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BULGARIA: 97
Foreign
Agricultural
Trade

by Theodora Mills

**FOREIGN
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Summary

Despite increasing industrialization, Bulgaria is still primarily an agricultural country. Its agricultural trade, both export and import, is expanding. This trade differs from the prewar pattern. Bulgaria has become a wheat importing country (3 million bushels or more per year), and is importing an increasing amount of cotton (140,000 bales or more). Exports of traditional specialties--fruits, vegetables, and tobacco--continue increasing to pay for industrial goods, raw materials, and capital equipment required for Bulgaria's industrialization. Bulgaria's trade, which turned sharply from west to east after World War II, is beginning to increase with non-Soviet-oriented countries.

Western encouragement of trade with Eastern Europe could turn Bulgaria's trade back toward the west, but only partially. Despite Bulgaria's growing need for wheat and cotton, U.S.-Bulgarian trade probably would increase only modestly.

Agricultural Trade

Bulgaria, with a population of 8 million, is traditionally an exporter of agricultural products. But its agricultural imports have increased during recent years. Furthermore, the country is now a net importer of wheat, although in the years before World War II it was a net exporter of wheat (see table 1).

Its agricultural trade will probably continue to grow. While industrialization in Bulgaria is reducing the relative importance of agricultural commodities in total export trade, it is sharpening the need for markets for agricultural exports in order to pay for the resources to develop industry.

Important changes have occurred in the past 30 years in the commodity structure and the geographic distribution of Bulgaria's foreign trade. These changes reflect, on the one hand, greater agricultural specialization, and on the other hand, a switch from the West European, German oriented, pattern of prewar trade to the East European, Soviet oriented, postwar pattern.

Table 1.--Bulgaria: Principal agricultural exports and imports, average 1933-37 and 1958-62

Commodities	Units of measure	1933-37	1958-62
<u>Exports:</u>			
Pigs, live.....	1,000 head	9.1	125.5
Chickens, live.....	Do.	877.2	1/
Pork.....	1,000 metric tons	.5	14.4
Poultry meat.....	Do.	3.7	5.3
Eggs.....	Do.	15.6	2/21.2
Cheese, including kashkaval.....	Do.	1.5	7.7
Wheat.....	Do.	97.7	12.5
Corn.....	Do.	86.9	73.3
Beans, dry.....	Do.	19.2	27.2
Grapes, fresh.....	Do.	24.6	110.3
Other fruit, fresh.....	Do.	4.9	62.8
Tomatoes, fresh.....	Do.	2.8	186.7
Canned vegetables and puree.....	Do.	.2	83.6
Sunflower seed.....	Do.	31.6	54.4
Oilcake.....	Do.	35.1	1/
Grape wine.....	1,000 hectoliters	76.5	317.0
Tobacco, raw (primarily oriental)..	1,000 metric tons	21.9	59.6
Rose oil.....	Kilograms	1,669	608
Mint and other aromatic oils.....	Do.	8,674	143,319
<u>Imports:</u>			
Fish, fresh and salted.....	1,000 metric tons	.9	4.5
Wheat.....	Do.	-	87.5
Rice.....	Do.	-	9.8
Barley.....	Do.	3/	29.7
Corn.....	Do.	3/	38.8
Citrus fruit.....	Do.	1.7	4.3
Olives, salted.....	Do.	.8	3.2
Sugar.....	Do.	.5	57.0
Cocoa beans.....	Do.	.5	1.0
Coffee, raw.....	Do.	.5	1/
Wool, washed.....	Do.	.1	1.8
Cotton, raw.....	Do.	7.4	30.2
Hides, large, raw.....	Do.	2.3	2.8
Rubber, natural, raw.....	Do.	.2	6.4

1/ Not listed in official trade data, or insignificant.

2/ Converted from numbers to weight at the rate of 56 grams per egg.

3/ Less than 50 metric tons.

Sources: Prewar: Statistique du Commerce Exterieur 1933-1934, and 1935-1937, Sofia, 1934, 1938.

