



STATE AND DEVELOPMENT OF BULGARIAN ANIMAL HUSBANDRY UNDER THE CONDITIONS OF THE EU COMMON AGRICULTURAL POLICY

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ABSTRACT

Principal requirements of the Common Agrarian Policy (CAP) are the production modernization, the introduction of up to date technologies, the quality of production and safe food, the environment protection, the development of rural areas and mostly the care for the people and animals. This requires measures for the production regulation and improvement of the product quality by the implementation of production quotas and stabilizers, strict compliance with the zoo veterinary and phytosanitary requirements and the budgetary discipline.

The aim of the present study is to determine the importance of CAP for the development trends of the agricultural branch and the prospects under the conditions of Bulgarian agricultural policy.

The following tasks are solved to achieve these goals:

- To analyze the influence of CAP in the animal husbandry field and the implementation of the European directives;
- To present and analyze the current status of the animal husbandry sector;
- To reveal the main problems in the animal husbandry and the opportunities for overcoming them.

In order to achieve the goal and to solve the tasks **the methods** of analysis and synthesis, induction and deduction, the systemic and the structural approach and statistical calculations are used.

Key words: animal husbandry, competitiveness, investments, agrarian policy

The Treaty of Rome, signed in 1957, which laid the foundations of the EU, defines the goals of the Common agricultural policy (CAP) for the 6 countries signatories of the Treaty (Belgium, France, Germany, Italy, the Netherlands, and Luxembourg).

CAP consists of several rules and regulations, directing the agricultural development in the EU for more than 40 years. Actually the CAP represents a system of subsidies given to the agriculturiers. The aim of these subsidies is to provide minimum levels of agricultural production necessary for the feeding of the EU citizens, as well as to guarantee a fair life standard to these people whose income depends on agriculture.

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modernization, the introduction of up to date technologies, as well as the production of quality and safe food, the environment protection, the development of rural areas and mostly the care for the people and animals. This requires measures for the production regulation and improvement of the product quality by the implementation of production quotas and stabilizers, strict compliance with the zoo veterinary and phytosanitary requirements and the budgetary discipline. (1)

CAP is implemented by the member states. It is aimed at supporting the income of agricultural producers by encouraging them to produce high quality products in demand on the market, and to try to find out new opportunities for development which spare the environment. CAP is developing continuously in order to meet the changing needs of both animal husbandry and society as a whole.

At the present stage the main emphases are on the following:

- Sustainable development of the agricultural sector;

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- Improving the competitiveness of the rural areas;
- Unified mechanism for financial discipline;
- Binding the payment to the compliance with the standards for environmental protection, food safety, the healthy status of plants and animals, and the humane attitude to animals.

With the accession of Bulgaria to the EU and the CAP implementation Bulgarian animal husbandry turned out to be in an unfavorable position; it is characterized by a big fragmentation, poor integration, low innovation activity, which makes it unfit to function in the European conditions of competitiveness.

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Periods in the development of Bulgarian animal husbandry

A number of negative trends in the development of the animal husbandry sector have shown up during the last decades. They are being manifested in the following:

Fragmentation of animal husbandry,

- Sharp decrease in the animal number,
- Low efficient and strongly impeded activities in selection, artificial insemination and veterinary service,
- A constant trend in the average age increase of the people working in the animal husbandry sector,
- A big percentage of the producers turned out to be unfit and non competitive in the European market.

The development of Bulgarian agriculture after the transition years can conveniently be divided into **three periods** (2), characterizing the animal husbandry as well.

The first period starts at the beginning of changes at the end of the eighties and finishes at the end of the nineties when the negotiations on the membership in the EU began. During this period the number of the raised animals decreased considerably – by 39% - the cows, by 73% the - sheep and fell sharply in the other categories of animals.

Bulgarian agriculture was defined as a semi-market one and questioned the possibility of developing an efficient, market-oriented agrarian production using extensive working methods, combined with low production culture and lack of professionalism.

During the **second period**, which began at the end of the nineties (2000) and finished at the end of the pre-accession period (2006), the fall had already finished. This period is marked by a relative stability with an increase in the production and number of animals, particularly of swine and poultry, which is a result of the implementation of the EU pre-accession programs in agriculture (SAPARD). Data about the number of animals according to species and their dynamics as of 2000 are presented in **Table 1**.

