memorandum with the Bulgarian Forestry Management Chamber of Plovdiv about the organizing of training activity intended for the forest owners through the Mobile forestry school. Because of problems encountered by the BFMC, the NFB intends to use the Mobile Forestry School in cooperation with GBGP.

4. Forest conservancy

The activity on the conservancy of forests, game and fish is assigned to 2 797 forest-guards, from which 2 395 are working in forest ranges (FR) in the State Forest stations (SFS) and State game breeding stations (SGBS), 277 officers are working as mobile forest patrols (MFP) within the Regional Forestry Boards (RFB) and 8 officers are working as mobile forest patrols within SFS and SGBS. There are 49 control forest points with 117 forest-guards.

In 2003 the control and conservancy rights of forest officer increased really with entering into force of amendments in the Forest Act (FA) and Regulations for its implementation. Police rights were entitled to the forest guards about use of physical force and auxiliary means when arrest and lead away of offenders to the police stations. According to the provisions of Road traffic Act, the forest guards have right to use a special traffic regime and respectively to stop and to check vehicles when doing their professional duties. Compulsory administrative measures were introduced on imposing of ban for use of facilities for processing, storage and trade with timber and their closing-down in cases of violation of Forest Act and of Regulations on the implementation of Forest Act.

In this respect it was adopted an Ordinance on the conditions and order for putting of prohibition signs in the forest roads and Forest fund sites; it was adopted also an Ordinance on the amount of compensations for damages on forests and lands from the Forest fund.

It was introduced a regulation on the transportation of timber, obtained according to the provisions of the Act on the protection of agricultural property. It was approved a sample of municipal stamp used for marking of such timber.

The methodical guidelines about use of different auxiliary means were approved.

It was issued a Manual of forest guard.

It was organised a special training course for the RFB guard experts and lawyers. Training of 365 forest and game guards was organized in the Police Academy.

The needs of light guard weapons were satisfied completely.

Light reflecting waistcoats and truncheons were purchased.

The results of conservancy activity of forests, game and fish in 2003 were as it follows:

There were 83 324 checks **concerning** the conservancy of forests, game and fish, including the cooperation with other governmental institutions.

22 357 statements were drawn up for established administrative breaches, from which:

- ✓ for breaches of Forest Act - 20 813 statements (93%)
- ✓ for breaches of the Act on hunting and game protection - 562 statements (2.5%)
- ✓ for breaches of Fishery and aquacultures Act - 639 statements (2.8%)

The pecuniary penalties imposed with enactments entering into force only from 2003 **accounted** for 2 739 300 BGN. From these amounts during the year were collected 317 800 BGN, or 11.6 %. The receipts from belongings and timber sold, retained and deprived only for 2003 accounted for 178 600 BGN.

The analysis of results achieved in the conservancy of forests, game and fish in 2003 in comparison to the results from the previous three years shows, that 2003 marked an absolute decrease of number and size of administrative breaches.

5. Fire prevention of forests

According to the statistical data, during the last 13 years in the Forest fund annually there were registered about 520 fires on the average in which were damaged approximately 11 100 ha of forest areas.

During the first 6 months of 2003 the number of fires was significantly lower than the same period of 2002. Up to 30 June there were 169 fires that damaged 767.1 ha of forest areas including 168.4 ha of unforested areas. The area of peak fires was insignificant - 27 ha. For the same period of 2002 the figures were respectively 348 fires and 6000 ha of burnt forest areas, from which 350 ha in big fires. Unfortunately the situation was changed drastically during the summer. Only during July, August and September 2003 due mainly to the farmer's irresponsibility at burning of stubble and oddments, there were registered 253 fires that burnt 4000 ha, from which 520 ha in a peak fire.

During this period, big fires occurred in RFB of Berkovitza, (SFS of Belogradchik and Chiprovtsi), RFB of Sliven (SGBS of Topolovgrad), and RFB of Kardjali (SFS of Haskovo, Harmanly, Svilengrad and Kardjali).

During the year were clearly outlined the two fire peaks of forest fires that are typical for the country. The first peak was in March-April, while the second one - in July-August-September. Both peaks are related mainly to the burning of stubble and oddments by the farmers. At the spring peak shrubs, the shrubs and dry grass were removed from meadows and small fields: for this reason the greatest number of fires was registered in the RFB of Berkovitza, Lovetch and Sofia. In the summer the stubbles were burnt after the harvest and the geographical scope of fires changed also. The RFB of Kardjali, Sliven and Berkovitza were most damaged in 2003.

The main reasons for forest fires in 2003 were due to:

- Negligence: 249,
- Intentionally provoked: 32,
- Natural: 9,
- Unknown reasons: 162.

The direct damages for 2003 were estimated to 1 585 000 BGN at 13 million BGN of average annually for the last 13 years.

The number of forest fires for the last two years was at the same level, but the size of damaged areas decreased by more than 1500 ha. This shows the faster reaction in case of fire on the part of forestry stations and game breeding stations, better interaction with fire departments, Civil Defence, regional administrations and municipalities.

In 2003 were adopted important normative documents for fire prevention in the forests. In Decision No. 15 of MAF Collegium from 09.12.2003 it was adopted the final text of the Strategy for fire prevention in the forests. It is a base of system composed by officially accepted viewpoints, principles and approaches on the preparation and organizing of actions for prevention of forest fires, detection and limitation of their development and spreading, their successful going

out as well as the overcoming of their consequences. At the same time the Strategy will be financially supported by the World Bank.

6. Forest protection

Follow-up of measures for forest protection

At the beginning of 2003 it was elaborated a prognosis for the expected attacks of pests, diseases etc. during the year.

In order to confirm this prognosis it was conducted a sylvipathologic monitoring in 777 stationary sites.

The forest protection measures and their results in 2003 compared to 2002 as well as financial funds spent are shown in Table V.2.

Table V.2.

Forest protection measures in 2002 and 2003

MEASURE	Report 2002	Report 2003
	<i>ha</i>	<i>ha</i>
AIR PROTECTION	16 250	11 237
GROUND PROTECTION	1 090	1 387
MECHANICAL PROTECTION	1 960	442
TOTAL:	19 300	13 066

Source NFB

In comparison to 2002, the decrease of the total area on which the measures were carried out in 2003 was due to the improved phytosanitary situation in the forests.

7. Demise of forest activities and uses

7.1. Use of wood from the State forest fund

The calculation for use of wood and wood industry amounted for 5 724 205 m³. There were contracts concluded for wood production of 5 576 942 m³ which total amount accounted for 98 666 821 BGN and till the end of the year 4 523 757 m³ of wood were produced and transported which total amount accounted for 78 118 993 BGN. The quantitative performance of contracts figured out at 81%, while their value performance was 79%.

Compared to 2002, in 2003 was achieved a growth of produced and transported wood. The amount of produced and marketed wood in surplus figured out at 1 013 853 m³ which value was 23 548 370 BGN, which represents a growth of 29% in natural and 43% in value term.

Table V.3.

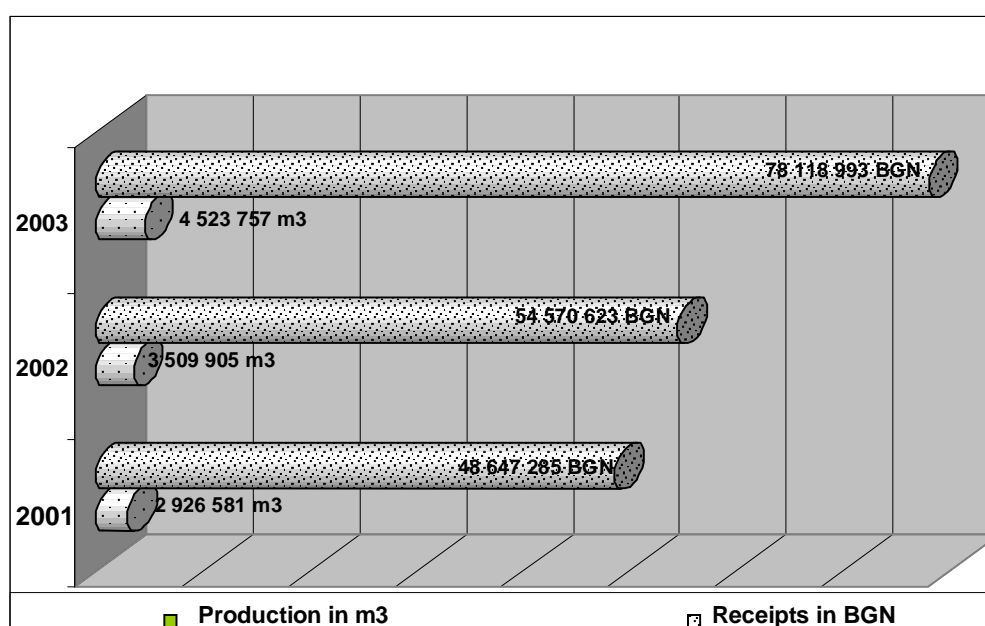
Comparative table for performance of contracts concluded on use of wood in 2002 and 2003

	Concluded contracts				Transported wood				Performance in %				Growth			
	till 31.12.2002		till 31.12.2003		till 31.12.2002		till 31.12.2003		till 31.12.02		till 31.12.03		%			
	m3	000 BGN	m3	000 BGN	m3	000 BGN	m3	BGN	quantity	value	quantity	value	4/2	5/3	8/6	9/7
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
NFB	4812267	76676	5576942	98667	3509905	54571	4523757	78119	73	71	81	79	116	129	129	143

Source NFB

It should be noted that in 2003 as a result of increase production and realization of wood from the SFF, as well as a result of implementation of some new ways of use and marketing of wood, there were very good financial results. On Figure 1 are shown the produced amount of wood and the receipts from their marketing during the period of 2001-2003

Figure V.8.
Production and receipts of wood marketing from the SFF for 2001-2003



Good results in 2003 were due to the amendments in the legislative base regulating the wood use. There were amendments in the Forest Act and the Regulations for its implementation and namely in the Chapter on forest use./ This was an opportunity for the State forestry stations and State Game Breeding stations to make independently their own wood production or to assign

it in the framework of the Act on Public procurements and then to sell the produced wood according to its assortments from a temporary forest warehouse.

There were measures on the part of NFB for improvement of work with wood consumers: big wood processing enterprises as well as the other wood processing factories and furniture companies in order to ensure in greater extent the supply of raw materials needed.

Investigations of domestic and foreign wood market were performed. Their objective was to approach and to consider the wood production estimations to the demand of individual assortments of three species and categories. Periodically there were meeting with representatives of companies dealing in the wood processing sector in order to find possibilities to supply the amount of wood needed.

Despite difficulties due to the lack of specialized wood production equipment, poor situation of existing road network and lack of financial means for building of new road, through the assignment of wood production under the Public Procurements Act and with own staff, there were produced and marketed 939 334 m³ of wood.

Despite of growth achieved in the production in kind and in value terms, the performance of annual estimations was respectively 79% in natural term: the estimation was for 5 724 205 m³, while the amount of produced wood figured out at 4 523 757 m³, and in value term the results accounted for 83%: the estimated receipts accounted for 93 963 227 BGN, while the performance figured out at 78 118 993 BGN.

The estimations and the performance of wood production per categories of wood from the SFF in 2003 are shown in the following table:

Table V.4.

Wood production per wood categories in 2003 in cubic meters (m³)

categories	estimation	report
industrial wood production	4 532 948	3 398 546
coniferous wood	1 965 592	1 466 566
large	546 129	450 122
medium	673 494	502 793
small	191 012	146 905
firewood	554 957	366 746
deciduous wood	2 567 356	1 931 980
large	567 100	388 152
medium	378 289	310 814
small	76 379	54 204
firewood	1 545 588	1 178 810
local population	1 191 257	1 125 211
total	5 724 205	4 523 757

Source NFB

7.2. Secondary uses of forest - non wood forest products

As use of forests and lands from the SFF within the meaning of Forest Act could be considered the wood production and/or secondary uses as the disposition with them. According to Art 63, par. 1 from the same Act "the use of forests and lands from the SFF such

as production of resin, kindling-wood, hay, leave fodder, bark, bass, seed, inert materials, collecting of mushrooms, forest fruits other plants or their parts, catching of animals that are not game, grazing of agricultural animals, bee-keeping etc. without use of wood are considered as secondary uses." The subject of secondary uses is very broad and it is in permanent development. The systematic use of non-wooden forest resources requires an inventory control and assessment of their raw-material base. Still there is no unified methodology for the inventory control of these resources but "Forest uses and marketing" Division within NFB proposed the following applied research issue to be developed in 2004: "Elaboration of Methodology on inventory control and assessment of non-wooden material forest resources". The great influences of different abiotic and biotic factors on the stocks and productivity, as well as their different demand for satisfaction of various needs in different years are considered as impediments for the forecast of receipts and comparison of use performed.

In 2003 the receipts from the secondary uses decreased by 20% approximately in comparison to 2002. The main reason for this is the low level of wild mushroom yield in 2003. The wild mushrooms collected in 2003 and compared to 2002 were 51.62% in kind and 48.62% in value term, which results in decline of receipts accounted for 660 000 BGN. Main reason for this fact was the lack of sufficient rainfall during July-November 2003.

In 2003 a decline was marked also in the receipts from production of wood materials /charcoal, Christmas trees etc. / animal breeding, plant growing, services, herbs.

In 2003 was reported significant growth of receipts from shell fruits - 184%, forest fruits - 28%, lime blossom and category of "others".

The fulfilment of receipts from non wood products in 2003 is shown in Table V.5.

Table V.5.
Production of non wood forest products 2002-2003

Type of use	Measure	In kind			Value (BGN)		
		2002	2003	difference	2002	2003	Difference
1	2	3	4	5	6	7	8
Production of tree materials	BGN				162665	111689	-50976
including brushwood	m ³	29465	27058	-2407	4144	7917	+3773
charcoal	tons	2092	535	-1557	4003	1056	-2947
Christmas trees	num.	69330	38892	-30438	138219	87199	-51020
lime bass	kg						
Bark	kg	23686	3250	20436	3199	135	-3064
Others	BGN				13100	15382	+2282
Louche packaging	BGN					802	+802
Including others	BGN					802	+802
Animal breeding	BGN				70977	13724	-57253
Plant growing	BGN				51479	17818	-33661
hay (meadow, forest, vetch,...)	tons	25778	6599	-19179	14898	1715	-13183

Straw	tons	2000		-2000	380		-380
Wheat	tons	3806		-3806	4580		-4580
Sunflower	tons		4	4		1370	+1370
Maize	tons	9000		-9000	2462	1399	-1063
melons and watermelons	tons		2	2			
Others	BGN				29159	13334	-15825
Shell fruits	tons	10303	12653	2350	10896	30919	+20023
including Walnuts	tons	8803	6732	-2071	10866	30591	+19725
Hazelnuts	tons		120	120		18	+18
others	tons	1500	5801	4301	30	310	+280
Wild mushrooms	kg	7409974	3825069	-3584905	1283712	624091	-659621
including edible boletus	kg	4325098	1872095	-2453003	924089	413378	-510711
chanterelle	kg	759212	509242	-249970	216521	133613	-82908
parasol mushroom	kg	947187	495756	-451431	57852	25723	-32129
saffron milky-cap	kg	191525	204556	13031	9691	10222	+531
morel	kg	14890	1350	-13540	2748	540	-2208
puffball	kg	152405	34230	-118175	9145	2054	-7091
slender	kg	59594	2680	-56914	3576	161	-3415
May fungus	kg	104971	72010	-32961	8187	3420	-4767
Brawn Ring Boletus	kg	193700	266515	72815	6408	8002	1594
others	kg	661392	366635	-294757	45495	26978	-18517
Forest fruits	kg	1618909	2025786	406877	96517	123755	27238
including raspberry	kg	79890	139420	59530	3204	5394	2190
blackberry	kg	706375	616817	-89558	27842	24665	-3177
blueberry and cranberry	kg	319994	468952	148958	55384	76917	+21533
sloes	kg	228500	431650	203150	2285	4470	+2185
others	kg	284150	368947	84797	7802	12309	+4507
Lime blossom	kg	267630	427387	159757	26995	39529	+12534
Dog rose	kg	398336	204319	-194017	8425	4259	-4166
Forest seed	kg	10915	7079	-3836	2032	1659	-373
including Coniferous	kg	430	3940	3510	1091	1378	+287
deciduous	kg	10485	3139	-7346	941	281	-660
Forest saplings	num.	4250653	864349	-3386304	305963	28870	-277093
including Coniferous	num.	1168938	266747	-902191	82471	10201	-72270
deciduous	num.	3081715	597602	-2484113	223492	18669	-204823
	num.						
Decorative saplings	num.	97381	11475	-85906	53887	52371	-1516
Herbs	kg	8022883	6699787	-1323096	93422	70861	-22561
Pit and inert materials	tons	2069	5660	3591	2964	2938	-26
Services	BGN				664528	591724	-72804

Others	BGN				1064333	1428807	+364474
Total					3898795	3143816	-754979

Source Data from reports of Forestry Stations for 2002 and 2003 - report for hunting and fishery, p. IV secondary uses

8. Hunting and fishery

In 2003 were carried out the following activities on game management and use in the territory of State hunting areas and on fishery in the territory of State forest fund:

The spring estimation of game was carried out in the whole country and it was approved the game use plan for the present hunting season.

Five meeting of Hunting Council were held.

Funding was provided which total amount figured out at 3 million BGN needed for hunting, fishery and other measures performed in the hunting regions managed by the State Forestry stations and game breeding stations as well as additional means for regulation the number of predators.

In order to maintain the environmental equilibrium, 380 000 small brown trout were produced and intended for stocking of ponds and rivers with fish.

It was acquired the technology for production of Gray partridge in SGBS "Mazalt" and SGBS "Dunav".

It was started the building of aviaries for breeding of semi-wild duck, as well as complete renewal of building and existing facilities of pheasant holding in SGBS "Dunav". It is started also the building of aviaries for breeding of pheasants and mallards in SGBS "Preslav".

There was a state procurement for farm production of game birds, in order to maintain the environmental equilibrium in the country.

There were established 16 regional and 1 National commissions for assessment of hunting trophy. Under the guidance of CIC President and it two vice presidents was organised a training course for 39 expert-evaluators within the above mentioned commissions.

There were organized training courses on the acquisition of shooting right and 6000 persons were accepted as hunters.

Table V.6.
Situation of game stocks in Bulgaria for 2001 - 2004

Type of game	2001 / num./	2002 / num./	2003 / num./	2004 / num./
1 Red deer	17542	16264	14310	15030
2. Fallow deer	3731	3748	4055	4291
3. Roe	63610	57245	61800	63161
4. Wild-boar	46663	42322	42410	45788
5. Wild goat	1820	1811	2035	1836
6. Moufflon	2194	2111	2035	2216
7. Wood-goose capercailzie	2470	2533	2740	2693
8. Aurochs	62	67	51	51

9. Tibetan yak	19	20	21	17
11. Capricorn	9	4	6	3
12. Bear	812	864	868	904
12. Rabbit	474461	390567	354635	391343
13. Pheasant	105401	79865	76950	77660
14. Partridge	288739	232176	210920	226328
15. Quail	28336	20906	19215	18386

Source NFB

9. International cooperation

9.1. International projects

The project on “National forest policy and strategy” was successfully completed. The prepared document was officially adopted the Council of Ministers.

Active work was carried out on projects with international support by:

1. The World Bank

The preparation of project "Bulgaria - development of forestry sector" which was initiated at the beginning of 2002 was completed successfully. The aims of project, which total cost, figured out at € 43 million including € 20.5 million loan from the World Bank, € 6.25 million non-recourse financing from the Global ecological fund and €12.88 million contribution of Bulgaria, are as it follows:

- increase of contribution of forests to the national economy and improvement of living conditions for rural areas population by means of sustainable management of State, private and municipal forests;
- improvement of conservancy of forest ecosystems via integration of activities related to conservation of biodiversity in the management of forests and through better preservation of threatened (critical) ecosystems.

The project has 5 components that are directed to strengthening of management in the forestry sector, strengthening of capacity of non-governmental owners of forests, support for the management of State forests in their transition to market economy and strengthening of system on of natural parks under the management of MAF. As a part of preparation, there were elaborated independent evaluations about the social impact and impact on the environment that confirmed the total profit of project.

– coordination of work under the project “Re-establishment of wet areas and decrease of pollution”.

2. United Nations Development Program (UNDP):

- In cooperation with MAF: work on management and implementation of project “Rural Development”.
- Work on project “Preservation of global significant biological diversity in the landscape of Rhodopes mountain”.
- Project "Rhodopes" started in June 2004.

3. European Union – PHARE program:

- It was approved twining project "Strengthening of administrative capacity of the State forestry administration" Work on detailed planning of activities.
- Submitted proposals for projects of cross-border cooperation with Romania on following subjects: "Preservation of bio-diversity and sustainable management of forests in the South Dobrudja" and "Re-establishment of bay forests of Danube islands".

4. Food and Agriculture Organization within the UN (FAO):

The project on "Strengthening of capacity for prevention of forest fires" was approved.

The coordination on the implementation of German-Bulgarian project on the forests and Bulgarian - Swiss program on the forests continued successfully.

Positive results were achieved in the conference devoted to "The management of State forests and hunting resources in the Balkan countries".

NFB and MAF were hosts of 12-th meeting of Forest Communication Network within the FAO - Economic commission for Europe. In Sofia was held an international working meeting devoted to "Modern management patterns of State forests in Europe - experience gained and prospects". The meeting was organized by the NFB and World Bank through the project "Bulgaria – development of forestry sector".

There was more active participation in the international forest forums (Ministerial conference on forest conservancy in Europe), European commission on forests, Meeting of general forestry directors from Europe, work of FAO and important initiatives and conferences on sustainable management of forests.

It was organized participation in several international hunting exhibitions held in Dortmund, Beograd, Rjeka, Salzburg, Madrid and Paris which objective was the promotion of hunting tourism market.

It was organized 9-th international exhibition on "Nature, hunting, fishing, tourism" in Plovdiv and First exhibition on "Hunting and weapon" in Sofia.

9.2. Bilateral cooperation

With Austria - there were organized work meetings and exchange of experience on topics concerning the efficient organization and control of forest uses, improvement of forest road network etc.

With Germany - it was coordinated the support of German government on the implementation of project for alternative agriculture and forestry in the framework of Rhodope program. It was agreed the exchange of experience and implementation of projects with Bavaria.

With Finland- it was signed an agreement for cooperation with the State forest enterprise "Metzahalitus" NFB took participation in the Finnish Academy on forests - an initiative supporting sustainable management of forests and exchange of ideas about the role of forestry in the social and economic development of EU-members and applicant-countries.