Postwar: Vunshna Turgoviya na Narodna Republika Bulgariya: Statisticheski Sbornik 1956-1962. Sofia, 1963.

Commodity structure of exports

Increased emphasis on specialty crops has resulted in a shift from the prewar (1933-37) net export position for grains to a postwar (1958-62) net import position for wheat. Corn exports in the postwar years averaged less than in the mid-1930's, and oilcake exports have been insignificant.

A sharp increase has been registered in exports of fruits and vegetables, both fresh and processed. Grapes and tomatoes are the outstanding examples of this trend. Although vineyards have been expanded and yields have risen, these increases have been modest. But exports between 1933-37 and 1958-62 have increased about fourfold. Exports of wine have also increased moderately. The area of tomatoes has multiplied 10 times during this period, and average yields have improved from 236.7 quintals per hectare to 314.5, which has permitted the multifold increase in exports of fresh and processed tomatoes. 1/ Most of the fresh tomato shipments go to the Soviet Union and Eastern Europe, with West Germany and Austria the major recipients outside communist countries.

Oriental tobacco, a traditional Bulgarian export, has continued to be a leading export crop. The volume in 1958-62 was nearly three times the prewar average, although the recent period includes 2 years when blue mold reduced production sharply. The average yield for 1958-62 was significantly less than in the 1930's, but the area has been increased nearly three times. Although 78 percent of tobacco exports in 1958-62 were directed to the USSR and Eastern Europe, there are statements indicating that Bulgaria would be interested in exporting a larger proportion of its tobacco to non-communist countries.

The decline in exports of rose oil continues a trend in effect since the end of the first World War, but it has been accompanied in recent years by a great increase in exports of mint oil. The substitution of mint for rose oil, however, has resulted in relatively larger export earnings of rubles rather than convertible currencies.

Exports of livestock products show a variable pattern. The small prewar exports of live pigs and pork both increased many times, although production data suggest a mere doubling of the output. Exports of live chickens were discontinued in the postwar period, and increases in 1958-62 over 1933-37 in exports of poultry meat and eggs were modest. Exports of cheese (only 1,500 metric tons a year prewar) rose sharply in the postwar years. However, total milk production in the later period was claimed to be only 58 percent greater than in 1939.

Commodity structure of imports

Principal agricultural imports in 1958-62 included about 90,000 metric tons of wheat annually, 10,000 metric tons of rice, and smaller quantities of traditional import commodities such as citrus fruits, cocoa beans, sugar, cotton, wool, hides, and rubber. In the fall of 1963, when the Soviet Union was forced to import large quantities of wheat from the west, Bulgaria turned to

1/ One quintal = 220.46 pounds; 1 hectare = 2.471 acres.

Canada and concluded a 3-year trade agreement for the import of 100,000 metric tons of wheat annually, with an additional 50,000 metric tons to be shipped in 1964 if available.

The relatively large increases in recent years in imports of raw cotton and rubber may reflect to some extent the development of Bulgarian industry. Increased cotton imports, the most valuable agricultural imports, are used to supplement domestic production to maintain a greatly increased output of yarn and cloth, which in 1962 had multiplied five-fold and seven-fold, respectively, over 1939 production. Although the Soviet Union has been the principal supplier of raw cotton in postwar years, the proportion in 1962 dropped below 50 percent of total cotton imports. Other sources of cotton have been Egypt, Syria, and Greece; the Sudan is a newcomer as a supplier.

The sharp rise in Bulgarian sugar imports is a response to Cuba's political alignment. Bulgaria continues producing and exporting sugar. The exports probably include refined sugar processed from Cuban raw imports.

Geographic distribution

Distribution of Bulgarian foreign agricultural trade is characterized by a sharp shift during the postwar period from Western to Eastern Europe. In recent years there has been greater diversification of trade, as Bulgaria has sought outlets for its infant industries. These outlets have been primarily in less developed countries, where Bulgaria's political as well as commercial objectives are pursued.

