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## Bulgaria

### Organic Products

### Organic Market

**2006**

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**Report Highlights:**

The Bulgarian organic product label is issued by the Ministry of Agriculture. At present, more than 90 percent of all organic production is exported. The European Union's pre-accession rural development funding has recently played a larger role in encouraging transition to organic practices. Demand for American organic seed, fertilizer and chemicals may offer a valuable opportunity for increased exports to Bulgaria.

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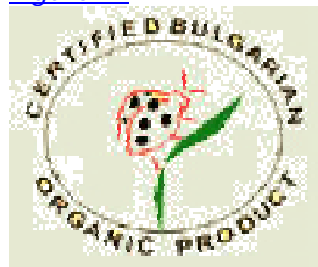
## Organic Agriculture in Bulgaria

### Regulatory Framework

Ordinance 22/04.07.2001 gives all pertinent information for the production of organic plant products while ordinance 35/30.08.2001 regulates organic livestock production and foodstuffs of animal origin. Both regulations require independent bodies approved by the Minister of Agriculture to conduct an initial certification process and regular inspections to guarantee that all principles laid out in applicable ordinances are being followed at farms and processing facilities.

If a producer has been properly certified, his/her products may carry the national organic label shown in Figure 1. This label is authorized and maintained by the Ministry of Agriculture. Exporting organic products can further complicate the certification process. Since most nations maintain their own organic label, a producer must work with a certification body approved by the nation in which the product will be marketed to be able to use the labels of that nation.

*Figure 1:*



Before certification, farms must undergo a conversion period during which organic principles are implemented to reduce non-approved input residues in the fields. The inability of many producers to afford synthetic inputs since the fall of Communism has resulted in low levels of prohibited residues in many areas. As a result, conversion periods in Bulgaria are significantly shorter than in most developed nations. While a conversion in the EU can take up to five or six years, conversions of one or two years are not uncommon in Bulgaria.

### Production

In 2005, 12,284.14 Ha or 0.23 percent of all agricultural land was farmed organically. This total includes both land already certified as organic and land currently in transition to become certified.

The primary focus of the organic industry has been on a variety of perennial crops. Apples, strawberries, raspberries, plums, walnuts and rose oil compose the majority of organic exports.

Apiculture has also played a dominant role in the early years of organic agriculture in Bulgaria. Currently, 258 apiaries house 23,508 bee families, producing 983.6 tons of organic honey products.

Organic livestock production currently takes place on five farms where 722 cattle, sheep and goats are being raised.

Interestingly, by the end of 2005, 62,183 ha of wild land had been certified as organic areas for the collection of wild fruits, herbs and mushrooms, an increase in certified land of 123

percent over 2004. Under Bulgarian law, areas which have been tested to be free of specific chemicals can be certified as organic sources of traditionally collected products. This is in contrast to the U.S. Department of Agriculture's National Organic Program (NOP) certification which does not allow wild products to be classified as organic. Several groups such as BioBulgaria have taken advantage of this opportunity to increase the marketability of traditionally collected products. Mushrooms, herbs and nuts are among the commonly available organic forest products.

Organic cultivation in Bulgaria can be roughly divided into two categories. The vast majority of organic farms are less than one hectare in size and produce for the local market and their own consumption. Often these farms have no incentive to differentiate their products since very few consumers are willing to pay a premium for organic products. The small number of farms focused on exports tend to be larger in size and produce the majority of the nation's organic product.

### **Consumption**

Organic food purchases constitute less than 0.5 percent of total food purchases in Bulgaria. Three reasons stand out to explain this lack of a local organic market. Most importantly, the low average income means that only a small number of people can opt to buy more expensive alternatives to cheap staples. Minimal awareness of organic agriculture and the benefits it presents further reduces product marketability. Finally, the selection and availability of products is extremely limited, with only three or four supermarkets in Sofia marketing organic products for local consumption. These products are primarily jams, honey products, teas, herbs and yogurts and are typically 200-300 percent more expensive than their conventional counterparts. Efforts to sell fresh organic products at open markets have been largely unsuccessful; organic products are rarely distinguished when sold in this manner.

Nevertheless, a new food processing company, Nash Dom, has claimed great success with in-store trials of organic jarred pickles, peppers and tomato products at Metro, a major supermarket in Sofia. They plan to expand their product line and production capacity in the coming year and will focus on local sales.

### **Exports**

At present, more than 90 percent of all organic production is exported. Typically foreign investment or promises of contracts entice entrepreneurs to consolidate land holdings to produce the larger organic farms which dominate the export market. Although some discontent has been expressed that contracts with foreign companies for bulk products has limited the growth of the organic processing industry and limits the value of production, this is frequently the most effective way for a farmer to overcome the economic hurdles associated with organic certification and the transition period. Beyond individual larger farms, some cooperatives have been able to coordinate wild collection and smaller cultivated holdings to offer products on a large enough scale for export.

Currently, the European market is seen as the primary export target for Bulgarian organic products.

Bulgarian producers encounter a variety of added expenses in attempting to comply with American organic standards. Currently no local certification agency can give NOP certification adding to the cost of certification and monitoring. Furthermore, multiple companies and

organizations have had difficulty in finding NOP certified organic inputs. Demand for American organic seed, fertilizer and chemicals may offer a valuable opportunity for increased exports to Bulgaria. In general, a lack of understanding of NOP requirements will impede the growth of organic exports to the U.S.

### **Government Support**

The European Union's pre-accession rural development funding (SAPARD) has recently played a larger role in encouraging transition to organic practices. However, these funds, as well as the Common Agricultural Policy's rural development funds which will be dispersed starting next year, are usually seen as benefiting larger enterprises instead of the small farms so common in Bulgaria. Minimum size requirements for farms and limits on the fragmentation of land holdings mean that smaller farmers will not be eligible for the majority of payments. Furthermore, large operations are usually the only ones capable of providing the necessary initial investment capital required. Nevertheless, such funds can provide a large incentive for the creation of large-scale organic farming operations and processing facilities.

The Bulgarian government's action plan on organics for the next seven years shows a strong focus on developing local demand for organic products. Since most organic farmers produce too little to be exported and are too dispersed to collectivize or cooperate, strong local demand is seen as the most viable way to enable small-scale organic farmers to receive a premium for their products. Nevertheless, the greatest growth in organic production has been seen among larger, export-oriented operations and it remains to be seen if the government's plan will be implemented in ways that directly benefit small producers. Primary crops identified as particularly important are roses, grape-vine and tobacco.

### **Attachment. Sources and contacts**

Sources:

[http://www.mzgar.government.bg/mz\\_eng/Begin/Eco/Bioanimal.htm](http://www.mzgar.government.bg/mz_eng/Begin/Eco/Bioanimal.htm)

[http://www.mzgar.government.bg/mz\\_eng/Begin/Eco/Bioplant.htm](http://www.mzgar.government.bg/mz_eng/Begin/Eco/Bioplant.htm)

<http://www.bioselena.com/img/npbz.rar>

Meetings with:

Gergana Nentcheva, Balkan Biocert

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