With Italy - it was signed a memorandum for implementation of common project on the prevention of erosion, forest fires and the development of eco-tourism

VI. FOREIGN TRADE

1. Trade policy

In 2003 the opportunities for export of Bulgarian agricultural commodities increased, as a result of stepwise entry into force of signed bilateral and multilateral trade agreements.

In compliance with the Agreement on agriculture in the framework of WTO, in 2004 in Bulgaria for first time was applied the system for payment of export subsidies for some agricultural products. On the strength of the Act for the support of agricultural producers there were adopted two ordinances: Ordinance on conditions and order for issue of export licences /DCoM 143/ 2.7.2003, publ. in SG 62/11.07.2003 r./ and Ordinance No. 42 from 24.10.2003 on conditions and order for payment of export subsidies at the export of agricultural products, SG 97/4.11.2003 The above ordinances are in line with the international commitments of Bulgaria in the field of export funding.

Decision No. 212/23.03.2004 of CoM and Statement No. 4 from 31 March 2004 of Management board of SF "Agriculture" specified the amount of export subsidies per agricultural products and directions for their export in 2004

The total amount of subsidies for 2004 figured out at 3 million BGN and it was distributed as it follows: Packaged or unpackaged meat of domestic roosters and hens suitable for consumption (fresh, chilled or frozen) - 1 000 BGN; eggs for consumption- 200 000 BGN.; white brined cheese and kashkaval from sheep and cow milk - 1 200 000 BGN.; lamb meat - 200 000 BGN; canned fruits and vegetables - 400 000 BGN.

In 2004 there were negotiations between the republic of Bulgaria and the European Union about an additional liberalization of trade with agricultural commodities. The new engagements will add or enlarge the scope of the existing concessions that entered into force on June 1. 2003. publ. SG No. 56/20.06.2003 In the framework of negotiations was applied the asymmetric approach to the advantage of Bulgaria, and at the same time was carried out technical as adapting of concessions taking into consideration the effect of EU enlargement with 10 new members in May 2004.

The main objectives of the negotiations about the liberalization of trade with agricultural commodities were related to the necessity of gradual adapting of Bulgarian production to the market requirements of EU and light decrease of custom barriers in the pre-accession period. At the same time it was necessary to reduce the non-equivalent position of Bulgaria in the trade with the new-accessing countries that will be in the conditions of free market in the EU.

The arrangements stipulated that at the EU import of goods originating from Bulgaria it shall be removed the custom duties for unlimited quantities of many agricultural commodities such as: fresh and processed potatoes, sweet peppers, cucumbers, vegetable marrows, frozen vegetables, grape, pears, apricots, cherries, morelloes, peaches, plums, strawberries, sunflower oil, canned cucumbers, peppers, tomatoes and others vegetables, jams, canned fruits, animal foods, tobacco. Up to present time the EU was offered preferences in the framework of quotas. Some goods were added to the list of goods for which are applied zero import duties: some live animals and birds for breeding purposes, animal products, cereal products, animal and vegetable fats and oils, fruit mashes and juices, vinegar.

EU increased the volume of quota for meat from livestock, pork meat and products, chicken meat and products, yogurts, cheese, eggs, fresh tomatoes, wheat. The quotas for frothy and bottled wines were also increased.

There were new quotas, with zero duties for finished food and sausages from livestock meat, powdered milk, rice. EU removed the minimal import prices for soft red fruits, fresh or frozen, with sugar supplement - strawberries, blackberry, black currant, blueberry, and mulberry.

Despite of request of Bulgaria during the negotiations about the removal of is for admission price system applied for the import of fresh fruits and vegetables, the will continue to operate. In the framework of last round of negotiations, in April 2004 EC showed some flexibility and offered quota for 2500 tons of cucumbers intended for processing, for which the admission prices shall not be applied and 3000 tons of cucumbers intended for consumption, for which the reference price will decrease gradually by 10%, 20% and 30% for a period of 3 years. As it concerns the other products, additional reduction of admission price levels were applied from which were calculated the duties due.

Bulgarian part kept the opportunity to share out its annual quotas to 4 equal shares (per quarter) for pork meat and sausages, bacon, powdered milk and cream, cheese, curd and fodders and the unfilled quantities will be transferred to the next quarter in the framework of year, in order to be ensured the import rhythm.

2. Structure and geographical distribution of foreign trade with agricultural commodities in 2002 and 2003

Foreign trade of Bulgaria in 2003 marked a trend to increase of negative trade balance as compared to the previous year. The foreign trade exchange of Bulgaria increased, independently of negative impact of unfavourable economic situation of world markets.

The dynamics of export showed an increase of its physical volume in 2003 by 1 753 million USD, as compared to 2002, while this one of import - by 2 850 million USD. The export marked growth by 30.79%, while the increase of import was 36.06%, which resulted in increase of negative trade balance from 2 211 million USD in 2002 to 3 308 million USD in 2003.

Table VI.1.

Foreign trade of the Republic of Bulgaria in 2002 and 2003

('000 USD)

Year	2002	2003	Change 2003/2002	
			in value term	in %
Exports - FOB	5 692 125	7 444 823	1 752 698	+ 30.79
Imports - CIF	7 903 384	10 753 612	2 850 228	+ 36.06
Balance	-2 211 259	-3 308 789		

Source: NSI

During the last years Bulgaria achieved a progress in its foreign trade with agricultural commodities. This is expressed in increase of exchange up to 1 381 215 000 USD in 2003, which represents an increase by 15.87% compared to 2002.

In 2003 it was registered an increase of agricultural exports by 9.38% compared to 2002, and the volume of imports for the same period was increased by 25.63%.

The growth of exports of agricultural commodities contributed to the retention of positive trade balance in the trade with agricultural commodities, which accounted for 185 171 000 USD.

In 2003 it was registered a trend of outstrip rate of import increase compared to this one of exports. This was due to the introduced temporary ban during the marketing year 2003/04 on export of wheat (that was leading commodity in the export list of the country in 2002) and flour, as well as the increased imports of feed grains, some fresh and processed products from vegetal and animal origin, intended for processing in the country.

Table VI.2.

Foreign trade with agricultural commodities in 2002 and 2003

Year	2002	2003	Change 2003/2002	
			in value term	in %
Exports - FOB	716 001	783 193	67 192	+ 9.38
Imports - CIF	476 009	598 022	122 013	+ 25.63
Balance	239 992	185 171		

Source: NSI

The increased volume of trade with agricultural commodities in 2003 has an important contribution at the forming of the total foreign trade exchange of country. In 2003, the relative share of agricultural exports compared to the total exports represented 10.5%, and it decreased by 2.1% as compared to the previous year. The share of agricultural imports was 5.6% from the total imports for the country, and in 2003 it decreased by 0.4%, in comparison to 2002. (Table VI.3.)

Table VI.3.

Relative share of agricultural goods in the foreign trade of Bulgaria in 2002 and 2003

Year	2002	2003
Equity	%	%
Exports - FOB	12.6	10.5
Imports - CIF	6.0	5.6

Source: NSI

One of the main partners in the trade with agricultural commodities during the last few years was the EU. The total exchange between Bulgaria and the EU countries for 2002 figured out at 514.3 million USD and it was increased by 9.89% up to 565.2 million USD in 2003. Bulgaria retained its positive balance in the trade with agricultural goods with the countries from the EU-15, and in 2003 it figured out at 88.7 million USD (Table VI.4.).

The relative share of agricultural exports for the EU countries compared to the total exports was 41.7%, while the imports accounted for 39.8% (Figure No VI.1.2).

Table VI.4.

Imports and exports of agricultural commodities in 2002 and 2003 per economic communities, countries and regions

AREAS OF TRADE	2002					2003				
	EXPORTS		IMPORTS		BALLAN CE	EXPORTS		IMPORTS		BALLAN CE
	million USD	%	million USD	%	million USD	million USD	%	million USD	%	million USD
All countries from them:	716.0	100	476.0	100	240.0	783.2	100	598.0	100	185.2
European Union	317.6	44.4	196.7	41.3	120.9	326.9	41.7	238.2	39.8	88.7
EFTA *	4.3	0.6	3.5	0.7	0.8	9.2	1.2	3.1	0.5	6.1
OECD**	78.0	10.9	44.0	9.2	34.0	124.0	15.8	62.0	10.4	62.0
including USA	31.8	4.4	12.7	2.7	19.1	36.6	4.7	19	3.2	17.6
CEFTA	71.0	9.9	52	10.9	19.0	103.0	13.2	78.0	13.0	25.0
Balkan countries ***	59.7	8.3	8.1	1.7	51.6	61.8	7.9	8.2	1.4	53.6
CIS and Baltic countries,	46.7	6.5	16.1	3.4	30.6	65.6	8.4	24.9	4.2	40.7
including Russia	22.1	3.1	0.8	0.2	21.3	32.1	4.1	5.6	0.9	26.5
Ukraine	2.5	0.3	10.4	2.2	-7.9	4.7	0.6	11.6	1.9	-6.9
Arab countries	75.4	10.5	2.1	0.4	73.3	27.1	3.5	3.4	0.6	23.7

Source: NSI

* Including: Iceland, Liechtenstein, Kingdom of Norway and Switzerland

** Including: Australia, Canada, New Zealand, USA, Turkey and Japan

*** Including: Albania, Bosnia and Herzegovina, Macedonia, Croatia and Yugoslavia

Figure VI.1.

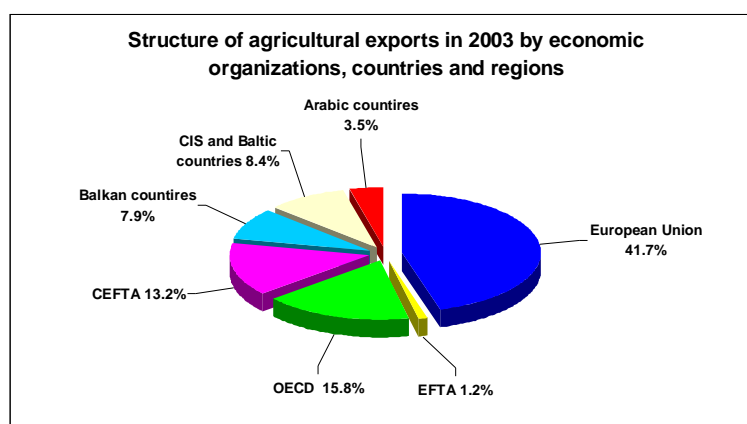
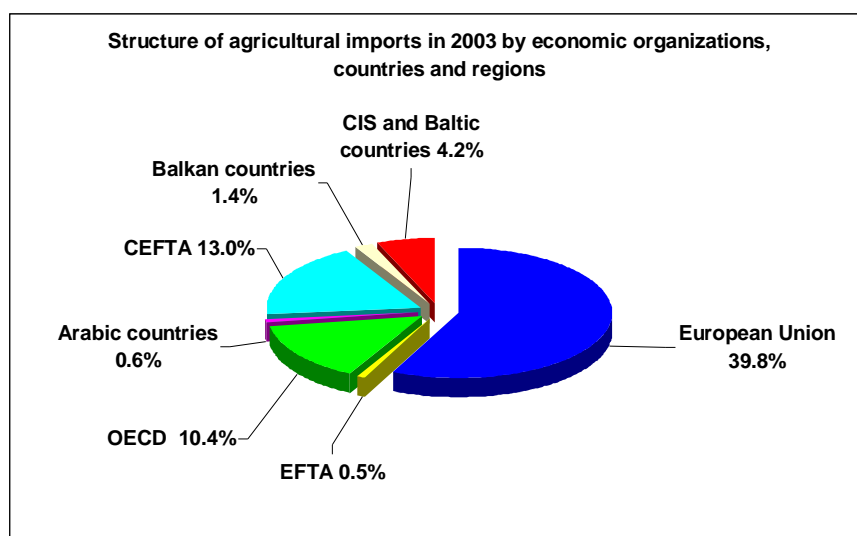


Figure VI.2.



The exchange in value term and structure of Bulgarian trade with the individual EU countries are shown in Table VI.5.

Table VI.5.

Foreign trade with EU countries with agricultural commodities in 2002 and 2003

Country	2002					2003				
	EXPORTS		IMPORTS		BALLANCE	EXPORTS		IMPORTS		BALLANCE
	'000 USD	%	'000 USD	%	'000 USD	'000 USD	%	'000 USD	%	'000 USD
TOTAL for EU:	317 622	100	196 657	100	120 965	326 939	100	238 272	100	88 667
AUSTRIA	11 057	3.5	8 229	4.2	2 828	25 126	7.7	11 858	5.0	13 268
BELGIUM	9 207	2.9	8 387	4.3	820	16 539	5.1	7 946	3.3	8 593
DENMARK	1 609	0.5	11 702	6.0	-10 093	3 274	1.0	11 896	5.0	-8 622
FINLAND	2 571	0.8	1 216	0.6	1 355	3 502	1.1	916	0.4	2 586
FRANCE	34 869	11.0	27 715	14.1	7 154	29 908	9.1	32 084	13.5	-2 176
GERMANY	48 509	15.3	34 688	17.6	13 821	81 617	25.0	39 541	16.6	42 076
GREECE	43 735	13.8	35 540	18.1	8 195	62 401	19.1	51 341	21.5	11 059
IRELAND	422	0.1	3 264	1.7	-2 842	1 385	0.4	3 771	1.6	-2 386
ITALY	59 621	18.8	12 789	6.5	46 832	55 806	17.1	20 219	8.5	35 587
LUXEMBOURG	17	0.0	10	0.0	7	90	0.0	0	0.0	90
NETHERLAND	18 004	5.7	29 664	15.1	-11 660	11 699	3.6	27 597	11.6	-15 898
PORTUGAL	9 062	2.9	40	0.0	9 022	6 954	2.1	140	0.1	6 814
SPAIN	63 090	19.9	7 277	3.7	55 813	11 400	3.5	13 587	5.7	-2 188
SWEDEN	3 903	1.2	1 877	1.0	2 026	3 358	1.0	2 239	0.9	1 119
GREAT BRITAN	11 946	3.8	14 259	7.3	-2 313	13 881	4.2	15 136	6.4	-1 255

Source: NSI

Figure VI.3.

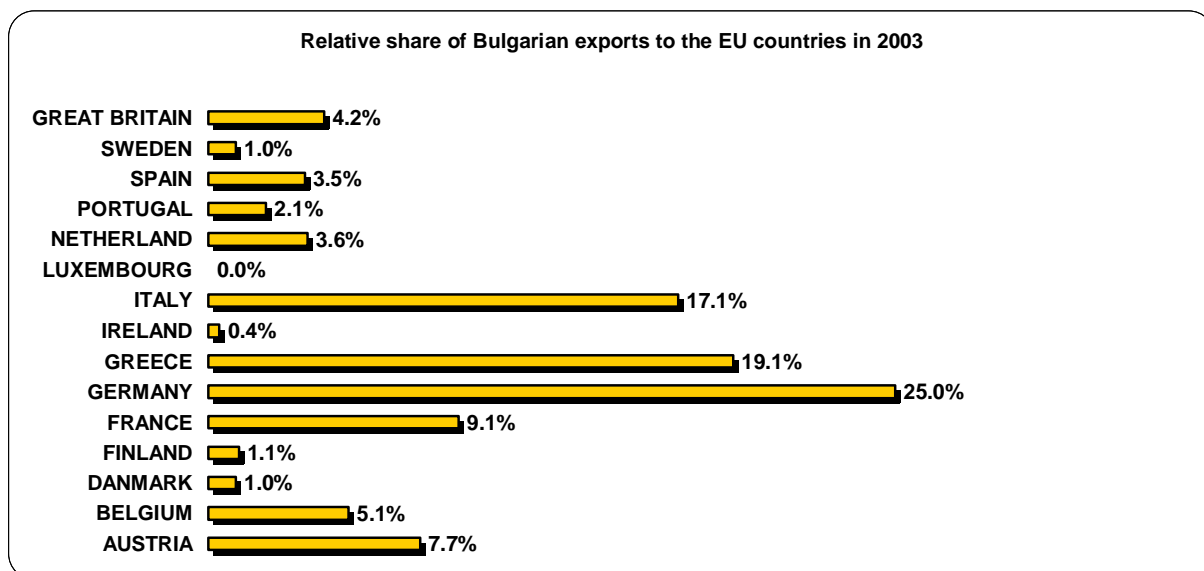
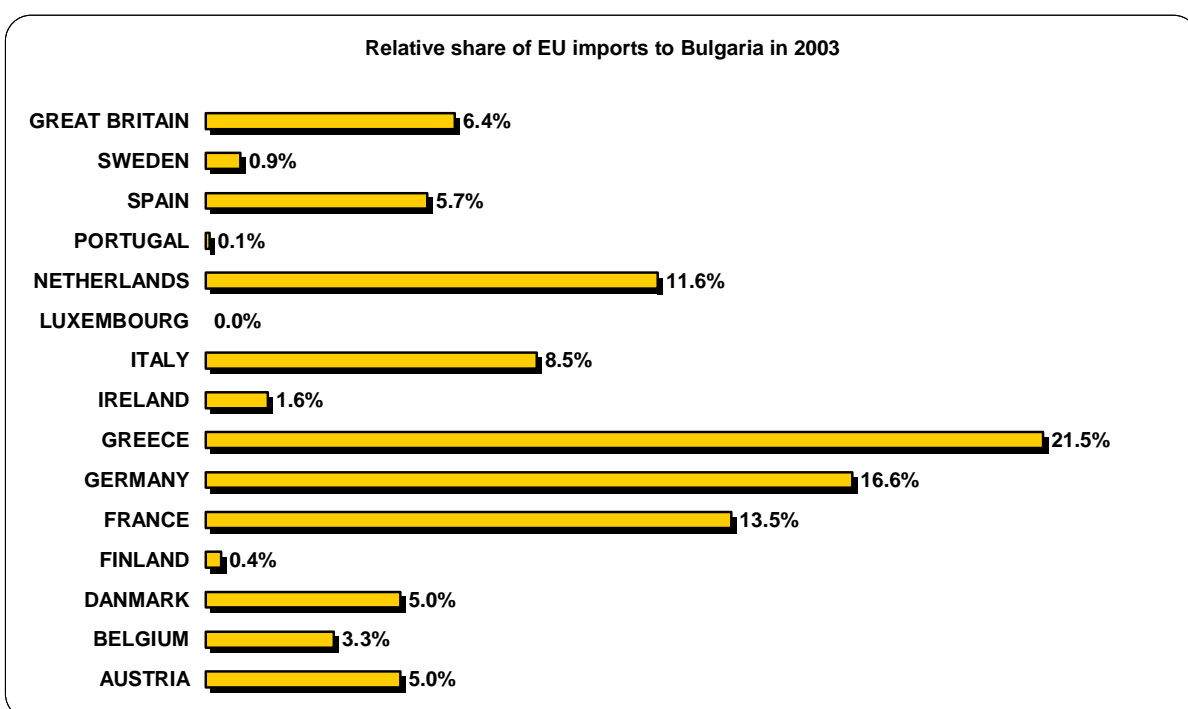


Figure VI.4.



Approximately 70% of Bulgarian agricultural export in 2003 was directed to countries as Germany (25%), Greece (19.1%), Italy (17.1%) and France (9.1%) (Figure VI.3.).

The EU imports were done mainly from Greece (21.5%), Germany (16.6%), France (13.5%), Netherlands (11.6%) and Italy (8.5%) (Figure VI.4).

In 2003 Bulgaria improved its foreign trade balance with Germany, Greece, Austria, Belgium and Finland. Trade balance with Italy, Netherlands, France and Spain was worsened.

On the basis of data shown about the foreign trade with the EU it could be drawn a conclusion, that the further development of trade relations with countries as Austria, Belgium, UK, Sweden, Spain etc. will increase the opportunities for marketing of Bulgarian agricultural produce on these markets.

Trade with agricultural commodities with European Association for Free Trade /EFTA/

The share of EFTA in the trade with Bulgarian agricultural commodities is relatively low. In 2003 the exports for EFTA countries increased twice. The greatest trade was done with the Confederation of Switzerland. Bulgaria improved its trade balance with Norway. Table VI.6.

Table VI.6.

Agricultural trade with EFTA* countries in 2002 and 2003

Country	('000 USD)					
	2002			2003		
	EXPORTS	IMPORTS	BALLANCE	EXPORTS	IMPORTS	BALLANCE
NORWAY	863	1 644	-780	1 583	1273	310
SWITZERLAND	3 453	1 781	1 672	7 667	2 134	5 532
ICELAND	4	74	-70	-	59	-59
LICHTENSSTEIN	2	0	2	-	1	-1
TOTAL:	4 322	3 498	824	9 250	3 467	5 783

Source: NSI

Agricultural trade with the countries from Organization for Economic cooperation and development /OECD/

The data on OECD trade include developed and developing countries. In 2003 the agricultural exports for OECD countries and the imports from them represented respectively 15.8% and 10.4% from the total volume of trade. The export increased from 78 million USD in 2002 to 124 million USD in 2003 due to more intensive trade with some countries. As an example it could be mentioned the increase of trade volume with Turkey, USA etc. (Table VI.4).

Agricultural trade with the countries from the Central European Association for Free Trade (CEFTA)

CEFTA countries are traditional partners in the trade of Bulgaria with agricultural commodities.

During the period 2002/2003 the agricultural exchange of goods with CEFTA countries increased by 47.5%: from 122 408 000 USD to 180 603 000 USD.

Positive balance in the trade with agricultural goods with CEFTA countries in 2003 figured out at 24 463 000 USD. Bulgarian exports registered growth of 45.3 %, the imports increased by 50.6%. The exports were directed mainly to Romania, Poland, Hungary and Czech Republic,

respectively 87% from the total CEFTA exports. With some countries, as Hungary, Czech Republic and Slovakia, the trade balance continued to be negative in 2003.

In 2004 Bulgaria is the country presiding CEFTA.

Presently there are negotiations for the joining of Macedonia to CEFTA that applied for membership in the framework of Bulgarian presidency.