Table 1. Number of animals and dynamics as of 2000

Source MAF, Agristatistics (3)

| Years | Cattle | | Swine | | Sheep | | Poultry | | Life-days Farms, number |
|-------|----------|-------|----------|-------|----------|-------|----------|-------|-------------------------|
| | thousand | % | thousand | % | thousand | % | thousand | % | |
| 2000 | 520000 | 100,0 | 650000 | 100,0 | 1500000 | 100,0 | 14963000 | 100,0 | 1170000 |
| 2001 | 634500 | 122,0 | 788500 | 121,3 | 1571400 | 104,8 | 14990000 | 100,2 | 1699000 |
| 2002 | 660100 | 126,9 | 867700 | 133,5 | 1947400 | 129,8 | 18006000 | 120,3 | 1636231 |
| 2003 | 728336 | 140,1 | 1032300 | 158,8 | 1598556 | 106,6 | 21796380 | 145,7 | 1494275 |
| 2004 | 671600 | 129,2 | 931400 | 143,3 | 1692500 | 112,8 | 21700000 | 145,0 | 1242548 |
| 2005 | 601000 | 115,6 | 932000 | 143,4 | 1449000 | 96,6 | 19783000 | 132,2 | 1230246 |
| 2006 | 593190 | 114,1 | 956200 | 147,1 | 1945000 | 129,7 | 20134000 | 134,6 | 1209332 |
| 2007 | 612800 | 117,8 | 872400 | 134,2 | 1876900 | 125,1 | 17959000 | 120,0 | 978380 |
| 2008 | 505440 | 97,2 | 517206 | 79,6 | 1593081 | 106,2 | 17765000 | 118,7 | 837493 |
| 2009 | 540000 | 103,8 | 625400 | 96,2 | 1685800 | 112,4 | 15988500 | 106,9 | 730294 |

The third period starts with the accession of Bulgaria to EU (01.01.2007) and in the very same year the problems, related to the strict regulations and rules about the production conditions and the quality of the animal husbandry production, began.

Actually, the legal and administrative measures undertaken in relation to the synchronization of Bulgarian animal husbandry sector with the EU requirements turned out to be insufficient as an effect and efforts (4). The clash of interests between the producers and the state imposes serious obstacles to the choice of adequate goals and priorities as well as to the formulation of a clear vision for the development of the animal husbandry.

At the same time the people, working in this field, face serious obstacles. In the first place are the prevailing small and medium farms which do not possess enough land of their own and forage production. (5) This, in turn, makes difficult the animal feeding and increases the production cost price. Another problem is related to the farm ranking and distribution of milk quotas. The lack of mechanisms for determining the buying prices at mutual profit marked the unequal positions in the relationship *producer-manufacturer-consumer*. The procedures for granting subsidies change in terms of deadlines and conditions for assimilation which makes things confusing and allows the subjective subsidy distribution. The functioning of the state organs and the

dissatisfaction of people, working in the animal husbandry sector, with them, does not come in the last place. The insufficient information campaign on the explanation of the deadlines, parameters and the requirements of the European programs result in the impossibility for the farmers to take profit of the European financial means. The issue about using the capacity of the non governmental organizations in the sector is disputable, which can be explained by the lack of law regulation in regard with their activities and their funding.

The animal husbandry farms were put into a discriminating and unfavorable position since they did not receive any subsidies according to the scheme of the Unified payment per surface unit. The big farms, which were led to bankruptcy, were the most severely affected, and that resulted in their decrease in number. The animal number also decreased – in 2008 all domestic animal species decreased considerably compared with 2007, particularly in swine and poultry breeding, which are characterized by an intensive technological process. (6)

These sub branches had to satisfy severe requirements which were expensive to implement and the producers did not have the necessary financial resources for the respective investments. This influenced the meat production, and, respectively, the meat import and export. Data from **Table 2** illustrate this trend which is manifested in 2008 too.

Table 2. Production, consumption, import, export of meat, thousand of tons

| Indices | | Cattle | Pork | Sheep and goats | Total |
|-------------|-------------|---------|----------|-----------------|----------|
| 2005 | production | 30024,4 | 74532,5 | 24428 | 128984,9 |
| | consumption | 95298,9 | 115324,7 | 16298 | 226921,6 |
| | import | 65485,7 | 41126,1 | 135 | 106746,8 |
| | export | 211,2 | 333,9 | 8265,4 | 8810,5 |
| 2006 | production | 23004,3 | 77696,3 | 23773,1 | 124473,7 |
| | consumption | 105394 | 122172,2 | 15620,1 | 243186,3 |
| | import | 82683,4 | 44725,4 | 36,5 | 127445,3 |
| | export | 293,7 | 249,5 | 8189,1 | 8732,3 |
| 2007 | production | 21778,1 | 76303 | 21277,4 | 119358,5 |
| | consumption | 37808,1 | 159291,4 | 14328,6 | 211428,1 |
| | import | 20111,9 | 83614,4 | 174,6 | 103900,9 |
| | export | 4081,9 | 626 | 7123,4 | 11831,3 |
| 2008 | production | 19929,1 | 73757,1 | 20861,9 | 114548,1 |
| | consumption | 37843,8 | 165771,9 | 15252,9 | 218868,6 |
| | import | 20254,6 | 93933,8 | 773,2 | 114961,6 |
| | export | 2339,6 | 1919 | 6382,6 | 10641,2 |

Source MAF, Agrarian report (7)

At the beginning of April 2009 the Agriculture state fund established purposeful subsidies for the support of the agricultural producers in 2009. At that time the procedure for the support of the beef cattle breeding was also started. A total of 197 projects were paid by a subsidy of 83,7 million BGN which were covered by the recovery of payments in SAPARD framework by the European Commission in September. All the projects, meeting the financing criteria were paid. 26 projects with a subsidy of 28,5 million BGN remain unpaid because they do not meet the program requirements as of the date of its end. Subsidies of 61 million BGN were paid to the animal husbandmen in mid-December. The following subsidies are given per animal capita: 132,60 BGN for cattle breeding and 29,73 BGN for dairy sheep and goat breeding.