The heavy concentration of Bulgarian foreign trade with the Soviet Union and other East European communist countries derives from political considerations, which can be justified to some extent on economic grounds. Bulgaria has been able to obtain industrial imports from the Soviet Union and the more industrialized East European communist countries and has found complementary markets for its fruits, vegetables, and tobacco in the same countries. The inability of the Soviet Union to meet Bulgaria's grain needs in the autumn of 1963 interrupted this pattern of dependence.

Bulgarian trade with western countries has increased in recent years at a more rapid rate than with the USSR and Eastern Europe. Trade with the less developed countries has grown rapidly, but is still less than 10 percent of total trade. Trade with western countries is carried on in convertible western currencies. Despite Bulgarian efforts to keep this trade in balance, the needs for western commodities resulted in an unfavorable trade balance during 1958-62. Bulgarian convertible-currency income from tourism and remittances helps cover this deficit. This deficit is greater than the unfavorable balance with the Soviet Union, which has extended long-term credits.

Commercial policy

Expanding foreign trade has been accompanied by repeated complaints of the trade discrimination of the "capitalist countries," especially when most-favored-nation treatment has been denied. The Common Market policy is seen as a threat. Only occasionally have Bulgarian comments been self-critical.

One example is the desirability of changing operating procedures of the state trade monopoly to make it less cumbersome and more responsive to the profit incentive.

The necessity of integrating export and import programs into overall national economic plans complicates procedures and reduces the flexibility needed for obtaining the most advantageous prices. Even when advantages are obtained, the stimulus to producers of export commodities or users of imports is not great. This is largely due to the maintenance of a great variety of government fixed prices for all domestic trade--prices unrelated to world prices used in foreign trade. Also the lack of a stimulus is due to the denial to most government foreign trade organizations of direct access to foreign currency earnings.

In the past 2 years, some Bulgarian authorities (including even the Premier, Todor Zhivkov) have suggested the need for "intensifying material incentives to workers engaged in foreign trade." Within the limits of the existing procedures, premiums have been used to stimulate exporting organizations. Also, two or three small state foreign trade enterprises have been organized to function outside of the national planning structure and to control foreign currency earnings. In the prewar years, Bulgarian foreign trade was controlled by a licensing system and import quotas, but, with the exception of exports of wheat and rye, trade was not a government monopoly, nor did it operate under national economic plans.

Trade with the United States

During the prewar period, trade with the United States was small. But it was relatively not as insignificant as in the years 1958-62. (See tables 2 and 3.) Prewar, the United States annually supplied 16 percent of total imports of cotton (the major agricultural import) and bought 18.3 percent of Bulgaria's rose oil exports, 2.2 percent of the tobacco, and some cheese and small amounts of a few other commodities. Trade between the United States and Bulgaria was relatively brisk in the immediate postwar years. It declined sharply after the break in diplomatic relations in 1950; but it has increased since the reestablishment of diplomatic relations in March 1959.

The composition of U.S.-Bulgaria agricultural trade in recent years differs significantly from the prewar trade. The United States lost its place in Bulgarian cotton imports, and has bought very little Bulgarian tobacco, the country's major export crop. Grapes and tomatoes, except for small amounts of canned tomatoes and tomato paste, are not among U.S. imports from Bulgaria, although they are major Bulgarian exports. The United States continues, however, to take nearly as large a proportion (17.4 percent) of Bulgarian rose oil exports as it did in 1933-37, and takes 27.6 percent of paprika exports, 3.9 percent of the cheese, 11.3 percent of the dried onions, and 3.6 percent of the medicinal herbs.

The balance of trade, both total and agricultural, between the United States and Bulgaria is strongly in Bulgaria's favor. Nevertheless, the Bulgarians complain of U.S. discrimination, especially the lack of most-favored-nation treatment. This places them at a competitive disadvantage in the export of

tobacco to the United States. They also criticize the United States for not extending long-term credit. However, the Bulgarians recently have expressed interest in buying agricultural products from the United States, including hides and skins, cotton, cereals, feed, and seed.