Table VI.7.
Agricultural trade with CEFTA countries in 2002 and 2003

Country	2002			2003		
	EXPORTS	IMPORTS	BALLANCE	EXPORTS	IMPORTS	BALLANCE
CZECH REPUBLIC	5 961	7 152	-1 191	10 762	11 609	-847
HUNGARY	7 460	23 665	-16 205	12 907	25 313	-12 406
POLAND	15 056	11 421	3 635	23 691	20 314	3 377
ROMANIA	33 482	6 342	27 140	38 638	13 394	25 244
SLOVAK REPUBLIC	1 389	2 390	-1 001	3 315	5 630	-2 315
SLOVENIA	1 624	107	1 517	3 774	562	3 212
CROATIA	5 604	755	4 849	9 445	1 248	8 197
TOTAL	70 576	51 832	18 744	102 533	78 070	24 463

Source: NSI

Free trade zones

In order to improve the market access of Bulgarian agricultural commodities and to boost the foreign trade in general, Bulgaria concluded bilateral agreements for free trade with Turkey (1999), Macedonia (2000) and Israel (2002). Pursuing the EU policy and its engagements under the Pact for stability and association of Balkans, Bulgaria finished the negotiations for conclusion of Agreement for free trade with Albania entering into force on 01.09.2003, Serbia and Montenegro – entering into force on 1.6.2004 and Bosnia and Herzegovina - signed on 16.10.2003 and Moldova- into force on 1.11.2004.

In the Chapter on agriculture, the agreement provide for mutual exchange of concessions in the trade with agricultural commodities, which are of interest for each of the countries.

In 2003 the trade exchange with preferential partners increased by 38.9% compared to 2002 and reached a total amount of 197 126 000 USD. Exports registered an increase by 38%, while the imports - increase by 41.6%. Bulgaria achieved positive balance with almost all preferential partners, and it improved its trade balance with Turkey, Croatia, Estonia and Serbia.

Table VI.8.
Agricultural trade in 2002 and 2003 with countries which had concluded agreement for free trade with Bulgaria

Country	2002			2003		
	EXPORTS	IMPORTS	BALLANCE	EXPORTS	IMPORTS	BALLANCE
TURKEY	34 174	23 765	10 409	73 072	34 535	38 537
MACEDONIA	15 957	1 969	13 988	14 094	2 409	11 685
LATVIA	3 536	17	3 519	3 789	58	3 731
LITHUANIA	2 542	1 358	1 184	3 213	3 226	-13

ESTONIA	1 760	51	1 709	2 682	23	2 659
CROATIA	5 604	755	4 849	9 445	1 248	8 197
ISRAEL	8 279	1 205	7 074	6 269	2 579	3 690
ALBANIA	8 017	23	7 994	6 163	40	6 123
SERBIA	27 601	5 345	22 256	29 549	4 733	24 816
TOTAL	107 470	34 488	72 982	148 276	48 850	99 426

Source: NSI

Balkan countries

Balkan countries are preferred trade partners of Bulgaria having in mind their geographic proximity and production specialization.

With the majority countries Bulgaria had concluded bilateral and multilateral trade agreements, which contributed to the increase and development of trade relations. Bulgarian exports were directed mainly to Turkey, Romania and Serbia.

Table VI.9.
Agricultural trade with Balkan countries
in 2002 and 2003

Country	2002			2003		
	EXPORTS	IMPORTS	BALLANCE	EXPORTS	IMPORTS	BALLANCE
TURKEY	34 174	23 765	10 409	73 072	34 535	38 537
GREECE	43 735	35 540	8 195	62 402	51 341	11 061
R. MACEDONIA	15 957	1 969	13 988	14 094	2 409	11 685
ROMANIA	33 482	6 342	27 140	38 638	13 394	25 244
SERBIA	27 601	5 345	22 256	29 549	4 734	24 815
SLOVENIA	1 623	107	1 516	3 774	562	3 212
ALBANIA	8 017	23	7 994	6 163	40	6 123
BOSNIA AND HERZEC	2 526	18	2 508	2 384	14	2 370
CROATIA	5 604	755	4 849	9 445	1 248	8 197
TOTAL	172 720	73 864	98 856	239 521	108 277	131 244

Source: NSI

Trade with CIS countries

The CIS will continue to play an important role in the trade exchange by the view-point of re-establishment of Bulgarian position on these important markets. During the last two years it was registered an intensification of the trade with agricultural commodities for CIS and the export increased by 40.4%.

Exports to the Russian Federation increased by 45.4% in 2003 as compared to the preceding year and the positive trade balance accounted for 26 million USD. Immediately after Russia, Georgia took second place in the imports of Bulgarian agricultural commodities. In 2003

the Bulgarian exports to Ukraine increased almost twice, but despite this fact the trade balance with this country is still negative (Table VI.4.).

Trade with Arab countries

During the last few years it was registered a development of agricultural trade with the majority of Arabic countries. In 2003 Bulgaria retained its positive balance accounted for 23 million USD. Due to the armed conflict in Iraq in the second half of 2003 it was decreased the rate of exports for some Arabic countries, neighbouring to this country (Table VI.4.).

3. Structure of exports and imports per commodity groups

Table VI.10.

**Structure of Bulgarian foreign trade with agricultural commodities
in 2002 and 2003.**

Sections	EXPORTS-FOB					IMPORTS-CIF					BALANCE	BALANCE
	2002		2003		2003/2002	2002		2003		2003/2002	2002	2003
	'000 USD	%	'000 USD	%	%	'000 USD	%	'000 USD	%	%	'000 USD	'000 USD
a	1	2	3	4	5	6	7	8	9	10	11	12
TOTAL:	5 692 125		7 444 823		130.79	7 903 384		10 753 612		136.06	-2 211 259	-3 308 789
O/w Agricultural commodities:	716 001	100	783 192	100	109.38	476 009	100	598 022	100	125.63	239 992	185 170
SECTION I	102 824	14.36	138 087	17.63	134.29	85 243	17.91	114 112	19.08	133.87	17 581	23 975
Live animals	16 818	2.35	15 729	2.0	93.52	3 709	0.78	6 469	1.08	174.43	13 110	9 260
Meat and harslets good for consumption	44 819	6.26	57 053	7.28	127.30	53 138	11.16	61 349	10.26	115.45	-8 319	-4 296
Fish and crustacea good for consumption	5 783	0.81	8 261	1.05	142.86	10 248	2.15	14 918	2.49	145.57	-4 465	-6 657
Milk and milk products, bird eggs, natural honey; animal origin products good for consumption, neither listed nor mentioned elsewhere	33 258	4.64	54 908	7.01	165.10	15 423	3.24	27 840	4.66	180.51	17 834	27 068
Other products from animal origin neither listed nor mentioned elsewhere	2 146	0.30	2 136	0.27	99.55	2 725	0.57	3 536	0.59	129.76	-579	-1 400
SECTION II	326 002	45.53	272 676	34.82	83.64	103 495	21.74	153 683	25.70	148.49	222 507	118 993
Live plants and flower materials	1 604	0.22	3 107	0.40	193.70	5 030	1.06	6 434	1.08	127.92	-3 426	-3 327
Vegetables, plants, roots and tubers good for consumption	32 223	4.50	34 391	4.39	106.73	17 520	3.68	27 121	4.54	154.80	14 703	7 270
Fruits, citrus fruit or watermelon peels good for consumption	19 833	2.77	34 327	4.38	173.08	27 228	5.72	39 141	6.55	143.75	-7 395	-4 814
Coffee, tea, matte and spices	11 341	1.58	16 081	2.05	141.80	14 899	3.13	20 837	3.48	139.86	-3 558	-4 756
Cereals	168 487	23.53	64 087	8.18	38.04	20 883	4.39	34 541	5.78	165.40	147 604	29 546
Grain mill products, malt, starch, inulin, wheat gluten	5 357	0.75	7 824	1.00	146.05	4 007	0.84	5 478	0.92	136.72	1 350	2 346
Oil seeds and fruits; different kinds of seeds, seeds for planting and fruits, industrial or medicine plants; straw and fodder	86 677	12.11	111 897	14.29	129.10	11 419	2.40	15 284	2.56	133.85	75 258	96 613
Gums and resins and others, plant juices and extracts	334	0.05	414	0.05	123.92	2 408	0.51	4 771	0.80	198.13	-2 074	-4 357
Weaving materials and other products of plant origin neither listed nor mentioned elsewhere	146	0.02	548	0.07	375.90	101	0.02	76	0.01	75.55	45	472
SECTION III	16 210	2.26	13 208	1.69	81.48	46 631	9.80	43 397	7.26	93.06	-30 421	-30 189
Oils and butter from animal origin; by-products prepared while their decomposition; processed oils for foodstuff preparation; waxes from plant or animal origin	16 210	2.26	13 208	1.69	81.48	46 631	9.80	43 397	7.26	93.06	-30 421	-30 189
SECTION IV	270 965	37.84	359 221	45.87	132.57	240 640	50.55	286 830	47.96	119.19	30 325	72 391
Products from meat, fish or crustacea, mollusks, or other invertebrate	7 309	1.02	10 539	1.35	144.20	6 113	1.28	8 585	1.44	140.44	1 196	1 954
Sugar and sugar based sweets	19 500	2.72	17 790	2.27	91.23	54 416	11.43	54 793	9.16	100.69	-34 916	-37 003
Cocoa and cocoa products	11 753	1.64	18 260	2.33	155.36	26 999	5.67	37 928	6.34	140.48	-15 245	-19 668
Foodstuffs prepared on the basis of cereals, flours, starch, farina or milk, dough based pastries	31 025	4.33	52 223	6.67	168.33	16 099	3.38	21 891	3.66	135.98	14 926	30 332
Food products from vegetables fruits or other plants	34 964	4.88	55 782	7.12	159.54	20 532	4.31	35 398	5.92	172.40	14 432	20 384
Different types of foodstuffs	10 056	1.40	18 377	2.35	182.74	31 362	6.59	44 294	7.41	141.23	-21 306	-25 917
Non-alcoholic and alcoholic	69 907	9.76	81 731	10.44	116.91	18 900	3.97	22 162	3.71	117.26	51 007	59 569
By products or leftovers from the food processing industry, good for animal feeding	24 138	3.37	31 677	4.04	131.23	34 778	7.31	35 941	6.01	103.34	-10 640	-4 264
Tobacco and processed tobacco substitutes	62 313	8.70	72 842	9.30	116.90	31 441	6.61	25 838	4.32	82.18	30 872	47 004

Source: NSI

3.1. Exports

The exports of agricultural and processed commodities in 2003 accounted for 783 193 000 USD (Table VI.10.).

The commodity groups, forming the agricultural export structure in 2003 according to the Sections of Custom Tariff are respectively:

- **Section I - livestock and products from animal origin:** The relative share of exports of these products figured out at 17.63% from the total agricultural export. In comparison to 2002, the exports of commodities, covered by this title, increased by 34.29%. During the observed period, it was registered a significant increased of

exports of meats and offal, good for consumption from all categories of livestock - by 27.30%; milk and dairy products - by 65.10%, fish and crustaceans - by 42.8% The positive balance under Section I figured out at 23 975 000 USD and it marked an increase by 36% approximately, in comparison to the preceding year;

- **Section II – products from vegetal origin:** The commodities covered by this title took 34.8% from agricultural exports in 2003. The oleaginous seed took biggest share from the total exports - 14.29% (mainly oleaginous and motley sunflower), cereal plants - 8.18% (mainly barley), fruits and vegetables - 8.77%. The positive balance under Section II accounted for 118 994 000 USD and it decreased almost twice due to the provisions of CoM Decree 193 from 05.09.2003 imposing a ban on export of wheat and flour from 30 September 2003
- **Processed products – Section III - Fats and fats from animal and vegetal origin and Section IV - Products of industry, non-alcoholic and alcoholic drinks and types of vinegar, tobacco and processed substitutes of tobacco.** The products with high extent of processing represented approximately 47.56% in the structure of Bulgarian agricultural exports. As compared to 2002 it was registered an increase of exports of commodities having higher added value and its relative share in the export list was almost increased. These are non-alcoholic and alcoholic drinks - 10.44%, processed tobaccos and cigarettes - 9.30% fruit and vegetable canned goods - 7.12%, victuals, prepared on the basis of cereal plants - 6.67%, animal foods - 4.04%. The positive trade balance of processed commodities in 2003 accounted for 42 202 000 USD.

Leading position in the export list' 2003:

- Seed from black oleaginous and motley sunflower - 247 031 tons, value 62 438 000 USD.;
- Tobacco, Oriental type - 20 906 tons, value 48 086 000 USD. ;
- Wine with alcoholic contents <= 13%, volume up to 2 l - 38 993 tons, value 34 449 000 USD.;
- Wheat - 210 934 t, value 22 776 000 USD;
- Lamb meat - 6 824 t, value 28 930 000 USD;

The other goods taking leading position in the agricultural export structure for 2003 in value term are mentioned in (Table VI.11.).

Table VI.11.

Leading agricultural commodities in Bulgarian exports in 2003

Custom Tariff Code	Name	Quantity /tons/	Value /'000 USD/
2401 10 60 0	Sun cured tobacco, Oriental type	20 906	48 086
1206 00 99 8	Black oleaginous sunflower in the period from April 1 till September 30	133 329	35 142

2204 21 80 0	Others wines with alcoholic contents <=13%, with volume up to 2 l	38 993	34 449
0204 10 00 0	Entire/half lamb carcasses, fresh or chilled	6 824	28 930
1206 00 99 2	Black oleaginous sunflower in the period from October 1 till March 31	113 702	27 296
1001 90 99 0	Other wheat	210 934	22 776
1905 90 60 0	Baker, paste, confectionery or biscuit products with addition of sweeteners	11 547	22 702
2402 20 90 0	Other cigarettes containing tobacco	3 223	18 546
1211 90 98 0	Plants, used mainly in perfumery and pharmaceuticals	12 141	17 978
1206 00 91 0	Peeled; unpeeled motley sunflower	50 130	17 551

Source: NSI

3.2. Imports

In 2003 in the country were imported agricultural commodities which total amount figured out at 598 022 000 USD.

The leading commodity groups in the agricultural import structure in 2003 were: meats and haslets good for consumption - 10.26% from the total imports; sugar and sugar products - 9.16%, fats and butters from vegetal and animal origin - 7.26%; food for livestock - 6.01%, citrus fruits - 6.55%, cereal plants - 5.78% (Table VI. 10).

Leading commodities in agricultural imports' 2003 in value term:

- Raw sugar from sugar can intended for refinement - 255 990 tons, value 47 279 000 USD.;
- Soy-been groats - 83 534 t, value 19 001 000 USD;
- Others victuals, not mentioned elsewhere - 8 151 tons, value 17 611 000 USD;
- Cattle meat - 20 466 tons, value 16 253 000 USD.;
- Tobacco, Virginia type - 4810 t, value 16 064 000 USD.;
- Frozen boneless pork meat - 15 023 tons, value 15 964 000 USD.;

The other goods taking leading position in the agricultural import structure for 2003 in value term are mentioned in (Table VI.12.).

Table VI.12.

Leading agricultural commodities in Bulgarian imports in 2003

Custom Tariff Code	Name	Quantity /tons/	Value /'000 USD/
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1701 11 10 0	Raw sugar from sugar can, intended for refinement	255 990	47 279
2304 00 00 0	Oilcakes and others solid leftovers, even grind from soy-been	83 534	19 001
2106 90 98 0	Others victuals, not mentioned elsewhere	8 151	17 611
0202 30 90 0	Others frozen boneless meats from cattle	20 466	16 253
2401 20 10 0	Clean flue cured tobacco, Virginia type	4 810	16 064
0203 29 55 0	Frozen boneless meats from domestic pigs	15 023	15 964
0803 00 19 0	Fresh banana	49 567	13 326
1001 90 99 0	Other common wheat	67 147	13 061
0901 11 00 0	Not decaffeinated coffee	19 047	11 703
1005 90 00 9	Other maize	88 298	11 169

Source: NSI

4. Exports and imports of main agricultural commodities

4.1. Grain and industrial crops

4.1.1. Exports

Wheat

After 2002/03 marketing year that was successful in terms of yield and exports, during 2003/04 season the export capacity of country was limited. Unfavourable climatic conditions during the winter of 2002 and dry summer of 2003 resulted in a decline of wheat yield' 2003 in Bulgaria and in the majority of European countries. This fact called for a set of measures on the part of Government. Amongst them was the ban on temporary exports of wheat and flour which was adopted on 30.09.2003 till 31.07.2004 (CoM Decree No. 193/05.09.2003). 25 989 tons of wheat were exported up to its entering into force. The highest quantities were exported to Romania (22 669 tons). As it concerns the EU countries, Greece imported from Bulgaria 2 298 tons of wheat (Table VI.13).

It is expected that the country will improve its export potential in 2004/05 marketing year as a result of better wheat yield in 2004.

Table VI.13.
Exports of wheat during the period of 2000/2001 - 2003/04

(tons)

country	2000/01	2001/02	2002/03	2003/04*
1. EU -15	47 778	421 734	687 227	2 298
Spain		191 362	336 614	-
Italy		167 520	196 567	-
Greece	2 917	18 342	45 822	2 298
Belgium			43 277	-
Great Britain			23 619	-
Portugal		41 058	21 996	-
France	14 860	3 451	16 700	-
Germany	30 000		2 633	-
Netherlands				-
2. Other countries				
Romania	86 430	33 422	120 563	22 669
R. Macedonia	22	37 389	32 751	3
Turkey	12 459		9 762	-
Albania	48 932	39 835	7 886	-
Cyprus	2 823	11 610	2 842	1 019
Yugoslavia		44	630	-
Ukraine	22 805	2 023	-	-
Armenia	5 205		-	-
Georgia	32 108		-	-
Hungary			-	-
Algeria		19 942	101 817	-
Egypt			69 555	-
Tunisia		57 631	22 922	-
Yemen		20	22 000	-
Lebanon			10 647	-
Morocco	55 003	44 500	7 700	-
Syria	1 718		4 620	-
Israel	19 648	28 635	3 005	-
Others	189 880	97 540	3 061	-
TOTAL - tons	524 812	794 324	1 106 987	25 989
value ('000 USD)	53 869	75 227	98 621	3 560

Source: Information Service Plc. and Customs Agency

* The export ban was introduced from 30.09.2003 till 31.07.2004

Maize

Table VI.14.
Exports of maize, 1999/2000 – 2003/2004

	(tons)			
COUNTRIES	2000/01	2001/02	2002/03	2003/04*
1. European Union - 15	61	0.2	45 995	74 817
Austria	61	0.1	-	-
Germany	-	-	8 669	-
Greece	-	-	9 874	21 048
Spain	-	-	25 765	17 884
Italy	-	-	-	27 795
Portugal	-	-	-	8 060
France	-	0.1	1 687	31
2. Other countries				
Albania	3 253	1 754	-	8
Macedonia	4 046	1 513	373	3 714
Romania	27 776	406	23 139	-
Russia	-	-	-	-
Slovak Republic	39	87	-	-
Turkey	23 983	14 320	42 661	-
Hungary	-	18	26	-
Yugoslavia	291	-	-	0
Algeria	-	-	11 424	-
United Arab Emirates	-	-	4 173	-
Armenia	-	-	-	-
Georgia	3 165	-	-	-
Egypt	-	-	2 538	-
Israel	-	-	-	-
Jordan	-	4 853	-	-
Cyprus	0	2 225	12 728	-
Cuba	-	-	-	-
Libya	-	7 878	3 852	-
Lebanon	-	-	-	-
Morocco	-	-	47 088	-
Syria	-	5 243	7 764	-
Tunisia	-	2 678	36 002	-
Switzerland	-	-	-	-
Others	52	-	-	-
TOTAL - tons	62 665	40 975	237 763	78 539
- value (USD)	6 592 966	4 155 465	25 168 304	11 307 447

Source: Information Service Plc. and Customs Agency

* Data covering 09.2003 – 06.2004 period

According to the data of Customs Agency during the period September 2003 - June 2004, on foreign markets there were marketed in general 78 539.3 tons of Bulgarian maize at an average price of 144 USD/ton. The total value of exports figured out at 11 307 447 USD.

More than 95% of exports were directed to the EU countries. Insignificant quantities were purchased by the neighbouring countries: Macedonia (3 714 tons), Albania and Yugoslavia.

Till the end of 2003/04 marketing year it is not expected that the exports will exceed 100 00 tons.

Barley

Table VI.15.
Exports of barley, 1999/2000 – 2003/2004

	(tons)			
COUNTRIES	2000/01	2001/02	2002/03	2003/04
<i>European Union -15</i>	29 604	6 916	71 099	9 638
Austria	52	-	-	-
Portugal	-	2 634	-	-
Spain	-	-	36 745	-
Greece	-	1 610	8 954	9 638
France	29 552	1 038	21 089	-
Germany	-	1 634	4 311	-
Belgium	-	0	-	-
Netherlands	-	-	-	-
<i>2. Other countries</i>	16 889	48 732	126 564	9 023
Romania	8 461	40 113	113 039	3 627
Macedonia	2 140	4 182	1 467	2 763
Bosnia and Herzegovina	-	-	-	-
Ukraine	-	23	-	2 601
Yugoslavia	17	-	-	-
Albania	-	-	23	32
Turkey	-	-	5 603	-
Cyprus	6 271	4 414	6 431	-
Poland	17 702	-	-	-
Saudi Arabia	55 202	143 848	142 742	-
United Arab Emirates	-	-	6 705	-
Tunisia	-	34 160	57 920	-
Algeria	6 478	16 618	86 144	-
Morocco	-	15 230	9 905	-
Israel	12 600	8 378	-	-
Libya	-	4 692	6 600	-
Syria	12 716	-	10 205	-
Malta	10 695	-	-	-
Others	6	-	-	-

TOTAL - tons	161 891	278 573	517 883	18 660
- value (USD)	15 251 200	25 095 396	41 077 269	2 633 340

Source: Information Service Plc. and Customs Agency

According to inconclusive data of Customs Agency, during the present marketing year were exported 18 700 tons of barley or by 500 000 tons lower in comparison to the preceding year, which was a result from lower production.

The barely intended for industrial purposes achieved the highest price (153 USD/ton) and quantities (7 723 tons) on the foreign markets.

Malting barley was exported only to Greece (3 952.3 tons), which average price figured out at 136.49 USD/ton. Fodder barley marked in the neighbouring countries figured out at 6 941.3 tons.

Sunflower

The EU countries and Turkey were main direction for oleaginous sunflower export.

During 2002/03 marketing year, the good yield was favourable factor for the exports of 246 410 tons of sunflower – this was the highest level for 1998/99 – 2002/03 period.

In 2003/04 the export rate remained the same because of high increase in the production of sunflower. It was due to the worsened condition of autumn crops that imposed their re-sowing and exchange spring crops.

For the period of September 2003 – June 2004 were exported 241 508 tons of oleaginous sunflower, from which 156 426 tons were exported to Turkey. It is expected that till the end of 2003/04 season the exports will exceed its 2002/03 level.

Table VI.16.