At the end of 2009 the tax preferences for the agricultural producers were cancelled which was one of the radical changes undertaken. Up to now the agricultural producers did not pay a profit tax, an income tax for physical persons,

a tax on the agricultural premises and a big part of the excise duty on fuel. After the cancellation of the preferences the agricultural producers will pay the whole excise duty of 600 BGN instead of 50 BGN for 1000 litres on the fuel. The animal husbandmen will be affected by the income tax and the levy on the premises which they have not paid up to now.

A factor, restricting the increase in the production volume, which arose with the accession of Bulgaria to the EU, is the implementation of the quota principle. This principle holds back the milk production. Nor the managing board of the Ministry of Agriculture nor the Milk Board could find a right and fair solution to the quota distribution. As a result in 2007 the production of cow milk decreased by about 13% compared with that in 2006, and in 2008 – by 14%, the import increases, and the export fluctuates. Data about the production, consumption, import, export of cow milk for the period from 2005 to 2008 are presented in **Table 3**.

Table 3. Production, consumption, import, export of cow milk

| Indices | 2005 | 2006 | 2007 | 2008 |
|----------------------------------|---------|---------|---------|---------|
| 1. Production, thousand of tons | 1508069 | 1515679 | 1327461 | 131071 |
| -Share of milk produced | 94,60% | 95% | 93,10% | 95,30% |
| 2. Import, thousand of tons | 20944 | 20902 | 29804 | 23800 |
| 3. Export, thousand of tons. | 18804 | 15854 | 23242 | 18594 |
| 4. Consumption, thousand of tons | 1249426 | 1260883 | 1114882 | 1109893 |
| -Share of milk consumed | 76% | 85,70% | 86,50% | 86,90% |

Source: Statistics handbook, 2005 – 2008, (8)

According to data of Agristatistics at the beginning of 2008 only 1562 farms (about 1,5% out of all farms which give 20% of the total cow milk yield) meet all sanitary, hygienic and veterinary requirements. Under these conditions even if the average milk yield per cow increases, the needs of the dairy enterprises, required for the fulfillment of the milk quota, will not be met.

CAP does not comprise a direct support of the poultry breeding sector. It focuses on the

market organization where the poultry product export is supported by export subsidies, and customs defense is carried out against the import of eggs and poultry products from countries outside the EU. The balance of the production, the import, the export and the consumption of eggs and chicken shows that the poultry breeding develops in a sustainable way, without visible fluctuations, which is seen from **Table 4**.

Table 4. Production, import, export of eggs

| Indices | 2005 | 2006 | 2007 | 2008 |
|---------------------------------|---------|---------|---------|---------|
| 1. Production | 1543,10 | 1584,54 | 1579,27 | 1507,91 |
| 2. Import, million pieces. | 1,10 | 1,09 | 1,20 | 1,32 |
| 3. Export, million pieces | 64,18 | 70,30 | 77,33 | 85,06 |
| 4. Consumption, million pieces. | 1539,00 | 1548,00 | 1503,00 | |

Source MAF, Agristatistics (3)

The poultry farms show signs of consolidation but the differentiation between the small and big farms is continuing in all animal husbandry sub branches. The medium farms are few and compete hard with the big ones. The small farms survive as they are self sufficient and perform socio-economic functions. The big farms should continue their adaptation to the common European market where they will compete. At this stage they are in an unfavorable position compared with the producers from the European countries where the animal husbandry is greatly subsidized– up to 30% - 40% from the production cost.

As a result from the done research the following opportunities for the improvement of the state of Bulgarian animal husbandry can be shown:

- increase in the farm size and the level of the farmers' specialization;
- modernization of the farms by enhancing the mechanization and the innovation activity;
- increase of the labor productivity, enhancement of the farmers' education level and increase in the average animal productivity by improvement of the breeding activities;
- improvement of the health veterinary control, the quality and hygiene of products, protection of the environment.;
- building and development of a forage reserve, including also natural lawns, pastures, etc.

As a conclusion we can say that the effect of Bulgaria's accession to the EU and the implementation of CAP is contradictory:

- producers have a free access to the European markets;
- unequal position with regard to the grants and subsidies, calculated on a comparatively low base;
- animal husbandry is not capable of putting into practice its natural potential;
- a purposeful support of the animal husbandmen is necessary, particularly in the mountain and semi-mountain regions.

The development and the modernization of the animal husbandry production by means of changes in the animal raising technology, selection and the animal feeding can be efficient if they are combined with the support of the investments. The promotion of the animal products on the market is a principal problem which cannot be solved without the respective state aid.

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