Exports of sunflower, 1998/99 - 2003/04

	(tons)			
COUNTRY	2000/01	2001/02	2002/03	2003/04*
1.EU -15	8 769	32 232	149 302	84 937
Spain	-	22 989	57 883	-
Netherlands	716	130	37 314	17 393
Portugal	-	5 354	26 885	20 914
France	-	20	15 692	16 567
Italy	-	-	5 183	10 656
Germany	2 297	1 869	3 879	152
Austria	44	75	1 000	-
Greece	5 024	1 333	522	333
Belgium	-	22	428	18 789
Finland	355	-	50	-
Denmark	25	50	4	-
Sweden	221	304	42	-

Great Britain	87	88	420	132
2. Other countries				
Turkey	28 340	65 719	78 961	156 426
Romania	46	8	16 246	20
Poland	40	710	25	-
Yugoslavia	71	33	21	-
Syria	4 184	4 103	1 079	-
Switzerland	11	40	655	-
Others	1 398	579	121	126
TOTAL - tons	42 859	103 425	246 410	241 508
VALUE - USD	7 124 545	23 059 662	61 520 650	61 928 358
AVER. PRICE -USD/t	166	223	250	256

Source: Information Service Plc. and Customs Agency

*The data for 2003/04 are for the period of September 2003 - June 2004

Tobacco

According to the data of Customs Agency” in 2003 were exported totally 25 402 tons of tobacco, which is the highest level of exports since 1995. Oriental tobacco covered more than 83% of exported quantities. The highest quantities from this tobacco type were marketed in the EU-15 (7 224 tons), USA (5 048 tons), Russian Federation (1 296 tons), Egypt (1 110) and Algeria (1 000 tons).

The exports of Virginia tobacco in 2003 increased by 2.5 times in comparison to the preceding year and it figured out at 973 tons. The main importers of this tobacco type in 2003 were the EU countries (459 tons), Byelorussia (215.8 tons) and Turkey (102.7 tons).

The exports of Burley tobacco also achieved the highest level compared to the last 7 - 8 years. In 2003 this tobacco type was exported mainly to the neighbouring countries: Yugoslavia (52 tons), Greece (22 tons), Turkey (16 tons) and Romania (9 tons).

After the decrease of exports of other types of tobacco, tobacco wastages and tobacco ropes in 2001 and 2002, the quantities sold on foreign markets in 2003 achieved the levels of 1999 and 2000 – 3 071 tons. More than 50% from these exports were directed to the Russian Federation. Lower quantities were purchased also by the USA (326 tons), Armenia (181 tons), Yugoslavia (106 tons) and others.

Table VI.17.
Exports of tobacco 2000 – 2004

	(tons)			
	2001	2002	2003	2004*
<i>I. Flue cured tobacco, Virginia type</i>	66	352	973	1 036
<i>II. Light air-cured tobacco, Burley type</i>	14	1	114	439
<i>III. Sun cured tobacco, Oriental type</i>	17026	21524	21 244	15538

including Algeria	800	1133	1000	-
Bulgaria - duty-free zone	3023	2588	2090	890
Egypt	2376	3516	1110	1 700
EU-15	3891	5080	7224	4 527
Lithuania	1081	-	-	-
Russian Federation	890	1240	1296	641
USA	2512	5675	5048	4 902
Turkey	-	-	-	-
Ukraine	135	511	455	472
Hungary	323	271	350	219
Switzerland	1585	427	322	720
Yugoslavia	36	125	276	-
Japan	157	182	93	-
others	217	777	1980	1 467
IV. Other tobacco, tobacco wastage and tobacco ropes	2 550	1 232	3 071	1442
including Armenia	215	304	181	46
EU	51	12	21	57
Jordan	-	213	36	-
Russian Federation	1 767	-	1 712	781
USA	142	140	326	93
Yugoslavia	17	110	106	-
others	358	453	690	465
TOTAL TOBACCO (I+II+III+IV)	19 656	23 109	25 402	18 455

Source: Information Service Plc. and Customs Agency

*Data including 01 – 06.2004 period

According to the data of Customs Agency, during the first six months of 2004, 18 455 tons of tobacco were sold on foreign markets, which amount is by 7% more than the same period of the preceding year. The total value of exports figured out at 47 304 880 USD.

Approximately 84% from the exports consisted of Oriental sun cured tobacco and the highest quantities from this tobacco type were marketed in the USA (4 902 tons), at average price figuring out at 3 191.33 USD/ton, the EU countries-15 (4 527 tons), Egypt (1 700 tons) and others.

The trend of export increase started in 2001 was registered also for the two types of large-leaved tobacco. During the first six months of 2004 were exported 1 036 tons of Virginia tobacco and larger quantities were purchased by the EU countries - 15 (245.3 tons, mainly Italy) and Egypt (100 tons) the exports of light air-cured Burley tobacco figured out at 439 tons (114 tons for the whole 2003).

Other tobacco, tobacco wastages and tobacco ropes occupied 8% from the total exported quantity. Largest quantities were purchased by the Russian Federation - 781 tons, USA - 93 tons and Ukraine - 80 tons.

4.1.2. Imports

Wheat

In 2003/04 marketing year, Bulgaria that is considered as a traditional wheat exported, registered record imports of this crop (192 487 tons) since 1998/99. In 2002/03 were imported 13 927 tons (Table VI.18.). The main reason for these imports was lower yield `2003 of winter crops, which resulted in the necessity on the imports of wheat in order to provide the domestic consumption. The largest quantities were imported from Brazil (74 056 tons), Russia (32 471 tons), Germany (24 883 tons), USA (20 693 tons) etc.

Table VI. 18.
Imports of wheat, 1998/99 - 2003/04

	(tons)			
country	2000/01	2001/02	2002/03	2003/04*
1.EU -15	996	-	-	27 885
Italy	-	-	-	5
Greece	996	-	-	2 997
Germany	-	-	-	24 883
2. Other countries	-	-	-	-
Romania	-	21	681	27 803
Yugoslavia	-	200	31	-
Hungary	-	-	-	1
Brazil	-	-	-	74 056
USA	-	-	-	20 693
Canada	9 732	14 081	13 000	5 078
Russia	-	-	-	32 471
Syria	-	-	-	4 500
Others	61	269	215	-
TOTAL - tons	10 788	14 571	13 927	192 487
value (000 USD/	1 992	2 799	2 997	45 567

Source: Information Service Plc. and Customs Agency

* The data for 2003/04 are provisional.

Maize

Table VI.19.
Imports of maize, 1999/2000 – 2003/2004

	(tons)			
COUNTRIES	2000/01	2001/02	2002/03	2003/04*
I. MAIZE FOR SOWING	2 120	1 366	1 376	2 322
- value (USD)	4 463 314	2 076 109	2 555 998	5 886 258
Austria	96	149	196	678
Israel	-	-	17	-
Italy	2	42	2	21

Canada	87	-	-	-
Moldova	-	-	-	0
Poland	-	-	2	1
Romania	201	69	23	22
USA	361	52	0	43
Hungary	581	661	730	1 139
France	732	273	222	350
Croatia	-	74	21	-
Yugoslavia	60	46	163	42
Czech republic	-	-	-	19
others	20	31	16	7
II. MAIZE FOR FODDER AND INDUSTRIAL PURPOSES	80 711	119 554	83 678	133 399
- value (USD)	10 447 572	11 508 859	10 209 622	22 510 440
Argentina	-	-	299	187
Brazil	48 163	-	-	90 462
Germany	-	-	-	262
Greece	-	-	27	0
China	-	-	-	82
Paraguay	10 000	-	-	-
Romania	-	752	-	5 483
USA	389	441	354	462
Slovak republic	-	-	16 095	-
Turkey	-	-	-	184
Ukraine	10 257	-	901	27 245
Hungary	10 987	118 296	64 219	7 291
Czech republic	-	-	1 784	-
France	-	-	-	1 715
Chile	-	-	-	25
Yugoslavia	911	-	-	-
Others	4	65	-	1
TOTAL - tons	82 831	120 920	85 055	135 721
- Total value of imports(USD)	14 910 886	13 584 968	12 765 620	28 396 698

Source: Information Service Plc. and Customs Agency

*Data including 09.2003 - 06. 2004 period

According to the inconclusive data of Customs Agency, since the beginning of 2003/04 marketing year till June there were imports of 135 720.8 tons of maize in comparison to 72 862 tons for the same period of the preceding marketing year. This is the highest level of imports for the last few years.

More than 75% from the imported maize quantities intended for industrial purposes were imported mainly from Brazil (90 500 tons) at average price of 165.5 USD/ton, Hungary (5 000 tons), Romania (5 400 tons) and others. Also there were purchased 29 831 tons of maize for fodder and the larger quantities were imported from Ukraine (25 811 tons) and Hungary (2 255.8 tons). The imports of maize for sowing figured out at 2 322 tons.

Barley

The imports of barley during the marketing 2003/04 accounted for 19 060 tons as compared to 2 857 tons for the preceding year. The main suppliers were: Russian Federation (12 412 tons), France (3 935 tons) and Ukraine (2 712.7 tons).

Half from imported quantities was malting barley (9 575.6 tons) at average price of 160 USD/ton, while the rest part was barley for fodder at the rate of 9 483.7 tons, entirely imported from Russia.

Sunflower

In 2002/03 were imported 4 590 tons of oleaginous sunflower, from which 3 159 tons were imported from Moldova. The rest quantities were from Romania (455 tons), Greece (364 tons) and Ukraine (276 tons). During 2003/04 till June 2004 were imported 8 185 tons and it is expected that the imports will achieve approximately 9 000 tons till the end of marketing year.

Table VI.20.
Imports of sunflower, 1998/99 - 2003/04

	(tons)			
COUNTRY	2000/01	2001/02	2002/03	2003/04*
1.EU -15	-	369	384	-
Greece		369	364	-
France				
Italy			20	-
2. Other countries				
Romania		2 467	455	2 021
Ukraine	1 000	117	276	962
Yugoslavia	394	20	95	394
Moldova	1 066	3 843	3 159	4 540
Poland			37	-
Turkey		1 426		248
Canada		48	48	-
China	12	26	20	-
others	24	52	116	20
TOTAL - tons	2 496	8 368	4 590	8 185
- value (USD)	542 812	1 587 600	1 259 252	1 973 477

Source: Information Service Plc. and Customs Agency

*The data for 2003/04 are for the period of September 2003 - June 2004

Rice

The main importers of rice in the country are China, Egypt and Greece.

The import of rice during 2003 figured out at 27 164 tons, from which 18 855 tons were from China, 6 376 tons - from Egypt, 721 tons - from Greece, 540 tons - from Thailand (Table VI.21).

Table VI. 21.
Imports of rice, 1998 – 2004

Countries	Tons				
	2000	2001	2002	2003	2004*
China	17 105	8 012	7 369	18 855	5 688
Egypt	2 145	12 749	4 106	6 376	2 734
Greece	1 627	638	709	721	545
Italy	120	236	352	326	168
Thailand	-	356	199	540	304
Pakistan	-	61	-	115	29
Turkey	522	76		48	200
Argentina	281	151	8	49	
Russia	205	20	-	20	
Romania	490	-		20	
USA	2 071	3 974	881	23	
Lebanon	500	-			
Burma			6 151		
Spain	230	25	81		
India	-	-			
Germany	12	10			
Bangladesh	-	-			
Taiwan	-	-			
Vietnam	-	41	360		
Others	26	81	5	72	10
TOTAL	25 334	26 430	20 221	27 164	9 678
- value (USD)	4 907 465	5 366 222	3 960 272	5 900 339	2 160 012

Source: Information Service Plc, from 2003 according to the data of Customs Agency

* The data for 2004 are till June.

Tobacco

Table VI.22.
Imports of tobacco, 2000 – 2004

	(tons)				
	2000	2001	2002	2003	2004*
<i>I. Flue cured tobacco, Virginia type</i>	6 195	5 059	6 020	4 810	2 045
including Brazil	2419	2 506	2 578	1 709	761
EU-15	58	63	40	448	54
Zimbabwe	2490	1 832	2 213	1 452	551
India	1098	531	799	792	398
USA	-	76	256	150	77
Others	130	51	134	259	204
<i>II. Light air-cured tobacco, Burley type</i>	1 902	2529	2107	1276	816
including Argentina	528	304	544	311	106
Brazil	158	366	426	387	343
EU-15	279	702	295	146	72
India	324	564	378	372	180
Cuba	210	89	197	-	-
Malawi	198	71	47	58	18
Mexico	185	433	-	-	-
Others	20	0	220	2	97
<i>III. Sun cured tobacco, Oriental type</i>	186	15	65	323	2 312
including Turkey	16	15	25	-	-
Macedonia	-	-	-	288	2 312
Yugoslavia	-	-	40	35	-
<i>IV. Other tobacco, tobacco wastage and tobacco ropes</i>	3 115	3 483	3 730	4 167	1 394
including Brazil	45	401	178	318	269
EU-15	1134	892	694	1128	388
Zimbabwe	472	604	405	578	177
China	1269	1477	2228	1895	479
Others	195	109	225	248	81
<i>TOTAL TOBACCO (I+II+III+IV)</i>	11 398	11086	11922	10 576	6 567

Source: Information Service Plc. and Customs Agency

*Data including 01 – 06. 2004 period

The imports of tobacco in 2003 was at the rate of 10 576 tons or approximately by 11% lower in comparison to the preceding year and its value figured out at 22 604 400 USD. Virginia tobacco took the largest share from the annual imports - 810 tons, followed by Burley tobacco (1 276 tons) and Oriental tobacco (323 tons). The import of other tobacco, tobacco ropes and tobacco wastages was at the rate of 4 167 tons.

The main suppliers of Virginia large-leaved tobacco in 2003 were Brazil (1 709 tons), Zimbabwe (1 452 tons) and India (792 tons).

The larger quantities of Burley tobacco were imported from Argentina, Brazil and India.

During the first six months of 2004 were imported 6 567 tons of tobacco, including Virginia tobacco: 2 045 tons, Burley tobacco: 816 tons, Oriental tobacco: 2 312 tons and 1 394 tons of other tobacco, tobacco wastage and tobacco ropes. The largest quantities of Virginia tobacco were imported from Brazil (761 tons), Zimbabwe (551 tons) and India (398 tons). Burley tobacco was imported mainly from Brazil (343 tons), India (180 tons) and Argentina (106 tons). During the first six months of 2004 there were imports of 2 312 tons of Oriental tobacco and the whole quantity was imported from Macedonia.

4.2. Wine

4.2.1. Exports

According to the data of Customs Agency”, during 2003 were exported 768 112 hectolitres (hl) of wine, which is close to the level of preceding year. The trend to decrease of total exports registered during the last years is remaining, but still it is not interrupted.

The quotas offered to Bulgaria for duty free exports of wine in the EU are mentioned in Table VI.23

Table VI.23.
EU quota fulfilment for 2003 - 2004

Description of commodity	2003			2004*		
	Quota	Exports	Fulfilment	Quota	Exports	Fulfilment
	/hl/	/hl/	/%/	/hl/	/hl/	/%/
Broached wine	195 000	124 300	64	195 000	56 976	29
Bottled wines	485 000	169 796	35	485 000	166 189	34
Sparkling wines	1 800	576	32	1 800	395	22

* - fulfilment at 15.09.2004

For 2004, a preferential market access for Bulgarian wine under the common position “wines from grape, inclusive those enriched with alcohol and grape must” was offered at the imports in following countries:

Country	Tariff No.	Quota (Hectol.)	Custom rate
Hungary	2204	33 333.333	40%
Poland	2204	56 666.666	50% decrease of MFN*
Serbia and Montenegro	2204	29.167	0%
Croatia	2204	2 000	50% decrease of MFN
Turkey	2204	500	50%

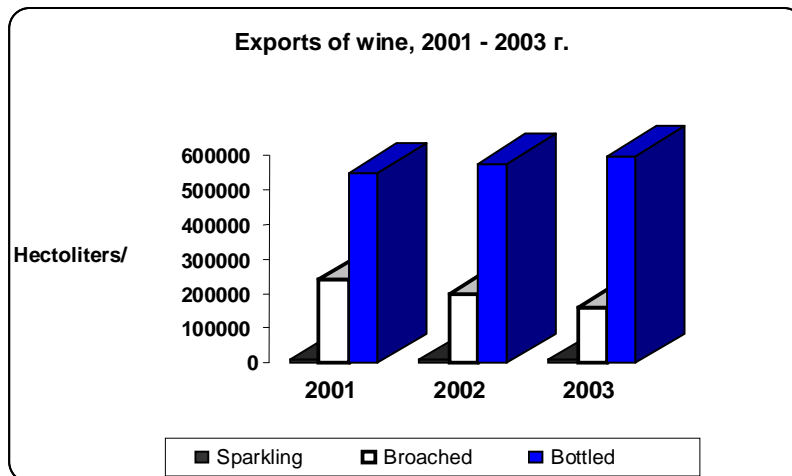
* Custom duty for most favoured country

According to the data of EC – Brussels

For the period of January- June it was registered exports of 449 743 hl of wine, which was by 17% more as compared to the same period of 2003.

It is expected that in 2004 the exports will keep the level of preceding year – approximately 780 000 hl.

Figure VI.5.



Export of bottled wines

The trend to increase of bottled wine exports continued during the examined period /2002-2004/.

In 2003 there were registered exports of 598 217 hl of bottled wines, which is by 4% more as compared to 2002. The increase was due mainly to the growth of exports to CIS. The average export price of 1 litre Bulgarian exported bottled wine increased slightly: from 0.85 USD in 2002 to 0.96 USD in 2003

According to the data of Customs Agency, for the period of January - June there were exported 344 271 hl of bottled / wines, which is by 19% more as compared to the same period of 2003.

The exports to EU decreased from 190 162 hl in 2002 to 138 850 hl /23% from the total bottled wine exports/ in 2003. The decrease was due mainly to the unstable quality of Bulgarian wines. Exports to Denmark and Finland decreased approximately twice. The wine exported to the Netherlands and Sweden was by 36% lower for each country; in the exports to UK and Germany, that are traditional markets for Bulgarian wines, the decrease was 25%.

The export price of 1 litre Bulgarian bottled wine for the EU increased from 1.01 USD in 2002 to 1.32 USD in 2003.

The exports to CIS countries increased by 50% as compared to 2002 and reached the amount of 219 288 hl /37% from the total exports of bottled wines/. The average export price remained at the level of the preceding year – 0.77 USD/l, but it was by 20% lower than the total for the country.

The registered exports to CEFTA reached 156 323 hl /26% from the total exports of bottled wines/, which is a 11% more as compared to the previous year. In Poland that is traditional

partner of Bulgaria, were exported 133 647 hl /85% from CEFTA exports/. Export to Czech Republic marked a 42% increase and reached 17 608 hl.

The average export price in 2003 changed slightly and reached 0.90 USD/l.

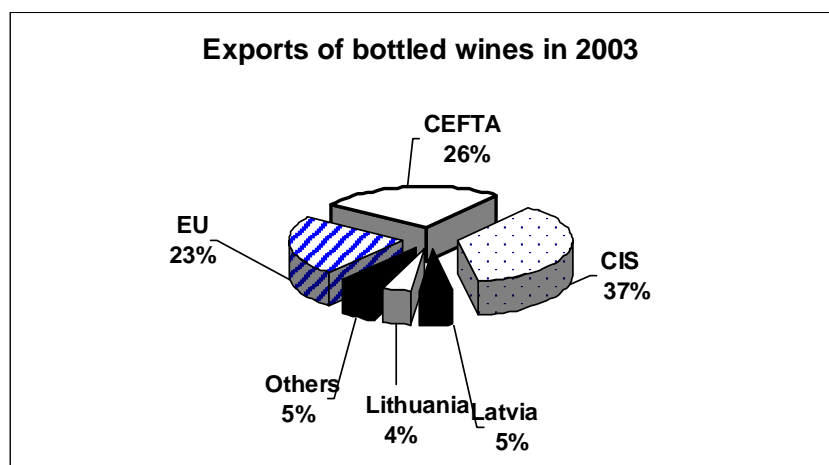
Table VI.24. Export of bottled wines 2002 – 2004

COUNTRIES	2002	2003	2004*	2002	2003	2004*
	quantity in hectoliters			average price, USD/l		
EU	190 162	138 850	59 654	1.01	1.32	1.40
- Great Britain	83 526	63 625	23 746	1.07	1.29	1.42
- Germany	61 668	46 259	20 500	0.81	1.19	1.14
- Netherlands	15 677	10 088	5 149	1.00	1.29	1.43
- Sweden	15 858	10 233	5 289	1.36	1.85	2.14
- Denmark	4 292	1 988	495	1.06	1.41	1.52
- Belgium	4 126	3 706	2 066	1.11	1.31	1.35
- France	831	645	1 164	0.79	1.24	0.77
- Finland	3 001	1 385	415	1.49	2.90	1.90
- Austria	955	615	331	1.10	1.80	2.11
- Greece	25	97	120	1.28	0.95	1.44
- Portugal	149	35	227	1.77	1.56	3.50
- Spain	7	75	128	2.25	3.48	8.18
- Others	47	134	24	x	x	x
CEFTA	140 777	156 323	89 390	0.73	0.90	0.93
- Poland	126 776	136 474	78 235	0.73	0.90	0.92
- Czech Republic	12 363	17 608	9 341	0.68	0.88	0.97
- Romania	447	-	10	0.89	-	1.92
- Slovakia	1 098	2 240	1 803	0.88	1.25	1.08
- Others	93	1	1	x	x	x
CIS	144 126	219 288	160 972	0.77	0.77	0.73
- Russia	135 504	208 821	156 730	0.74	0.76	0.72
- Belorussia	6 423	5 193	1 213	1.08	1.17	1.15
- Turkmenistan	2 004	2 679	3 024	0.83	0.95	1.04
- Others	195	2 595	5	x	x	x
Latvia	33 137	28 540	10 207	0.72	0.87	0.99
Lithuania	24 862	24 732	9 693	0.88	0.97	1.11
Estonia	12 724	7 958	4 434	0.72	1.03	0.95
Israel	9 024	4 441	3 362	0.64	0.64	0.62
Canada	6 735	5 467	2 140	1.10	1.24	1.38
USA	2 880	1 088	502	1.43	1.65	1.82
Norway	2 317	1 541	543	1.28	1.66	1.86
Japan	1 492	453	97	1.62	1.47	2.22
Mongolia	3 002	4 035	2 223	0.84	0.93	1.19
Switzerland	885	834	8	0.66	3.47	3.25
Philippines	380	446	-	1.05	1.14	-
Others*	3 550	4 221	1 046	x	x	x
TOTAL	576 053	598 217	344 271	0.85	0.96	0.94

* - for January - June

** - incl. duty free zones of the country
According to the data of Custom Agency

In 2003 there were exported 40 617 hl of bottled special wines, which represented about 7% from the total export of bottled wines. In comparison to 2002 the exports was 39% more. The largest export shares belong to Russia - 85% and Poland - 6%. The average export price was very low, in the range of 0.84-0.87 USD/l



For 2004 a preferential access for imports of Bulgarian bottled wines was granted by 5 countries.

Table VI.25.
Countries granting preferential treatment at the imports of Bulgarian wines

Country	Tariff No.	Quota /hectol./	Custom rate
Czech Republic	220421	3 000	25%
Estonia	220421	unlimited	0%
F.Y.R. Macedonia	220421380	10 000	50% of decrease
	220421780		
	220421820		
	220421840		
Turkey	220421	500	50%
Slovenia	220421	500	25%

Exports of broached wine

For the period of January- June it was registered exports of 449 743 hl of broached wine, which was a 13% more as compared to the same period of 2003. The increase was related to the growth of CIS exports that increased almost 3.5 times. At the same time the quantities exported to the EU decreased by 21%.

The stable trend of decrease of broached wine exports continued in 2003, where were exported 160 780 hl of broached wine - a 20% lower compared to 2002.

The average export price changed slightly from 0.51 USD/l in 2002 to 0.66 USD/l in 2003, but Bulgaria continued to be in the low price group.

Table VI.26. Exports of broached wine, 2002 – 2004

COUNTRIES	2002	2003	2004*	2002	2003	2004*
	quantity in hectoliters			average price USD/l		
EU	125 283	94 730	42 522	0.48	0.62	0.69
Germany	84 463	60 814	30 497	0.40	0.53	0.62
France	12 376	13 940	4 220	0.46	0.56	0.63
Great Britain	18 142	13 246	6 088	0.66	0.73	0.79
Finland	2 133	2 809	646	0.52	0.73	0.86
Belgium	1 454	1 515	704	0.71	0.88	1.07
Sweden	5 485	1 744	351	1.18	2.79	5.05
Denmark	988	-	-	0.69	-	-
Greece	214	661	12	0.60	0.59	1.55
Otehrs	28	1	4	x	x	x
CEFTA	7 785	7 485	3 739	0.60	0.64	0.72
Czech Republic	3 136	5 367	1 579	0.45	0.60	0.72
Poland	4 508	2 118	1 593	0.68	0.76	0.83
Others	141	-	567	x	x	x
CIS	27 110	34 698	46 873	0.54	0.55	0.48
Russia	13 179	33 257	46 259	0.60	0.55	0.48
Ukraine	5 330	-	-	0.52	x	-
Belorussia	5 478	1 426	614	0.51	0.54	0.59
Others	3 123	15	-	x	x	x
Japan	23 529	17 239	5 904	0.48	0.48	0.67
Latvia	7 244	1 632	2 003	0.71	0.88	0.99
Switzerland	5 968	3 013	1 222	0.19	0.21	0.35
USA	64	253	59	1.76	1.59	1.64
Norway	394	52	346	1.01	1.08	2.01
Lithuania	522	1 240	1 733	0.88	1.37	0.98
Canada	813	234	-	0.83	0.73	-
Israel	786	15	-	0.45	3.30	-
Estony	35	97	24	0.75	0.68	0.64
Others**	690	92	134	x	x	x
TOTAL	200 223	160 780	104 559	0.51	0.66	0.61

* - for January - June

** - incl. duty free zones of the country

According to data of Customs Agency

Export for EU decreased up to 94 730 /70% from the total exports/, which is 20% lower as compared to the preceding year. The largest export shares belong to Germany - 64% and France and Great Britain - by 15%.

The average export price for the EU Franco Bulgarian border increased from 0.48 USD in 2002 0 to 0.62USD in 2003.

In 2003 for CEFTA were registered exports of 7 485 hl of broached wines that was at the level of preceding year. The stable trend of decrease of exports to Poland observed during the last years, continued also in 2003, when were exported 2 118 hl on average export price of 0.76 US while in 2002 it was 0.68 USD/l.

The export to CIS increased up to 34 698 hl, which is 28% higher as compared to 2002. The average export price remained at the level of the preceding year - 0.54 - 0.55USD/l. The largest export shares belong to Russia - 96%.

The stable trend of export decrease to Japan, continued also in 2003, and there were exported 17 239 hl of broached wine. The quantity is 27% less as compared to 2002.

In 2003 it was registered exports of 1 318 hl of broached special wines /0.8% from the total exports/, which is more than two times lower as compared to the preceding year. The largest export shares belong to Byelorussia - 62% and Russia - 29%. The export price for Byelorussia – 0.44 USD/l was lower than the average for the country as it concerns the broached wines – 0.66 USD/l

Export of sparkling wines

For the period of January- June it was registered exports of 913 hl of sparkling wines, which was a 31% less as compared to the same period of 2003.

In 2003 there were registered exports of 9 115 hl that was at the level of preceding year.

The average export prices of Bulgarian sparkling wines increased slightly from 0.94 USD in 2002 to 1.04 USD/l in 2003

Export to the EU figured out at 598 hl, which was more than two times higher as compared to 2002 The main consumer of Bulgarian sparkling wines is Denmark, where were marketed 89% from the EU exports.

The average export price for the EU changed slightly from 1.05 USD in 2002 1 to 1.15USD/l in 2003.

Export of sparkling wines to CEFTA countries, entirely for Poland, increased by 77% and reached to 1 998 hl in 2003.

The average export price remained at the same level.

As it concerns the other markets, the exports to Vietnam were increased by 50%, while it remain at the same level for Latvia and decreased time and again for Estonia.

Since 01.05.2004 with accession of Estonia to the EU, the opportunity of duty free exports to Estonia of unlimited quantity of Bulgarian sparkling wines fell off.

Table VI.27. Export of sparkling wines, 2002 – 2004

COUNTRIES	2002	2003	2004*	2002	2003	2004*
	quantity in hectoliters			average price USD/l		
EU	251	598	342	1.09	1.24	1.64
Denmark	212	535	335	1.05	1.15	1.62
Germany	-	7	-	1.56	4.90	-
Austria	24	49	-	1.22	1.60	-
Others	15	7	7	x	x	x
CEFTA	1 129	1 998	27	1.05	1.03	1.36
Poland	1 129	1 998	27	1.05	1.03	1.36
CIS	1 220	975	282	0.80	1.01	1.13
Russia	135	135	1	0.53	1.14	5.46
Turkmenistan	843	840	281	0.87	0.99	1.11
Others	242	x	x	x	x	x
Estony	1 468	94	-	0.84	1.01	-
Vietnam	1 857	2 754	162	1.00	1.00	1.00
Latvia	2 356	2 277	81	0.90	1.05	1.20
Lithuania	106	-	-	0.93	-	-
Mongolia	603	159	-	0.96	1.14	-
Japan	5	-	-	4.99	-	-
Lebanon	67	153	-	0.84	0.80	-
Others**	132	107	19	x	x	x
TOTAL	9 194	9 115	913	0.94	1.04	2.10

* - for January - June

** - including the duty free zones of the country

According to the data of Customs Agency

4.2.2. Imports of wine

According to the data of Customs Agency", in 2003 the imports of wine decreases approximately three times in comparison to the preceding year and it accounted for 12 701 hl.

For the period of January- June there were registered total imports of 3 016 hl of wine, which was more than two and half times less as compared to the same period of the preceding year.

According to the signed agreements for free trade in 2004 it was provided a possibility for preferential imports in Bulgaria under the common position "wines from fresh grape, including these enriched with alcohol and grape-must", as it follows:

Country	Tariff number	Quota (Hectol.)	Custom rate
EU	2204	73 100	0%
Serbia and Montenegro	2204	29.167	0%
Croatia	2204	2 000	50% decrease

Hungary	2204	16 666.667	35%
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At the end of August there were registered imports of 1 010 hl from the EU.

In the Customs Tariff of Bulgaria for 2004 the total rate of custom duty on this position is at the rate of 12%+35 euro/hl.

It is expected that the imports of wine in 2004 will retain the level of the preceding year: about 10 – 12 000 hl.

Imports of broached wines

The broached wines took 79% from the total wine imports in 2003.

The imports of broached wine are quite variable and depend extremely on the CIS markets because in these countries it is not required a guaranteed wine origin. The exports are carried out after "blending" of imported and Bulgarian wines.

Table VI.28.

Imports of broached wines 2002 – 2004

COUNTRIES	2002	2003	2004*	2002	2003	2004*
	quantity in hectoliters			average price USD/l		
EU	154	1 102	458	0.93	0.76	0.42
Italy	148	322	-	0.86	1.19	-
Germany	-	498	-	-	0.47	-
Great Britain	-	240	-	-	0.72	-
France	-	6	458	-	0.86	0.42
Belgium	5	36	-	0.93	1.25	-
Others	1	-	-	x	x	x
CEFTA	11 778	7 289	-	0.25	0.51	-
Romania	5 563	3 284	-	0.21	0.29	-
Hungary	6 216	4 005	-	0.29	0.69	-
CIS	7 488	-	50	0.31	-	-
Moldova	7 488	-	-	0.31	-	-
Georgia	-	-	50	-	-	2.17
Macedonia	13 557	-	-	0.34	-	-
Australia	-	976	-	-	1.52	-
Chille	-	-	480	-	-	0.61
USA	5	230	-	2.48	0.63	-
Others**	1 892	x	1	x	x	x
TOTAL	34 874	10 079	989	0.34	0.65	0.60

* - for January - June

** - including the duty free zones of the country

*** According to the data of Customs Agency

In 2003 there were imported 10 079 hl of broached wines, which is approximately three and half time lower as compared to 2002, but it approached the level of 200.

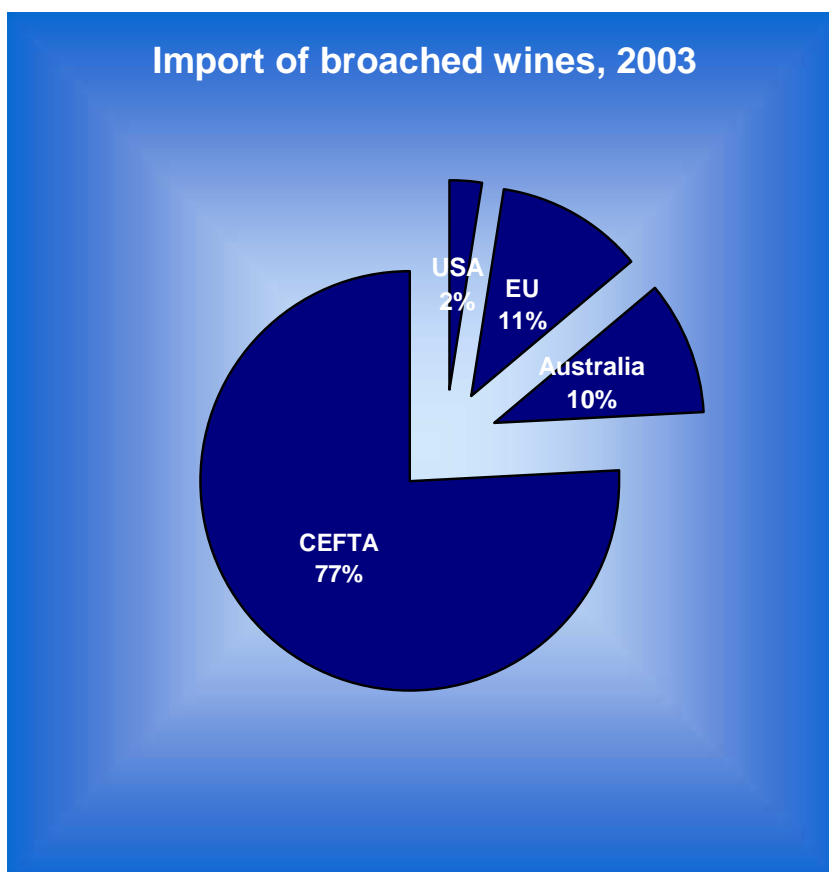
The imports of broached wines from the EU increased significantly and reached 1 102 hl. The largest export shares belong to Germany – 45%. The average import price was 0.47 USD/l at the total price for the country 0.65 USD/l.

The imports of broached wines from the CEFTA decreased by 38% and reached 1 289 hl. including Hungary- 55% and Czech Republic - 45%.

In 2003 there were no imports registered from CIS.

The imports from Australia: 976 hl consisted of about 1% from the imports of broached wines.

Figure VI.7.



For the period of January- June 2004 there were registered total imports of 989 hl of wine, which was many times less as compared to the same period of the preceding year.

Imports of bottled wines

Table VI.29.
Imports of bottled wines 2002 - 2004

COUNTRIES	2002	2003	2004*	2002	2003	2004*
	quantity in hectoliters			average price USD/l		
EU	1369	1 491	981	2.20	2.94	1.05
Great Britain	2	3	1	4.55	4.59	4.76
Germany	122	436	88	0.88	1.41	1.76
Portugal	14	27	-	2.96	5.74	-
Spain	13	76	500	2.79	3.65	0.23
Belgium	139	24	-	1.01	1.41	-
France	605	388	157	2.64	3.18	3.12
Greece	120	106	-	1.04	3.33	-
Italy	354	370	183	2.71	3.32	3.13
Netherlands	-	61	52	-	7.71	-
CEFTA	-	909	938	-	0.85	0.96
Poland	-	897	913	-	0.74	0.92
Czech Republic	-	-	25	-	-	1.31
Slovenia	-	12	-	-	6.06	-
CIS	1 681	3	-	0.20	1.52	-
Moldova	1 681	3	-	0.20	1.52	-
Macedonia	725	9	-	0.27	1.87	-
Chille	68	-	-	1.58	-	-
South African Republic	36	-	-	0.79	-	-
Australia	27	4	4	1.19	9.04	3.21
Argentina	21	7	5	3.88	3.90	1.84
USA	121	1	-	1.85	6.85	-
Others**	909	14	55	x	x	x
TOTAL	4 957	2 446	984	1.04	2.20	1.05

* - for January - June

** - incl. duty free zones of the country

According to the data of Custom Agency

According to the data of Customs Agency, in 2003 there were imported 2 446 hl of bottled wines, which is approximately two times lower as compared to the preceding year. The decrease was at the expense of imports of more quality bottled wines, which price was

respectively higher. The average import price increased about two times: from 1.04 USD/l in 2002 to 2.20 USD/l in 2003.

The imports from the EU increased by 9% and figured out at 1 491 hl. The highest growth was registered for the imports from Germany – about three and half times and it reached 29% from the EU imports/. France and Italy took 26% each from the imports.

The import of bottled wines from Moldova was almost interrupted because of the drastic increase of the prices.

At the same time from Poland there were imported 897 hl of bottled wines from lower price group.

According to the signed Agreement for free trade with Macedonia, in 2004 it was granted a quota for preferential imports of 10 000 hl of bottled wines in Bulgaria, which rate of duty was reduced by 50%.

During the period of January- June 2004 it was registered imports of 449 743 hl of bottled wines, which was a 13% more as compared to the same period of 2003.

Imports of sparkling wines

The trend to increase of sparkling wine exports continued during the examined period /2002-2004/.

Table VI. 30.

Imports of sparkling wines, 2002 – 2004

COUNTRIES	2002	2003	2004*	2002	2003	2004*
	quantity in hectolitres			average price USD/l		
EU	355	167	42	3.24	8.90	7.31
France	157	98	13	4.21	9.87	10.73
Italy	128	40	25	1.42	3.06	3.99
Spain	43	16	3	4.88	13.95	3.99
Germany	16	10	-	4.91	7.57	-
Great Britain	11	3	-	1.60	34.58	-
others	-	-	1	x	x	x
Others*	96	9	1	x	x	x
TOTAL	451	176	43	2.90	9.44	6.42

* - for January - June

** - incl. duty free zones of the country

According to the data of Customs Agency

According to the data of Customs Agency”, the imports of sparkling wines in 2003 decreased about two times and half as compared to 2002 and it figured out at **176 hl** (almost entirely from the EU). The largest import share belongs to France - 59%. The average import price, i.e. **9.87 USD/l** is higher than the average price for the country due to the excellent wine quality. **23% from the EU imports were from Italy**. The average import price of **3.06 USD/l** was approximately three times lower in comparison to the average price for the country.

For the period of **January - June 2004** it was registered **imports of 43 hl** of sparkling wines, which is near to the level of preceding year.

4.3. Fresh fruits and vegetables

4.3.1. Exports and imports of fruits

4.3.1.1. Exports

In 2003 it was registered exports of 7400 tons of fresh fruits which is a 14% more as compared to the previous year, but in comparison to 2001 the export level remain the same. Largest growth in comparison to the preceding year was registered for the exports of orchard fruits – approximately three times higher. Exports of melons and watermelons decreased approximately five times.

Market-garden and shell fruits took 77% from the fresh fruit exports.

Exports of kernel fruits (3400) were 54% higher as compared to 2002. The walnuts were most competitive and represented 95% from the kernel fruit exports. The main consumers of walnuts with shells were Albania – 39% and Turkey – 32%. Walnuts without shell were intended for the EU – 73% and Turkey – 19%.

Exports of market-gardening fruits increased to 2 500 tons. Plums, sloes, apricots and cherries were most competitive and took 90% from the exports of market-gardening fruits

Plums, including sloes were most competitive amongst the market-gardening fruits. In 2003 there were exported 800 tons of plums and 300 tons of sloes. 65% from exports of plums were marketed on the EU markets. The largest shares belong to Germany - 60% and France – 32%. The exports of sloes were intended almost entirely to Spain – 67% and Austria – 33%.

In 2003 there were exported 600 tons of apricots mainly to Greece – 74%.

The EU was the main consumer of fresh cherries, where were marketed 69% from the total exports, which figured out at 400 tons.

4.3.1.2. Imports

In 2003 it was registered imports of 35 300 tons of fresh market-gardening fruits - by 18% lower as compared to the preceding year. The decrease was related mainly to reduction of quantities intended for processing.

Apples and peaches took 94% from the imports of market-gardening fruits.

The registered imports of apples figured out at 35 200 tons, including these for direct consumption (30 000 tons). The imports from Poland increased many times during the last years and reached up to 11 000 tons. The imports from Macedonia (6 600 tons) marked a decline by 30% as compared to the preceding year.

The import of peaches amounted to 1 200 tons, i.e. approximately five times less in comparison to 2002. Greece was their main importer (97%).

4.3.2. Exports and imports of vegetables

4.3.2.1. Exports

In 2003 it was registered exports of 10 300 tons of vegetables, grown in open field and in greenhouses, which was a 16% higher as compared to 2002. It was related mainly to the repeatedly increase of seed onion exports. The most important export partner of Bulgaria was the EU, where the registered exports accounted for 3 530 000 USD /52% from the value of fresh vegetables/. Exports to CEFTA figured out to 1 767 000 USD /26% from the fresh vegetables/.

The relative share of greenhouse of cucumbers, sweet pepper and ripe onion for sowing /seed onions/ represented about 78% from the total exports of vegetables.

The greenhouse cucumbers are amongst the most competitive vegetables. Their exports to CIS increased up to 4 300 tons, which was 44% higher as compared to 2002. EU exports represented 52% from the total exports. Largest share belong to Germany – 73% and Greece – 19%. As it concerns the other markets, the most significant were quantities exported to Yugoslavia – 700 tons /17% from the total exports/.

The export of fresh sweet pepper registered a stable trend to decrease up to 2 600 tons, as a result from the increased exports of frozen pepper and growing quantity of processed products, designed for domestic market.

The exports of ripe onion for sowing /seed onions/ represented about 11% from the total exports of fresh vegetables. Romania took the largest share: 86%.

4.3.2.2. Imports

In 2002 it was registered imports of 54 400 tons of fresh vegetables, produced in the open field and in greenhouses - a 7% less as compared to 2002. The relative share of ripe onion, greenhouse produce (tomatoes, cucumbers and cabbage) represented 71% from the imports of fresh vegetables.

In 2003 it was registered imports of 15 700 tons of onion. The imports from Turkey decreased, while the imports from Poland increased, because of lower import price.

The import of greenhouse products (tomatoes and cucumbers) increased up to 15 300 tons, which was two times higher as compared to 2002. The import of greenhouse tomatoes was mainly from Turkey – 96%. The largest share from the imports of greenhouse cucumbers fell to Turkey – 62% and Greece – 36%. The import of sweet pepper sharply decreased up to 2 000 tons, as a result from the reduced quantities for processing. The import of fresh cabbage was near to the level from the preceding year. It was year-rounded, mainly from Macedonia – 70% and Turkey – 24%.

In 2003 there were imported 35 700 tons of potatoes, which was 21% less as compared to 2002, as a result from better yield. From them 2 800 tons were intended for sowing. The increase of planting material by 22% as compared to the previous year was connected to the agreed arrangements for duty free exports of unlimited quantities from the EU and CEFTA.

4.4. Live animals, meat and milk

4.4.1. Exports

Live animals

In 2003 the registered exports of live animals from all categories was reduced nearly by half, mainly because of the significant decline of fowl exports.

According to the data of Customs Agency", there was registered significant decrease of exported poultry by 54% and from 476 655 exported in 2002 it dropped to 219 547 in 2003. The prevailing number accrued to exported chicken which weight was up to 185 gr more than 90%. These were hens and roosters, intended for breeding and selection purposes. During the year there were also exports of minimal number of turkeys - 890 heads. Biggest number of chicken (approximately 80%) was directed mainly to Macedonia and smaller – to Romania and Italy. The reduction of chicken exports was due to the increase of average export price – by 10% approximately, reaching 10 USD per 1 kg of live weight

The exports of cattle decreased by 40% in 2003 and figured out at 1 125 heads, including: 965 goats and 160 sheep, intended for slaughtering. Main contracting partners of the country were Jordan (900 heads), Lebanon and Yugoslavia. The lower number of exported live animals was compensated by the gradually growing exports of sheep and goats meat.

In 2003 only the number of imported cattle increased up to 24 706 heads or by 12.8% more as compared to the previous year. The animals were intended for slaughtering and approximately 70% from the exports was directed to Yugoslavia.

During the last few years there were no exports of pigs.

The preliminary data of Customs Agency about the first six months of 2004 showed a significant growth of exported live animals: by 77% more, compared to the same period of the preceding year. The exports of sheep and goats were leading. During the first 2-3 months it was registered exports (mainly to Greece) of 144 000 lambs and about 3 000 goats intended for slaughtering. The exports of large number of lambs to Greece was due to the profitable export price – 2 700 USD/ton for lambs and 2 100/ton for goats. The mentioned prices were approximately 2 times higher than these in 2003 which was profitable for the country.

Table VI.31.

Exports of live animals for the period of 2000 - January - June 2004

<i>(number)</i>						
Tariff Number	Type of animals	2000	2001	2002	2003*	January - June 2004**
0 102	Cattle	41 615	24 220	21 901	24 706	8 377
0 104	Sheep and goats	18 434	7 795	1 923	1 125	147 138
0 103	domestic pigs	135	0	0	0	0
0 105	poultry	346 461	274 804	476 665	219 547	62 694

Source: Information Service Plc.

*Customs Agency

** Preliminary data

Meat

The total exports of meat in 2003 amounted to 12 002 tons which comprised a growth by 7%, as compared to the preceding year. During the last years, the exports of meat from Bulgaria increased gradually which ensure foreign currency receipts in the governmental budget because the exported quality products were demanded on the foreign markets and respectively their export price was high.

The sheep and goat meat and poultry meat were leading in the export structure. Largest growth was registered for the exports of sheep and goats meat (by 10.6%) reaching 7 583 tons. About 90% from this quantity were entire and half lamb carcasses (fresh or chilled) destined for Greece. Italy and Croatia were the other partners in the exports of lamb meat, but the exported quantities were significantly lower in comparison to Greece.

Approximately 8% from the exported sheep and goats meat accrued to goat meat (580 tons) also intended for Greece.

The exports of poultry and pork meat increased also by 5.7% and 2.6% respectively. In 2003 it was reported a decline in the exports of cattle (by 27.6%), but it was compensated by the higher exports of live animals, intended for slaughtering.

Table VI.32.
Exports of meat for the period 2000 - January - June 2004

(tons)						
Tariff Number	Type of Meat	2000	2001	2002	2003*	January - June 2004**
0201 and 0202	Cattle	103	129	492	356	55
0 204	Sheep and goats	5 879	6 928	6 858	7 582	3 669
0203 and on the 0210	domestic pigs	183	170	151	155	113
0 207	poultry	4 988	5 514	3 699	3 909	2 931

Source: Information Service Plc. Customs Agency*

** Preliminary data

During the first six months of 2004, the most important was the volume of marketed sheep and goats and poultry meat. Exported poultry meat consisted mainly of geese and turkeys and there was registered significant growth of 58% compared to the same period of the preceding year. Substantial incentives for growing of export level were the export subsidies granted in 2004 by the State Fund "Agriculture" at the rate of 1 000 000 BGN for poultry meat and 200 000 BGN for lamb meat.

Milk and dairy products

In 2003 it was remained trend from the previous years about increase of dairy products and mainly cheese and kashkaval (yellow cheese). The annual export was at the rate of 14 602 tons, which is by 27% more, as compared to 2002. According to the products, the exports consisted of the following: 728 tons of milk and cream, 36 tons of butter and milk fats and 13 838 tons of cheese and kashkaval.

Bulgaria has old traditions in the production of white brined cheese and kashkaval from cow and sheep milk, because of which these products are demanded on the domestic and foreign markets. Each year their exports increases and in 2003 the exports were a 29.5% more than the

preceding year, taking more than 90% share in the total exports. Main contracting parties for these products were USA, Australia, Macedonia, Yugoslavia and some Near East countries. The exports of cheese and kashkaval to the European countries also increased. Greece was the most important trade partner of Bulgaria, followed by Germany and Italy.

Since 2004, the planned exports subsidy at the rate of 1 200 000 BGN will be an additional incentive for the export of cheese and kashkaval, distributed as it follows: 250 BGN/t for cheese and 350 BGN/t for kashkaval

In 2003 it was registered a growth of marketed quantity of butter and milk fats by 33% approximately, that reached 36 tons while at the exports of the other dairy products it was reported a decline by 7.4% because their production in the country was limited.

Table VI.33.

Exports of milk and milk fats in the period of 2000 - January - June 2004

						(tons)
Tariff Number	Products	2000	2001	2002	2003*	January - June 2004**
0401, 0402, 0403, 0404	milk and cream	1 403	752	786	728	215
0 405	butter and milk fats	61	67	27	36	86
0 406	cheese and curd	6 400	8 576	10 688	13 838	5 531

Source: Information Service Plc.

Customs Agency

** Preliminary data

For the period of January – June 2004 it was registered exports of 6 768 tons of dairy products, including: 215 tons of milk and cream, 86 tons of butter and 5 531 tons of cheese and kashkaval. As compared to the same period of the preceding year it was observed a decrease of exports by 9%, but till the end of the year it is expected that the volume of exported dairy products will reach 16 000 tons.

4.4.2. Export

Live animals

According to the data of Customs Agency”, in 2003 the imports of live animals in Bulgaria increased by 12%, as compared to the previous year, and accounted for 2 679 524 heads in total. For the first time since few years there were imports of great number of lambs aged up to 1 year – 59 737 heads. The import was from Romania at profitable price – about 1.5 USD/kg and it was carried out during the last 2-3 months of the year, when in the country there were no lambs. Then the animals were fattened and exported at the beginning of 2004 at significantly higher price – on the average of 2.7 USD/kg directed to Greece.

In 2003 in the country were imported 2 618 280 heads of poultry, which was by 9.7% more, as compared to the previous year. Approximately 70% from the imported poultry (1 893 664 heads) consisted of stock ducklings and geese for fattening and receiving of fattened liver and about 28% were roosters and hens for breeding and selection purposes (721 470 heads). The remaining 3 146 heads were breeding turkeys and part of them were purchased with funds granted by the SF "Agriculture" for filling on the parental flocks.

Table VI.34.

Imports of live animals for the period of 2000 - January - June 2004

(heads)

Tariff Number	Type of animals	2000	2001	2002	2003*	January - June 2004**
0 102	Cattle	68	33	0	11	0
0 104	Sheep and goats	20	0	0	59 737	77 270
0 103	domestic pigs	816	822	821	1 496	438
0 105	poultry	2 855 555	3 312 304	2 387 598	2 618 280	1 406 265

Source: **Information Service Plc.**

Customs Agency

** Preliminary data

Significant growth was registered at the imports of pigs in 2003 – nearly two times more than the preceding year, reaching 1 496 heads. In Bulgaria the animals were imported mainly for breeding and selection purposes. Approximately 70% of imports were from Czech Republic (1 054 heads) and the rest - from Cyprus (380 heads) and Denmark (62 heads).

In 2003 it was registered exports of 11 heads of cattle which live weight varied between 160 and 300 kg and they were intended for slaughtering. The import was done from Macedonia.

During the first half of 2004 it was registered a significant increase of number of imported sheep and goats and poultry as compared to the same period of 2003. The increase for sheep and goats was more than 120 times and the imports consisted of lambs aged up to 1 year intended for fattening and subsequent exports. The increase of poultry imports was by 43% more, and the imports consisted of ducklings and geese for obtaining of fattened liver.

Meat

The imports of meat in 2003 increased slightly by 2.7% and reached 76 645 tons including: 22 482 tons of cattle meat, 46 tons of sheep and goats meat, 20 633 tons of pork meat and 33 484 tons of poultry meat. The increase was registered for all types of meat. During the last years the number of domestic animals from most of categories was substantially reduced and their breeding structure did wasn't adequate for efficient meat production. These were main reason due to which the obtained meat quantity didn't satisfied the demand of domestic market and in its turn resulted in the necessity of imports.

Larger increase was registered in the imports of pork meat – by 5.3% more than in 2002. The imports of this kind of meat were intended mainly for the processing industry. For this purpose, on the basis of request from Meat processor's Association in Bulgaria, during the last several years in the Custom Tariff were specified an autonomous quota on imports of boneless pork meat (Tariff position 0203 29 550) with reduced custom duty and in 2003 the amount of this quota figured out at 3 000 tons with custom duty of 250 euro/ton, for the period of 1.04. – 30.06.

Moreover, latterly it was observed an increase of internal consumption of sausages and meat products. The development of tourism and the visits of foreigners especially in the summer stimulated the demand and consumption of larger range of meat products.

Table VI.35.
Imports of meat for the period of 2000 - January - June 2004

						(tons)
Tariff Number	Type of Meat	2000	2001	2002	2003*	January - June 2004**
0201 and 0202	Cattle	8 017	15 360	22 316	22 482	12 879
0 204	Sheep and goats	40	46	34	46	2
0203 and on the 0210	domestic pigs	6 596	12 802	19 483	20 633	6 661
0 207	poultry	20 989	24 081	32 790	33 484	17 141

Source: Information Service Plc.

*Customs Agency

** Preliminary data

The reported growth of imported poultry meat was lower – by 2.1%, followed by the imports of cattle meat – by 1.7%, as compared to 2002. These types of meat were also intended mainly for processing.

The highest growth was registered in the imports of sheep and goat meat and from 34 tons in 2002 the imports reached 46 tons in 2003

During the six months of 2004 it was continued the trend of meat export increase and its total quantity 36 683 tons, which is by 11% more as compared to the same period of the preceding year and probably this will continue till the end of the year.

Milk and dairy products

During the last years, the production of raw milk in the country was reduced, as a result of which the imports of dairy products increased.

According to the data of Customs Agency”, during 2003 in Bulgaria it was registered imports of 19 272 tons of milk and dairy products, which represents a growth of 37.8%, as compared to the previous year.

The largest share in the import structure of dairy products was accrued to the import on tariff position 0402 of – milk and cream (concentrated and sweetened), including milk powder. In 2003 this share consisted of 50% from the volume of total imports and it figured out at 9 943 tons. 95% from the above mentioned or 9 421 tons were accrued to the imports of milk powder. Despite of high import custom duty (between 64% and 68%), the milk powder was used as raw material in the processing of dairy products. Its production in the country is limited, because of which in 2003 its import was increased 3 times, as compared to the previous year. The larger quantities of milk powder were imported from Ukraine (38% of total imports), France (12.4%), Lithuania (10.6%), Hungary (9.4%) etc.

The whey is another product, intended for processing and its imports in 2003 accounted for 4 532 tons - by 9.5% more than in 2002. The importers of larger quantities of whey were Czech Republic, Croatia and Slovakia.

For diversification of dairy product range there were also imports of some dairy products which are not typical for the country. Independently of the higher prices, their imports during the

year increased by 34.8%, reaching 2 748 tons. Bulgaria imported cheese mainly from the European countries as Germany, France, Austria and Denmark.

Table VI.36.
Imports of Milk and Dairy Products for the period of 2000 - January - June 2004

(tons)

Tariff Number	Products	2000	2001	2002	2003*	January - June 2004**
0401. 0402, 0403, 0404	milk and cream	11 196	7 003	10 756	14 820	8 313
0 405	butter and milk fats	1 123	1 159	1 194	1 704	1 178
0 406	cheese and curd	1 906	1 708	2 039	2 748	2 042

Source: **Information Service Plc.**

*Customs Agency

** Preliminary data

The imports of dairy products for the period of January – June 2004 was at the rate of 11 533 tons which represented substantial increase as compared to the same period of the preceding year. The registered growth was approximately 47% and it was due to the higher imports of milk powder and whey.

VII. INTEGRATION POLICY AND INTERNATIONAL COOPERATION.

1. EU integration

On 4.06.2004 in the Conference for accession of Bulgaria to the EU at General negotiator level, the negotiation chapter “Agriculture” was closed, together with chapters on "Regional policy” and “Budget and finances”. The negotiations on Bulgarian accession to the EU ended officially in the same month after the closing of Chapter “Competition”.

The integration policy conducted in the agricultural sector during the last years, included work on the harmonization of legislation, creation of conditions for building and functioning of administrative capacity for its implementation, laying down of Bulgarian engagements, bargaining of the financial framework and parameters for Bulgaria in the framework of the Common agricultural policy (CAP).

1.1. Financial framework

On February 10, 2004 the European Commission presented the financial framework for Bulgaria and Romania for the period of 2007-2009, which allowed finishing the negotiations on financial chapters. In such a way, the EC expressed its will to continue the enlargement process and as correct partner, the EC fulfilled its promise from the “Strategic document and report of the European Commission for progress achieved in the process of accession of Bulgaria, Romania and Turkey”, presented on 5 November 2003

According to the financial framework, the funds allotted for the Bulgarian agriculture for the period of 2007-2009 accounted to 1.552 billion of Euro and included:

- direct payments (subsidies) – 431 million euro;
- market support– 388 million euro;

- rural development – 733 million euro, as well as resources from the EU Structural Funds.

Direct payments

The funds available for direct payments were specified indicatively at the rate of 431 million euro and they will be used in the period of 2007-2009 at observance of the same principle set out for the 10 newly accessed countries and they will correspond to 25% from the level of direct payments for the 15 member states in 2007, respectively 30% in 2008 and 35% in 2009. The direct payments in Bulgaria in 2010 will account for 40% from the EU-15 level. The 10% annual increase of direct payments will continue till 2016 up to their full with balancing with the EU-15. In 2007 in the EU budget there are no planned funds for direct payments because of the fact that they will be paid from the national budgets during the year in question and will be reimbursed from the EU budget for the next year.

Bulgaria will be in position to add the direct payments from the national budget up to 55% from the level of direct payments in the EU (at 30.04.2007.), 60% in 2008 and 65% in 2009 and since 2010 - by 30% over applicable levels of direct payments for the relevant year.

Only during the period of 2007-2009, the additional national payments could be partially financed by the funds for the Rural development (the amount shall not exceed 20% from the relevant annual allocation of funds for Rural development).

Market support

The market support includes funds that would be received at an intervention (in the sectors of arable crops, rice, meat, milk, sugar); export subsidies in most of sectors; support for the increase of consumption of some products (milk); supports for production of fresh fruits and vegetables, intended for processing and support for producers' organisations. The export subsidies depend on the level of EU prices against world prices. It should be taken into account also the common trend to leave off instruments for export subsidizing as a result from the development of multilateral negotiations in the framework of WTO.

Rural Development

According to regulations of EU in the field of Rural Development, there is set of measures (30). The financial package includes:

- Funds for Rural Development under Chapter "Agriculture" – 733 million euro for 2007-2009 period /under the current Section "Guaranteeing" of the European Fund for guarantees and orientation of agriculture - FEOGA/. According to the existing legislation it is developed a National plan for rural development, which is implemented and paid under the rules of "Guaranteeing" section.
- Funds for rural development from the Structural Funds /under current "Orientation" section of FEOGA that is part of Structural Funds / - between 20% and 30% from funds for structural actions for the three years, i.e. between 300 and 400 million euro. According to the existing legislation it is developed an Operational program for development of agriculture and rural areas as a part from the National plan for development. It is implemented and paid under the rules of Structural Funds.

Bulgaria is starting its preparation for the next of plan for agriculture and rural areas development, which will encompass the period of 2007-2013. It shall contain an analysis of situation in the agriculture, analysis of strengths and weaknesses, opportunities and threats to the agriculture and rural areas and the strategic targets and priorities which will be drawn up on the basis of this analysis. In order to achieve these goals and priorities, which the country is setting out, according to the needs it shall be selected measures amongst the existing 30 measures and it will be specified the resource allotted for each measure.

The negotiations on chapter “Agriculture” were conducted on the basis of same principles and legislation, as for the 10 new member countries. In such a way was achieved an equivalent treatment of Bulgaria on the part of the European Union.

1.2. Arrangements, achieved in the negotiations under Chapter 7 “Agriculture”:

State aids

Bulgaria should announce the state aids which implementation it wish to keep up to 4 months after its accession. EC will appraise the request according to the rules for the State aids. In case of approval, the aid is classified as “existing” and it may be implemented in the framework of 3 years, after which a new request shall be addressed.

Arrangements in terms of the Common market organization

Bulgaria obtained base area for arable crops (cereal, oleaginous, protein) at the rate of 2 625 258 ha, on the basis of 2000 - 2002 reference period. For the country it was recognized an average yield of arable crops (specified on the basis of average yield of cereal crops) at the rate of 2.9 tons per hectare on the basis of 1998-2002 reference period.

Durum wheat

The regions of Stara Zagora, Haskovo, Sliven, Yambol, Burgas, Dobrich and Plovdiv were recognized as traditional areas for durum wheat production. The criteria for recognition of durum wheat production areas are as it follows:

- Durum wheat shall be produced, in order to be used as raw-material for production of pasta: 73% vitreousness (quality criteria);
- Existing production at least during the last 20 years;
- The production of durum wheat in each region shall consist of at least 2% from the total areas under cereal in the region.

The request of Bulgaria for guaranteed area for production of durum wheat at the rate of 21 800 ha, was accepted entirely.

Bulgaria obtained also guaranteed area for legume production (lentil, beans and vetch) which accounted for 18 047 ha on the basis of 2000 - 2002 reference period.

Rice

As a result from the negotiations conducted in "Rice" sector, Bulgaria was added to the list of rice-producing countries.

Bulgaria obtained national base area for rice production accounting for 4 166 ha.

Since marketing 2007/2008 Bulgaria will receive an additional payment for rice amounting to 345.225 euro per hectare, on the basis of average yield of 4.603 tons/ha (the additional payment for rice production was introduced by the CAP reform in 2003 and it is not subject of bargaining).

Sugar

To Bulgaria it was granted a total annual quota for production of white sugar at the rate of 203 500 tons, including:

- Quota A for production of white sugar from sugar cane at the rate of 4 320 tons of white sugar;
- Quota B for production of white sugar from sugar beet at the rate of 432 tons of white sugar;
- Quota for production of white sugar from unrefined canned sugar from preferential imports at the rate of 198 748 tons of white sugar.

As a result from the negotiations it was allotted to Bulgaria a total annual quota for production of isoglucose (equal to quota A) at the rate of 56 063 tons (specified on the basis of 42% of fructose from dry substance).

Fruits and vegetables

In the sector of "Fruits and vegetables" there were achieved the following arrangements:

- National threshold limit value for tomatoes, intended for processing - 156 343 tons
- National threshold limit value for peaches, intended for processing - 17 843 tons
- National guaranteed area for shell fruits - 11 984 ha

Wine and alcoholic drinks

As a result from the negotiations, Bulgaria was classified in two vine areas:

- **C II** – "Danube plain" North Bulgarian vine region, "Black sea" East vine region "Valley of roses" sub-mountain region;
- **C III** – the rest part from the territory of the country.

EU granted rights for new planting of vines at the rate of 1.5% from the vine potential of Bulgaria /153 500 ha according to the preliminary estimations/ at the date of accession.

EU accepted the request of Bulgaria about transcription of geographic designations and specific traditional designations in some of the official languages of European Community for products originating from Bulgaria, i.e. the inscriptions on the labels of wine and alcoholic drinks shall be written in Bulgarian and in other Community languages.

Tobacco

As a result from the negotiations under chapter "Agriculture", in "Tobacco" sector Bulgaria obtained a national quota for tobacco production figuring out at 47 137 tons. This quota was distributed amongst the variety groups as it follows in the Annex of Council Regulation 2075/92:

- I Flue cured (Virginia): 9 023 tons;
- II Light air cured (Burley): 3 208 tons;
- VI Bassmy: 31 106 tons;
- VIII Kaba Kulak: 3 800 tons

Moreover it was achieved the desired allocation for the majority of Bulgarian oriental varieties to the Bassmy variety group using the highest premiums of the European Union. It was agreed also that the threshold for recognition of crude tobacco producers' groups shall be 0.3% from the total national quota for the country in 12 municipalities of North Bulgarian tobacco region and 4 municipalities of Djebel tobacco region, while for the rest part of the country it shall be 1% (at 2% regulation requirement).

Milk and dairy products

In order to specify the referential quota for Bulgaria, it was used the average value of data for milk provided to milk processing factories and direct sales from 2000 until 2002.

Bulgaria obtained also a reserve for restructuring of 39 180 tons, that will be released in 2009 in case of increase of milk quantities intended for processing, as a result from the decrease of milk for consumption in the farm (human consumption and animal feeding).

In order to be specified a butter content, it was used 2003 data as most recent year for which there are data available for average butter content (39.10 gr/kg).

Bulgaria obtained a transitory period until 30 April 2009 for the implementation of Council Regulation 2597/97 for categorization of milk intended for direct consumption. In the framework of this period, the milk with butter content of 2% shall be marketed as semi-skimmed milk, while the milk with butter content of 3% shall be marketed as with oil content as whole-milk in the domestic market. During this period the Bulgarian milk processors can adapt their production to the EU standards.

Beef meat

Bulgaria obtained 90 343 rights for special premiums for cattle male animals.

Bulgaria obtained a ceiling of 16 019 animals that are subject of premiums for cows with suckling calves. EU applies the calculation methodology used for the other applicant of countries, where the data about non-dairy cows obtained in most successful year of reference period (for Bulgaria this is the period of 2000 – 2003), i.e. data' 2000 shall be decreased by 10%.

Bulgaria obtained also 22 191 rights for premiums for slaughtering of aged animals and 101 542 for calves. Bulgaria obtained additional payments in the sector at the rate of 380 172 euro. EU applies the calculation methodology used for the other applicant countries, where the quantity of meat obtained from calves up to 1 years shall be deducted from the total quantity of beef meat produced in 2002 (7 866 tons). To these 3 186 tons shall be added the quantity of exported meat of aged animals (2 662.8 tons) and in such a way it is achieved the quantity of 5 848.8 tons which are subject of premiums. This quantity shall be multiplied by 65 euro per ton that is equal to total amount of 380 172 euro.

Sheep and goat meat

Bulgaria **obtained** a ceiling of 2 058 483 animals for premiums in sector “Sheep and goat meat”. In this number was included a 3% national reserve.

Bulgaria obtained additional payments in the sector at the rate of 2 176 155 euro. The total amount of payments was specified in the following way: the ceiling of 2 058 483 was multiplied by a ratio, resulted from dividing of 72 000 000 (total financial package for additional payments) to 68 106 718 (average number of premiums paid in the EU-15).

Arrangements concerning the development of rural areas

Bulgaria may implement the complete set of measures mentioned in Regulation 1257/99, and its amendment 1783/2003, as well as the "provisory" measures (offered especially for the new member countries). The total number of the measures for Rural Development of EU accounted for 30.

- 1) "Compensatory payments" measures (support on the base of farming area), which currently are funded by FEOGA«Guaranteeing» Section

Here are included the following measures: support for less-favoured areas and regions with environmental restrictions; agrienvironment and animal welfare; support for the afforestation of farmland and other forestry activities; early retirement; semi-market holdings in process of restructuring; Community standards; food quality; advisory services for farms and agricultural advices; producers' organisations; supplement to the direct payments; **technical assistance**;

- 2) "Investment type" measures that currently are funded by FEOGA "Orientation" Section as part of EU Structural Funds.

Here are included the following measures: investments in agricultural holdings; marketing and processing; young farmers; vocational training; "Leader +" measure; measures under Art. **33 of Regulation 1257/99, that are directed entirely to the rural areas (lands improvement, land consolidation, auxiliary services in agricultural holdings/services supporting the management of holdings, marketing of quality agricultural products, basic services for rural economy, renovation of villages, diversification of agricultural activities, management of water resources in the agriculture, development of the agricultural infrastructure, tourism/craftsmanship, environmental protection, re-establishment of potential of agricultural production, financial engineering).**

The priority and financial resource of measures to be implemented are subjects of a national decision and strategy chosen in compliance with the existing legislation into force at the moment of EU accession. Such a strategy will be prepared as a part of the next National plan for agriculture and rural areas development for the period of 2007-2013.

2. International cooperation

2.1. Bilateral cooperation

In 2003 MAF officials took participation in the meetings of intergovernmental joint commissions on economic, research and technical cooperation with Russia, Mongolia, Byelorussia, Morocco, Egypt, Vietnam, Romania, Macedonia, Cuba, Jordan, China, Slovenia and Slovakia.

It was held meetings of joint working groups on agriculture with Morocco and Italy, permanent governmental commission “Bulgaria – Bavaria”, permanent Bulgarian and Walloon joint commission and Bulgarian-Turkish committee on agriculture.

The following bilateral agreements were signed:

- Agreement between the Governments of the Republic of Bulgaria and Government of Hashemite Kingdom of Jordan for cooperation in the field of quarantine and plant protection;
- Agreement between the Governments of the Republic of Bulgaria and Government of Hashemite Kingdom of Jordan for cooperation in the field of veterinary services;
- Agreement between the Ministry of Agriculture and Forestry of Bulgaria and The Ministry of agriculture of Netherlands on approval of working program for implementation of projects in the sector;
- Memorandum for understanding signed between the Ministry of Agriculture and Forestry and Australian service on quarantine and inspection.

In the sector were implemented projects, financed by FAO and foreign agencies as CTZ–Germany, JICA- Japan, PCO–Netherlands and KICA- South Korea.

In 2004 were signed the following agreements:

- Agreement between the Ministry of Agriculture and Forestry of Bulgaria and the Federal ministry agriculture, Forestry, Environment and Water resources of the republic of Austria concerning the cooperation in the field of agriculture and forestry;
- Agreement between the Ministry of Agriculture and Forestry of the republic of Bulgaria and the Ministry of agriculture and food supply of the Republic of Byelorussia on economic, scientific and technical cooperation;
- Addendum to the Agreement from 8 April 1997. for use of gratuitous support, provided by France to Bulgaria concerning the implementation of projects in the field of animal breeding and planting material.

Till the end of 2004 will be signed also following bilateral documents:

- Intention Protocol between the Ministry of Agriculture and Forestry of Bulgaria and the Ministry of agriculture and food supply of Moscow region;
- Agreement between the Ministry of Agriculture and Forestry of Bulgaria and the Ministry of agrarian policy of Ukraine on cooperation in the field of testing for discernibility, homogeneity and stability and keeping of selectionist’ rights;
- Agreement between the Governments of the Republic of Bulgaria and Government of Mongolia for cooperation in the field of quarantine and plant protection;

- Agreement between the Governments of the Republic of Bulgaria and Government of Mongolia for cooperation in the field of veterinary medicine;
- Agreement between the Governments of the Republic of Bulgaria and Government of South Africa on cooperation in the field of agriculture;
- Agreement between the Ministry of Agriculture and Forestry of the Republic of Bulgaria and the Ministry of agriculture of the People's Republic of China on cooperation in the field of agriculture.

2.2. Cooperation with international organisations

In 2003 there was preparation for participation of Bulgarian official delegation in the 32nd Conference of the Food and Agriculture Organisation (FAO)

In relation to the accession of Bulgaria to the EU and Euro-Atlantic structures, in 2003 MAF officials took participation in the meetings of the Planning Committee in the field of foods and agriculture (FAPC) within the Major Committee of NATO on citizen planning in emergency situations

MAF took participation in the meetings and seminars organized within the framework of Black sea economic cooperation (BSEC).

In 2004 MAF participated in meetings of international organisations, which member is Bulgaria:

- Meeting of NATO Planning Committee on foods and agriculture (FAPC), where the country has a observer status, January 2004, Brussels;
- Constituent Assembly of the Intentional organization of vine and wine, France;
- 24th Regional conference of Food and Agriculture Organisation (FAO), May 2004, France.

VIII. SPECIAL EU PROGRAM FOR SUPPORT OF AGRICULTURE AND RURAL AREAS (SAPARD)

1. Programming

1.1. Changes in the National Agriculture and Rural Development Plan under SAPARD Program (NARDP)

In order to overcome the problems arising in the implementation of SAPARD Program, it was prepared a second package of changes in the Bulgarian national plan for development of agriculture and rural areas under SAPARD which was submitted on February 21 2003 to the European Commission for agreement and approval by the EC services. The changes and addenda were approved by the EC decision from 27 May 2003 in line with the provisions of Art. 4 (5) and 4 (6) of Council Regulation (EU) 1268/1999 and of Statement of Committee on Agricultural Structures and Rural Development (STAR) from 9 April 2003.

1.1.1. Changes and addenda entered into force from May 2003:

- The changes in the accredited “private measures” of programme – *measure 1.1 "Investment in agricultural holdings", measure 1.2 "Improvement of processing and marketing of agricultural and fishery products" and measure 2.1 "Developments and diversification of economic activities, creation of opportunities for multiple activities and alternative income"* - were related to the inclusion of new sectors for support, increase of support ceiling in order to support integrated projects for complete modernization according to the EU standards, as well as enlargement of geographic coverage under measure 2.1. in order to include the mountainous regions as eligible for support. In addition, in the text of measure 1.4 *"Forestry, afforestation of farmlands, investments in forest holdings, processing and marketing of forest products"* there were inserted some technical adjustments.

- It was completed the text of measure 1.3 *"Development of environmentally friendly agricultural practices and activities"*, based on documents prepared after the EC approval (20.10.2000) of the first version of the plan for agriculture and rural areas development. These documents are: EC Guidelines on "Environmental friendly pilot activities in the framework of SAPARD programs" and sectorial analysis, prepared in the framework of PHARE project BG 9810-02-01 "Drafting of detailed measures for the National Agriculture and Rural Development Plan under SAPARD Program in Bulgaria". The choice of activities, included for support under the measure is based upon the activities proposed in the draft of National Agri-environmental program. They reflect the agrienvironmental situation and relevant needs of the country and they are mentioned as priority activities in the National strategy for conservation of biodiversity. These activities are in the scope of pilot agrienvironmental activities specified in the manual for "Environmental friendly pilot activities in the framework of SAPARD programs".

- It was completed the text of measure 1.6 *"Management of water resources"*, that was based on the significant institutional and legislative reforms which were conducted in the field of irrigation, drainage and flood control since 2000. The eligibility criteria needed technical and financial documents and levels of financial support under the measure were differentiated in order to comply with the type of investment, legislation entered into force in the respective field and provisions of Multiannual financial agreement under SAPARD Program. Additional attention was paid to the ensuring of economic viability and limitation of environmental impact of applicant projects.

1.1.2. Proposals for changes and addenda

The proposed (third) changes and addenda in SAPARD PROGRAM reflect: remarks and recommendations of the Report on the interim assessment of programme; proposals of SAPARD Agency, directed to the improvement of fund uptake and proposals of permanent working groups within the Monitoring Committee, approved by the Committee.

The summarized changes in the BNARDP, mentioned below, were approved by the Managing body of SAPARD Program (Managing Board of the State Fund "Agriculture") on 20.02.2004 as well by the Monitoring Committee on its 6th meeting held on December 12, 2003, the subsequent written procedure during the period of 10 – 20 February 2004 as well as the fact that they resulted from the consultations carried out with the European Commission during the period of April - June 2004 and the approval of Monitoring Committee during its 7th meeting held on June 30, 2004.

The most important proposals for changes are as it follows:

General changes in the BNARDP measures

1. There were changes in the criteria for assessment of projects and the priority was given to sectors, having highest needs of investments, in order to comply with the veterinary, sanitary, hygienic and environmental requirements of the EU legislation recently introduced in the country.

2. The costs for elaboration of business plan were limited (in line with the market conditions in Bulgaria) and in such a way it was achieved a release of resource needed for investments in assets.

There were introduced indicators for monitoring of impact of measures' projects on the environment, which reflected **the recommendations** of interim assessment about the inclusion of environmental monitoring indicators and it was aimed to better abide by the Guidelines of the Commission for conducting of SAPARD Program assessment.

Specific changes in the BNARDP measures

- **Changes in Measure 1.1 “Investments in agricultural holdings”**

(concerning "Milk and dairy production" sector):

1. Removal of the limitation about purchasing of pure breeding animals up to 1/3 from the livestock in the herd. The investment shall be supported only providing that the farm of applicant meet the provisions of "Code of the requirements to the farms: veterinary, phytosanitary, environmental and animal welfare", mentioned in the Annex to the measure. For new number of animal, including the new purchased livestock, the same condition for support of this type of investment was set out in “meat” sector.
2. The minimal amount of investments was reduced from 15 000 euro to 10 000 euro.
3. There is an opportunity that milk producers could build and equip milk collecting points under the measure, including laboratory equipment.
4. Purchase of wind generators and wind pumps for water pumping was added to the eligible investments in the sector.
5. It became possible that the producers' organisations could apply under the measure. All requirements concerning the sector, in case of application of producer organization are mandatory for the members of relevant organization rather than the applying organization itself, because this type of organization is considered as marketing organization.

(Others changes in the measure):

6. Removal of requirement that the planting material shall be from the varieties of fruit plants, included in the National Variety List.
7. Reduction of minimal investment from 10 000 euro to 5 000 euro for essential crops and perennial medicinal plants as well as their area - from 1 ha to 0.5 ha
8. The criteria for assessment of projects were changed. Higher priority was given to project from “less developed rural regions”, “mountainous areas” and from sector “milk and dairy production” and in such a way it was achieved concentration and

priority of investment in sector that needed to encourage the introduction of EU standards and requirements. It was included an additional criteria on the organic production.

9. The eligible beneficiaries shall meet the requirement to register their livestock farms in the relevant regional veterinary services;
10. New requirement added to the eligibility criteria stipulating that at the application of agricultural producers from sectors “milk and dairy production” and “meat”, the applicants shall present a prescription certified by the NVMS about the meeting of requirements, set out in the “ Code for the requirements to the agricultural holdings: veterinary, phytosanitary, environmental and animal welfare”;
11. To the eligibility criteria it was added that the support shall be paid only in case when the applicant holding meets the requirements set out in the “Code for the requirements to the agricultural holdings: veterinary, phytosanitary, environmental and animal welfare”;
12. Limits of the costs for elaboration of business plan shall not exceed 8 000 euro.

▪ **Changes in measure 1.2. “Improvement of processing and marketing of agricultural and fishery products “**

1. Reduction of requirements concerning capacity for yearly slaughter production of applicants in sub-sector "hare meat" from “meat” sector: from 350 000 to 35 000 rabbits and from 500 tons to 50 tons of hare meat. This will provide an opportunity for the holdings in sub-sector "hare meat" to apply under SAPARD program, because the capacity set out in the measure was significantly higher than the real one in the sector.
2. Reduction of eligible percent of total costs, needed for elaboration and implementation of projects, including these needed for the elaboration of business plan (for projects which value exceeds 1 000 000 euro) as it follows:
 - At the amount of eligible of investments from 1 000 000 euro to 2 000 000 euro, the rate is reduced respectively from 12% to 10% for the whole amount of total costs and from 5% to 4% for the elaboration of business plan ;
 - At the amount of eligible of investments more than 2 000 000 euro, the rate is reduced respectively from 12% to 8% for the whole amount of total costs and from 5% to 3% for the elaboration of business plan ;
3. The maximal amount of eligible investment costs for a slaughterhouse project is increased to 5 000 000 euro from its current amount (3 000 000 euro), while for all other projects it decreases as it follows:
 - maximum 2 500 000 euro for sectors “milk and dairy products”, “fish and fishery products” and “meat and products” with the exception of slaughterhouses;
 - maximum 1 500 000 euro for sectors “wine” and “fruits and vegetables”;
4. From the total budget under the measure it is separated an single budget for slaughterhouses at the rate of 12.5 million euro of public funds (EU + national funds) as of 08.2004 This budget shall be allotted as it follows:

- 5 million euro of public funds for red meat slaughterhouses;
- 7.5 million euro of public funds for white meat slaughterhouses. from which:
 - 2.5 million euro of public funds intended for white meat slaughterhouses situated in the South East, South Central and South West planning regions (NUTS II Regions);
 - 5 million euro of public funds intended for white meat slaughterhouses situated in the North West, North Central and South East planning regions (NUTS II Regions);
- 5. The applicants (with the exception of slaughterhouses) shall develop their activity in the relevant sector at least 3 years before the date of application.
- 6. The applicants in sectors “fish and fishery products”, “milk and dairy products” and “meat”(with the exception of slaughterhouses) shall be eligible for support only if the enterprises subjects of the application for support, are specified by the National Veterinary Service (NVS) as enterprises belonging to II-nd restructuring group as per internal NVS procedures.
- 7. In the criteria for assessment of projects, together with the priority on adapting of enterprises processing agricultural production to the EU standards, the stress is laid is also on projects for “rural areas” and "less favoured rural areas".

• **Changes in measure 1.2. 1. "Markets of the producers and market-places"**

1. Reduction of eligible rate of total costs, needed for elaboration and implementation of projects, including these needed for the elaboration of business plan for projects which value exceeds 1 000 000 euro of:
 - At the amount of eligible of investments from 1 000 000 euro to 3 000 000 euro, the rate is reduced respectively from 12% to 10% for the whole amount of total costs and from 5% to 4% for the elaboration of business plan ;
 - At the amount of eligible of investments more than 3 000 000 euro, the rate is reduced respectively from 12% to 8% for the whole amount of total costs and from 5% to 3% for the elaboration of business plan;
2. From the budget on measure 1.2. “*Improvement of processing and marketing of agricultural and fishery products*”, it is allotted (as separate) budget for sub-measure 1.2.1. “*Markets of producers and market-places*” the amount at the rate of 25 million euro of public funds (EU + national budget) for the whole period of operation of SAPARD Program at the following distribution of budget under sub-measure 1.2.1.:
 - a) 9 million euro of public funds for 2004;
 - b) 8 million euro of public funds for 2005;
 - c) 8 million euro of public funds for 2006.

This change shall ensure a budget defined for implementation of goals set out in the sub-measure and this budget is conformable to the projects expected on this sub-measure.

- **Changes in measure 1.5 “Establishment of producers' organisations”**
 1. The minimal number of organization for fruits and vegetables and milk was decreased from 30 to 7 members and in result of which it was recalculated (decreased) respectively the volume of minimal annual production, the relevant number of livestock /land for fruits, vegetables and milk sectors and the relevant annual turnover from 150 000 to 100 000 euro.
- **Changes in measure 2.1 "Developments and diversification of activities and creation of opportunities for multiple activities and alternative income" from NARDP**
 1. Decrease in the maximal amount of eligible investment costs for "Rural tourism": from 500 000 euro to 250 000 euro. In such a way it was achieved a more strict observance to the aims of measure, because larger investments in rural tourism project could create preconditions for damage of authentic rural environment. In relation to this it was changed (limited) also the geographic scope of “rural tourism” and there were changes in the list of “Municipal and mountainous settlements having potential for development rural tourism” of NARDP.
 2. There was a change in the criteria for choice of projects. This reflected remarks from Interim assessment of the programme. The inclusion of new criterion ("support for local initiatives") gave priority of projects of local companies or physical persons. It was included an additional criterion on the promotion of organic production.
- **Changes in the financial tables of National Agriculture and Rural Development Plan (NARDP)**

The changes in financial tables included:

 1. The interest accumulated until May 31. 2004 in SAPARD Euro account was added to the funds under measure 2.1. "Developments and diversification of activities and creation of opportunities for multiple activities and alternative income".
 2. The additional funds as per signed financial agreements (2000-2003) additional funds for 2003 funds expected for 2004 -2006 **were distributed, as it follows:**
 - 20% for measure 1.2. *“Improvement of processing and marketing of agricultural and fishery products”*;
 - 30% for measure 2.1. *"Developments and diversification of activities and creation of opportunities for multiple activities and alternative income"*;
 - 30% for measure 2.2. *"Renovation and development of villages, preservation and conservancy of rural heritage and cultural traditions"*;
 - 20% for measure 2.3. *"Developments and improvement of rural infrastructure"*;
 3. Reallocation of funds between the measures, as it follows:
 - Reduction of public subsidy (EU + National budget) under the following measures:
 - 1.4. "Forestry, afforestation of farmlands, investments in forest holdings, processing

and marketing of forest products" - 55 000 000 BGN; 1.6. *"Management of water resources"* - 45 000 000 BGN and 3.1. *"Improvement of vocational training"* - 35 000 000 BGN;

- Increase of public subsidy (EU + National budget) under the following measures: 1.2. *"Improvement of processing and marketing of agricultural and fishery products"*-105 000 000 BGN and 2.1. *"Developments and diversification of activities and creation of opportunities for multiple activities and alternative income"* – 30 000 BGN.
 - Separate budget was established under the sub-measure 1.2.1 *"Markets of producers and market-places"* which funds were allocated from the budget of measure 1.2. *"Improvement of processing and marketing of agricultural and fishery products"*.
 - The funds under the measure 4.1. *"Technical assistance"* for 2000 (at the rate of 309 048 euro of subsidy from the EU) were transferred to measure 1.1. *"Investments in agricultural holdings"* because of the late accreditation of measure "Technical assistance" and its real beginning in May 2004 as well as its possible unassimilation of budget planned in the Annual financial agreement' 2000 which contractual time expires at the end of 2004.
 - The funds under measure 2.1. *"Developments and diversification of economic activities, creation of opportunities for multiple activities and alternative income"* (at the rate of 1 923 289 euro from EU subsidy on the Annual Financial Agreement' 2000 /AFA/) were transferred to measure 1.1. *"Investments in agricultural holdings"*, because of possible unassimilation. The same amount was refunded to measure 2.1 from the budget of measure 1.1 (funds under AFA'2000).

1.2. Accreditation of SAPARD Agency

The act of the European Commission from 14 August 2003 stipulated the accreditation for implementation by SAPARD Agency of 7 new measures (six measures and one sub-measure) as it follows:

- Sub-measure 1.2.1 "Wholesale Markets"
- Measure 1.4 "Forestry, afforestation of farmlands, investments in forest holdings, processing and marketing of forest products"
- Measure 1.5 "Establishment of producers' organisations";
- Measure 2.2 "Renovation and development of villages, preservation and conservancy of rural heritage and cultural traditions";
- Measure 2.3 "Developments and improvement of rural infrastructure";
- Measure 3.1 "Improvement of vocational training";
- Measure 4.1 "Technical assistance";

During the period of August 2003 – June 2004 SAPARD Agency implemented 9 measures and 1 sub-measure from the National Agriculture and Rural Development Plan, for which it was accredited by the European Commission.

2. Monitoring of programme

Monitoring Committee of SAPARD Program

The Monitoring committee observe the implementation of SAPARD Program in line with Art. 35 of EU Regulation No. 1260/99 and Multiannual financial Agreement signed between the EC and Bulgaria.

During the period of August 2003 - July 2004 the Monitoring committee observing the implementation of SAPARD Program, held its 6th and 7th meetings.

The papers of Monitoring Committee meetings were published on web-page of the Ministry of Agriculture and Forestry.

The 8th regular meeting of Monitoring Committee was planned the first half of December 2004.

Permanent working groups within the Monitoring Committee of SAPARD Program

Within the Monitoring Committee there are six working groups on the measures accredited by SAPARD Program.

According to the internal rules of Monitoring Committee, its working groups held their meetings before Committee meeting. All basic decisions of Monitoring Committee, concerning changes in the National Agriculture and Rural Development Plan, were based on discussions of and proposals, made by the farmers' associations and organizations and NGO representing rural areas within the working groups.

In the period of May 2003 - May 2004, the permanent working groups on "private measures" (Measures 1.1. 1.2 and 2.1.) held two meetings each (in May and October 2003) while the working groups on the measures that got their accreditation in August 2003 hold their first meetings October 2003. In line with the decisions taken by the Monitoring Committee on its 6th meeting (December 2003) and in relation to the preparation of changes in the NARDP, 4 of them held additional meetings in January 2004.

Annual report on SAPARD Program

In May 2004 is was produced the second Annual report on the implementation of SAPARD Program, reporting the period of 1 January 2003 – 31 December 2003, that was discussed and approved during the 7th regular meeting of Monitoring Committee of SAPARD Program, held on 30 June 2004 and sent to the EC for approval.

Interim assessment of SAPARD Program

During the reporting period of present report it was produced a Report on the Interim assessment of SAPARD Program implementation that were submitted to the EC on December 22, 2003 (according to Article 10, Section B of Multiannual financial agreement on SAPARD). On 30 April 2004, the report was published in Bulgarian and English on the MAF web-page in article "SAPARD – Implementation of the programme".

3. Implementation of SAPARD Program

In 2003 SF "Agriculture" as accredited SAPARD Agency continued to provide a gratuitous financial support on 9 measures and 1 sub-measure.

For the period of January - December 2004 there were approved 681 projects which total investment amount figured out at 545 492 118.94 BGN.

Measure 1.1. INVESTMENTS IN AGRICULTURAL HOLDINGS

The measure is in support of private investments for the improvement of quality and technologies for production of agricultural products in sectors "milk and dairy production", "meat and meat production" and "perennial crops": vines, orchards, vegetables, berries, flowers, essential crops, perennial medicinal plants, cereals, oleaginous crops, high quality tobacco varieties, cotton; eggs and egg products.

In 2003 in the framework of measure there were approved 389 projects which total amount of investment costs figured out at 173 235 640.58 BGN.

In sector "Milk and dairy production" there were approved 5 projects which total amount of investment costs figured out at 2 157 470.56 BGN including 1 074 538.00 BGN of subsidy

In sector "Meat and meat production" there were approved 24 projects. The total amount of investment costs figured out at 28 766 055.69 BGN, including 13 305 492.38 BGN of subsidy

In sector "Perennial crops": vines, orchards, berries" there were approved 92 projects which total cost figured out at 31 765 367.29 BGN. The subsidy was at the rate of 13 842 760.47 BGN.

In sector "Vegetables, flowers, essential crops, medicinal plants, cereals, oleaginous crops, high quality tobacco varieties, cotton" in 2003 there were approved 268 projects. Their investment amount figured out at 110 546 747.04 BGN, including 53 684 777.52 of subsidy

In sector "Eggs and egg products" there were no approved projects.

Measure 1.2. "IMPROVEMENT OF PROCESSING AND MARKETING OF AGRICULTURAL AND FISHERY PRODUCTS"

In the framework of measure there were financed investments, that contribute to the improvement of quality, presentation and package of products; support for the introduction of new technologies, related to the environmental protection; improvement of quality and health requirements; achievement of EU standards and requirements; promotion of better use of by-products, especially via wastage processing; enlargement of storage capacity.

In 2003 in the framework of measure there were approved 131 projects which total amount of investment costs figured out at 308 724 633.71 BGN and from them 149 517 229.58 BGN were subsidy amount.

In sector "Wine" there were approved 22 projects. The amount of investment costs figured out at 58 099 767.91 BGN. The expected gratuitous support accounted for 28 676 469.59 BGN.

In sector "Fruits and vegetables" there were approved 30 projects which total amount of investment costs figured out at 73 914 069.64 BGN and subsidy amount - 35 521 690.16 BGN.

In sector *"Milk and dairy production"* there were approved 15 projects. Their investments figured out at 46 654 547.35 BGN, while the amount of gratuitous support accounted for 22 738 194.09 BGN.

In sector *"Meat"* there was approved 56 projects. The expected investments will be at the rate of 108 050 551.48 BGN. The beneficiaries will receive a subsidy of 52 131 402.33 BGN.

In sector *"Fish and fishery products"* in 2003 the Commission on project selection approved 7 projects which total value consisted of 16 923 904.33 BGN and total investment amount of 7 913 397.41 BGN.

In sub-measure *"Wholesale Markets and market-places"* it was approved 1 project which total value figured out at 5 081 793.00 BGN and gratuitous support of 2 536 076.00 BGN.

Measure 2.1. "DEVELOPMENT AND DIVERSIFICATION OF ACTIVITIES AND CREATION OF OPPORTUNITIES FOR MULTIPLE ACTIVITIES AND ALTERNATIVE INCOME";

The main objective of the measure is an integrated development of rural areas through financing of private initiatives, providing additional agricultural income in order to promote the development of economy and communities in rural areas that will contribute to reduction of migration of rural population.

Within the frame of the measure there were approved 161 projects which total cost figured out at 63 651 844.65 BGN. After their implementation, the beneficiaries will receive financial support at the rate of 29 105 514.65 BGN.

"Rural tourism" Sector: there were approved 67 projects which total amount of investment costs figured out at 30 962 249.61 BGN, from which the subsidy amounted to 13 700 145.85 BGN.

"Local craftsmanship and agro-industry" Sector: – there were approved 4 projects which total cost figured out at 3 058 184.12 BGN.

The amount of subsidy figured out at 1 508 897.00 BGN. *"Wood processing, wood-work and bio-fuels" Sector: there were approved 39 projects which total amount figured out at 18 706 698.19 BGN and 8 923 568.20 BGN of amount of subsidy,*

Sector "Sericulture" in 2003 there was no approved project.

Sector "Beekeeping": there were approved 35 projects which total value figured out at 3 670 860.44 BGN. The financial support was at the rate of 50% from those costs or 1 503 260.60 BGN.

Sector "Horse breeding" there was approved 1 project which value figured out at 975 223.13 BGN. The subsidy was at the rate of 474 084 00.47 BGN.

Sector "Aquacultures" –3 projects were approved which total cost figured out at 1 017 581.06 BGN and subsidy: 490 800.00 BGN

Sector "Mushroom production": 3 agricultural producers were approved for gratuitous support on SAPARD conditions. The value of their projects figured out at 1 273 986.27 BGN., while the total amount of subsidy figured out at 628 083.00 BGN.

"Processing of essential crops, medicinal herbs and mushrooms" Sector: there were approved 9 projects. The investment costs were at the rate of 3 867 062.83 BGN., including 1 875 884.00 BGN of subsidy.

In 2003 in the framework of SAPARD Program it was paid financial support amounting to 70 123 912.05 BGN. The information is presented in Table VIII.1.

Table VIII.1.
Financial support paid in 2003 in the framework of SAPARD Program

Measure	Sector	Projects paid (number)	Subsidy paid (BGN)
1.1 Investments in agricultural holdings;	Milk and dairy production	2	344 687.77
	Meat and meat production	5	2 008 545.22
	Perennial crops: vines, orchards, berries	33	3 615 011.57
	Vegetables, flowers, essential crops, medicinal plants, cereals, oleaginous crops, high quality tobacco varieties, cotton	184	32 026 282.25
	Eggs and egg products.	0	0
1.2 Improvement of processing and marketing of agricultural and fishery products	Wine	7	6 124 748.17
	Fruits and vegetables	8	3 705 289.94
	Milk and dairy products	4	1 643 780.79
	Meat	21	15 251 468.05
	Fish and fishery products	5	3 926 381.32
	Wholesale Markets	0	0.00
2.1 Developments and diversification of activities and creation of opportunities for multiple activities and alternative income	Rural tourism	4	440 978.18
	Local craftsmanship and agro-industry	1	12 354.76
	Wood processing, wood-work and bio-fuels	5	583 993.87
	Sericulture	0	0.00
	Beekeeping	7	174 539.67
	Horse breeding	0	0.00
	Aquacultures	1	195 479.91
	Mushroom production	0	0.00
	Processing of essential crops, medicinal herbs and mushrooms	1	70 370.58
Total		288	70 123 912.05

Source: Database of approved projects, MAF

Under the six measures (1.4, 1.5, 2.2, 2.3, 3.1 and 4.1) and one sub-measure 1.2.1 that were accredited in August 2003 there was one project for building of market-place (under sub-measure 1.2.1 "Markets of producers and market-places")

Table VIII.2.
Approved investment projects on SAPARD Program during the first six months of 2004

Description	Number of approved projects	Approved investments (BGN)	Approved subsidy (BGN)
Measure 1.1. Investments in agricultural holdings			
Sector " Milk and dairy production"	0	0.00	0.00

Sector "Meat and meat production"	10	13 534 580.06	6 741 349.00
Sector "Perennial crops – orchards, vines, berries"	28	9 534 714.10	4 132 713.00
Sector "Vegetables, flowers, essential crops, perennial medicinal plants, cereals, oleaginous crops, high quality tobacco varieties, cotton"	110	48 535 748.31	22 364 704.00
Sector "Eggs and egg products."	2	2 424 837.18	1 173 005.00
Total for measure:	150	74 029 879.65	34 411 771.00
Measure 1.2. Improvement of processing and marketing of agricultural and fishery products			
Sector "Wine"	7	33 615 236.39	14 666 905.00
Sector "Fruits and vegetables"	13	52 966 385.56	23 585 480.00
Sector "Milk and dairy products"	9	22 110 658.28	9 507 858.00
Sector "Meat"	11	35 309 082.80	16 820 074.00
Sector "Fish and fishery products"	2	7 031 275.78	2 947 758.00
Sub-measure "Wholesale Markets"	0	0.00	0.00
Total for the measure:	42	151 032 638.81	67 528 075.00
Measure 1.4. Forestry, afforestation of farmlands, investments in forest holdings, processing and marketing of forest products;			
Building of secondary (connecting) forest roads	1	52 198.22	25 225.00
Total for measure:	1	52 198.22	25 225.00
Measure 2.1 Development and diversification of activities and creation of opportunities for multiple activities and alternative income			
Sector "Rural tourism"	23	15 167 898.53	7 108 123.00
Sector "Local craftsmanship and agro-industry"	0	0.00	0.00
Sector "Wood processing, wood-work and bio-fuels"	7	4 377 988.71	2 017 176.00
Sector "Sericulture"	0	0.00	0.00
Sector "Beekeeping"	3	170 356.50	72 738.00
Sector "Horse breeding"	0	0.00	0.00
Sector "Aquacultures"	1	228 227.75	114 113.00
Sector "Mushroom production"	0	0.00	0.00
Sector "Processing of essential crops, medicinal herbs and mushrooms"	0	0.00	0.00
Total for the measure:	34	19 944 471.49	9 312 150.00
Measure 2.2 Renovation and development of villages, preservation and conservancy of rural heritage and cultural traditions;			
Building or re-establishment of parks	0	0.00	0.00
Building or rehabilitation of places for gathering of agricultural and household wastages, including carcass-collecting sites	0	0.00	0.00
Building or improvement of water supply network	1	1 832 023.34	1 819 702.00
Improvement of street network	2	2 785 797.61	2 710 818.00

Building or improvement of drainage system	1	975 770.00	941 332.00
Re-establishment of historical buildings	0	0.00	0.00
Building or re-establishment of multifunctional cultural and information centres	0	0.00	0.00
Total for measure:	4	5 593 590.95	5 471 852.00
Measure 2.3 Developments and improvement of rural infrastructure			
Improvement of existing municipal roads, connecting two or more settlements in the framework of one or two neighbouring municipalities	4	6 085 722.90	6 064 666.00
Improvement of ways, leading to natural and historical landmarks, as well as cultural monuments	0	0.00	0.00
Improvement of agricultural roads	0	0.00	0.00
Improvement and enlargement of water supply structure existing between the settlements	0	0.00	0.00
Total for the measure:	4	6 085 722.90	6 064 666.00
Measure 4.1 "Technical assistance (Program)"			
a) costs, related to the organization of meetings of Monitoring Committee, including costs for experts and other participants which presence is needed with a view to the efficient work of the Committee	1	9 778.00	9 778.00
Total for measure:	1	9 778.00	9 778.00
Total for the period:		256 748 280.02	122 823 517.00

Source: Database of approved projects, MAF

For the period of 1 January - 30 June 2004 SF "Agriculture" as accredited SAPARD Agency continued to provide a gratuitous financial support on 9 measures and 1 sub-measure.

During the first six months of 2004 there were held 4 meetings of the Commission on project selection. 236 projects were approved which total amount of investment costs figured out at 256 748 280.02 BGN the subsidy approved was at the rate of 122 823 517 BGN. The subsidy paid under the contracts for gratuitous financial support during this period figured out at 54 820 353 BGN.

4. Legal framework

During the period of July 2003 - – July 2004 there were issued the following normative documents, regulating the financing and implementation of SAPARD program in Bulgaria:

- Act on ratification of Annual financial agreement for 2003 between the European Commission on the part of the European Community and the Republic of Bulgaria on SAPARD programme (SG. 71 from 12.08.2003 г.);

- Ordinance No. 34 from 27.08.2003 on the conditions and order for provision of gratuitous support for development and improvement of infrastructure between settlements under the Special pre-accession program of the European Union for development of agriculture and rural areas in the Republic of Bulgaria (SAPARD) (*publ. SG, No. from 77.1.09 amend. No. 101 from 18.11.2003*).
- Ordinance No. 35 from 27.08.2003 on the conditions and order for provision of gratuitous support for forestry, afforestation of farmlands, investments in forest holdings, processing and marketing of forest products under the Special pre-accession program of the European Union for in the field of agriculture and rural areas (SAPARD) (*publ. SG, No. 77 from 1.09.2003. amend., No. 101 from 18.11.2003*).
- Ordinance No. 36 from 27.08.2003 on the conditions and order for provision of gratuitous financial support for producers' markets and market-places for fruits, vegetables, flowers and fish under the Special pre-accession program of the European Union for development of agriculture and rural areas in the Republic of Bulgaria (SAPARD) (*publ. SG, No. SG, No. 77 from 1.09.2003 amend., No. 101 from 18.11.2003*);
- Ordinance No. 37 from 27.08.2003 on the conditions and order for provision of gratuitous financial support for recognized producers' organizations under the Special pre-accession program of the European Union for in the field of agriculture and rural areas (SAPARD) (*publ. SG, No. SG, No. 77 from 1.09.2003 amend., No. 101 from 18.11.2003*);
- Ordinance No. 38 from 27.08.2003 on the conditions and order for provision of gratuitous financial support for renovation and development of villages, preservation and conservancy of rural heritage and cultural traditions under the Special pre-accession program of the European Union for development of agriculture and rural areas in the Republic of Bulgaria (SAPARD) (*publ. SG, No. 77 from 1.09.2003*);
- Ordinance No. 33 from 27.08.2003 on the conditions and order for provision of gratuitous financial support for improvement of vocational training under the Special pre-accession program of the European Union for development of agriculture and rural areas in the Republic of Bulgaria (SAPARD) (*publ. SG, No. 77 from 1.09.2003*);
- Ordinance No. 18 from 21.04.2003 on the conditions and order for provision of gratuitous financial support for carrying out of activities of "Technical assistance" measure under the Special pre-accession program of the European Union for development of agriculture and rural areas in the Republic of Bulgaria (SAPARD) (*publ. SG, No. 38 from 11.05.2004, entered into force on 11.05.2004*).

5. Publicity and promotion on SAPARD Program

The activities carried out during the reporting period and related to the rise of awareness on SAPARD Program, were financed entirely by the national budget. In 2003 there was any support used under the measure "Technical assistance".

In performance of "The strategy for rising of awareness under SAPARD", approved by the Monitoring Committee, in 2003 the following activities were carried out:

- The information on SAPARD Program was regularly published on MAF web-page. It contains a detailed description of eligible investments under 10 accredited measures, as well as the full text of National Agriculture and Rural Development Plan. There are mentioned also all documents needed for application, model of business-plan and

instructions for its elaboration. On this web-page is available also an information concerning the progress achieved in the implementation of program, including the list of approved applicants. The page contains references to web-pages of the European Commission, devoted to SAPARD.

- SAPARD Agency took participation in the following specialized exhibitions: International agricultural exhibition AGRA: 05.03.-09.03.2003 International fair of goods and services – 05.05.-10.05.2003 International technical fair: 29.09.-04.10.2003 Special information materials were prepared for the exhibitions and fairs. They presented in summary the conditions for application under SAPARD – eligible investments, financial conditions, requirements etc.
- In January 2003 officials and experts of SAPARD Agency and MAF took participation in the 12th General meeting of National Association of municipalities in the Republic of Bulgaria. To the mayors from rural areas of the country, there were presented the conditions and order for application under the SAPARD measures, directed to investments in the public infrastructure. As a consequence, the detailed conditions and procedures (including tender procedures) were published on the Association web-site.
- In May 2003, the Ministry of Agriculture and Forestry organized a round table with participation of SAPARD beneficiaries who successfully had implemented their projects, representatives and members of branch associations, MAF and SAPARD Agency experts.
- In June 2003 there were organized two groups of seminars having national scope. The seminars were devoted to the measures accredited during the year.
- In the period of 15 July – 15 September 2003 it was held the second group of seminars in 28 regional centres of the country. The seminars were devoted to the eligible investments and to the order and documents required for application and receiving of support under the 7 new measures accredited in August 2003.
- The results from the summer' 2003 information campaign were announced in the MAF information bulletin which monthly publication started in May.
- In September and October 2003, experts from "European schemes" Division of SAPARD Agency took participation in 10 issues of "SAPARD Studio" within the economic emission "Portfolio" of Darik Radio. In the framework of these emissions it was provided information about: the aims of private and public measures; financial conditions; eligible investments; requirements to the applicants on measures/sectors. In the emissions took participation also approved applicants with information for projects implemented under SAPARD Program.
- Information about SAPARD was presented periodically through other media: "Brazdi (Furrows)" magazine of BNT, programs of BBT and bTV. There were used also the information columns of "Zemia", "24 hours", "Bulgarian farmer", "Capital" newspapers.

X. RURAL DEVELOPMENT AND AGRIENVIRONMENT

It was developed a concept for project "Rural Development" that is supported from the Intentional bank for re-establishment and development. In order to prepare the project, it was

signed an Agreement with the World Bank as Executive Agency on use of special grant by the Japan government for the purposes of preparation. (publ. SG No. 6/2004).

The aim of project is to improve the living standard and income of population in rural areas of Bulgaria through: strengthening of capacity of central government and local authorities in their capability to apply and to put SAPARD funds to use; support for the development of rural infrastructure; pilot activities for the development of financial and provision of financial intermediation and providing of services to the families and small farmers in rural areas and pilot activities in the field of farmland irrigation – improvement of irrigation infrastructure, used by the sustainable water users' associations, as well as institutional support for these associations.

Since March 1, 2004 it was appointed a Unit dealing with the preparation of project. In May there were selected contractors and at the end of July there were concluded contracts for implementation of three feasibility study components on the project preparation, as it follows:

- Review of compliance of activities planned under Rural development with protective policies of Bank on the protection of environment and local communities;
- Study of market for micro-financing and estimation of available micro-financing intermediaries;
- Study of possibilities about the enlisting of efforts of local communities at municipal level in the process of planning and conducting of local development strategies.

Regional program for the development of Strandja - Sakar region is in process of preparation. Between MAF and the United Nations Development Program (UNDP) it was signed an agreement on project "Preparation of program for development of agriculture and rural areas in Strandja - Sakar".

UNDP will provide an organizational, methodological and financial support, on the basis of its rich experience in the local development and planning based on the participation principle and it will ensure a close relation to the initiatives already carried out in Strandja - Sakar and supported by UNDP.

The planned project budget figured out at 50 800 USD.

It is expected that the programme will include 2005-2007 activities and it will prepare the conditions for economic development of Strandja - Sakar municipalities after Bulgarian accession to the EU. The program will be approved as a document of government for the national policy on the region development.

As an applicant country, Bulgaria is not eligible beneficiary under the Community initiative "Leader".

In February 2003 in order to prepare Bulgaria for the implementation of Leader initiative at the moment of its EU accession, it started the joint pilot project of MAF and UNDP: "Sustainable Rural Development". The planned project budget figured out at 1 325 000 USD including: 800 000 USD from MAF budget, 165 000 USD from 11 municipalities and 360 000 USD from UNDP. In the framework of project there will be established 11 Local initiative groups / LIG/ in rural municipalities according to Leader methodology, with participation of NGOs, local governments and representatives of business. The period planned for project implementation is 2003-2005 during which period the aim is not only to support the LIG establishment but also to provide support in the elaboration of local development strategies of LIG, their training, building of capacity and financial support for their operation.

The projects aims to support the sustainable development of rural area in 11 municipalities form Pernik, Montana, Blagoevgrad, Kardjali and Haskovo regions. The activities are focussed on sustainable agriculture, sustainable forestry and alternative tourism.

Fund for demonstration initiatives will provide financial support for financing of small projects, proposed and selected by LIG in 2004-2005 period.

Till August 2004, the following activities were carried out in the framework of pilot project:

- On April 21. 2003 it was operating a Project Management Unit /PMU/ Since July 1. 2003 there were Local project development units equipped and operating effectively.
- There are established and institutionalized 11 Local Initiative Groups
- The following 11 projects are in their implementation stage:
 - Rural tourism: the future of Ardino municipality;
 - Eco-tourism in municipality of Kirkovo: new development opportunities;
 - “Let’s make the dream together!” Creation of integrated tourist product in municipality of Ivailovgrad;
 - Building of covered municipal market for agricultural products in Topolovgrad;
 - Re-establishment of vanished forest massifs from the forest fund of Madjarovo municipality;
 - Producers' Association in municipality of Varshetz;
 - Visitors' Centre “Eco-path of Erma river gorge” in municipality of Tran;
 - Building of collecting point for milk purchase in municipality of Satovcha;
 - “Borrowed Water ” -Ecological use of water resources for breeding of trout in municipality of Yakoruda;
 - Growing of rye and triticale for production of dieted products: growing area of 600 dca in municipality of Belitza;
 - Creation of 10 combined plantation of strawberries and apples with drop irrigation in municipality of Garmen.
- The strategies for municipal development, included in the project were updated and there were created preconditions for close cooperation between the municipalities.
- It was prepared a Manual of rules and procedures of Demonstration Initiative Fund (DIF), which will provide a gratuitous support based on competition principle for "double benefit projects" in 2004 - 2005.
- There were registered 11 NGOs and 11 cooperatives on the basis of LIG and there were organized two training courses for LIG representatives on DIF implementation
- It was started the first round of announcements about the gathering of projects in 11 municipalities on DIF schemes.
- It was carried out is procedure for project selection on DIF schemes for 2004: there were approved 10 projects with social year and are approved 10 socially useful projects, 10 innovation projects and 14 micro-loans.

In July 2004 it was the end of PHARE Twining light project on definition of less favourable agricultural regions in Bulgaria.

The main objective of project was a harmonization and implementation of legislation in the field of agriculture, and more particular in its structural policy, chapter “Less favoured areas and regions with environmental restrictions” of Regulation (EU) 1257/1999 on the support of

development of rural areas by the European guaranteeing and orientation of agriculture Fund /FEOGA/”

Main outputs of project:

- It was prepared an analysis of practice of EU member states related to the development and implementation of schemes supporting the agricultural producers in less favoured regions
- There were identified criteria for laying down of different types of Less-favoured areas in Bulgaria;
- It was drafted a methodology for calculation of compensatory payments for support of agricultural producers in different types of less-favoured areas in Bulgaria;
- It was prepared a draft pilot scheme for support of agricultural producers in less favoured areas. Also there were prepared: a draft Guide for participants in the compensatory payment scheme, draft requirements for Good Farming Practice, draft of process for scheme administration.
- It was prepared a draft Ordinance for lying down of less favoured regions and regions with environmental restrictions.

The preparation and strengthening of administrative capacity for implementation of agri-environmental schemes was the main goal of the started Twining project /2002///02 between Bulgaria, Netherlands and Greece "Support for the pre-accession policy of Ministry of Agriculture and Forestry and Ministry of Environment and Waters in the field of agri-environment." Moreover, the implementation of project will result in:

- Finalization of harmonization of Bulgarian legislation with the European legislation and practice, according to the requirements of the Nitrate Directive in the field of Good Agricultural Practice and introduction of Codes for Good Agricultural Practice.
- Harmonization of Bulgarian and EU legislation according to the requirements of Regulations 1257/99 and 445/2002 in the field of rural area development.
- Strengthening of capacity for specifying the direct payments, according to the implemented agri-environmental activities
- Development of system for Monitoring and Control of activities under Agrienvironmental measure and Codes for Good Agricultural Practice, as well as for the measures, related to the rural development, according to the EU requirements.

The period of project implementation is 18 months and its official start was on 6.04. 2004.