Outlook for U.S.-Bulgarian trade in agricultural products

U.S.-Bulgarian trade would undoubtedly increase if the commercial policy of countries in the east and west continued to become more flexible and general U.S.-Bulgarian relations developed favorably. Regarding trade in agricultural products, Bulgaria might import U.S. wheat, cotton, possibly feed grains, and hides and skins. Such imports would have to be offset by exports of tobacco, rose oil, medicinal plants, and canned fruits and vegetables. The magnitude of this trade would depend largely on the degree to which Bulgaria followed its current trend towards agricultural specialization and a continuation of the pattern under which it trades specialty crops for wheat and cotton.

Land used for wheat in Bulgaria has decreased, and efforts to increase yields have not been successful (table 4). Wheat, the principal bread grain crop, occupied nearly 41 percent of the sown area in 1939, but declined to 36.8 percent in 1957 and 31.3 percent in 1960. Wheat acreage might decrease slightly in the next few years, due to the effort to increase the acreage under special crops. But it is unreasonable to assume that Bulgaria would plan to depend on imports in excess of 10-15 percent of bread grain requirements. Imports of this magnitude might total 200,000-400,000 metric tons, which the USSR could easily cover in a normal year.

Bulgarian cotton area, production, and imports have tended to fluctuate considerably, with acreage and production tending to decline and imports rising (table 5). Production of cotton yarn has risen quite steadily and in 1962 was 74 percent greater than in 1955. In the same period, cotton cloth production increased 84 percent. Imports of raw cotton in 1962 were $5\frac{1}{2}$ times as large as in 1955, and totaled 218,000 bales. Long-term plans call for doubling the production of cotton goods, but the increase will come from raw cotton imports. This suggests that cotton imports may continue to increase.

From its independence in 1879 until the end of World War II, Bulgaria was an agricultural country, trading its specialty crops for the industrial goods of Western Europe. Since then, the foreign trade pattern has been much the same, but the orientation has been to the east. Trade with less developed countries has expanded in search of markets for Bulgaria's infant industries and in pursuance of communist policy encouraging political contacts and economic aid to these countries.

The economic ties that make Bulgaria dependent on the Soviet Union are spelled out in Bulgarian-USSR trade agreements and in programs agreed upon within the Council for Economic Mutual Assistance (CEMA). According to CEMA agreements, Bulgaria is to develop certain branches of industry and to pursue agricultural specialization in fruits, vegetables, and tobacco.

Strong western encouragement of trade with the East European countries might lead to closer Bulgarian ties with the west, but not to the same degree as

might be expected in some other East European countries. Bulgarian trade orientation would gravitate toward the prewar pattern, but only partially. West European countries probably would be the principal beneficiaries of such a shift, and not the United States.

Table 2.--United States trade with Bulgaria, 1920-61

Year	Exports	Imports	Year	Exports	Imports
	..1,000 dollars ^{1/} .			..1,000 dollars ^{1/} .	
1920....	1,779	5,899	1941.....	7	1,548
1921....	1,915	403	1942	-	9
1922....	564	1,334	1943.....	-	-
1923....	613	894	1944.....	-	-
1924....	332	1,544	1945.....	375	3,010
1925....	302	968	1946.....	1,930	7,588
1926....	358	1,295	1947.....	1,471	4,651
1927....	468	892	1948.....	2,086	831
1928....	649	707	1949.....	1,389	1,664
1929....	1,053	881	1950.....	857	2,348
1930....	589	514	1951.....	30	519
1931....	176	414	1952.....	24	275
1932....	249	202	1953.....	5	353
1933....	279	315	1954.....	5	311
1934....	229	198	1955.....	125	402
1935....	285	443	1956.....	24	436
1936....	336	643	1957.....	^{2/}	459
1937....	490	1,862	1958.....	129	700
1938....	760	2,214	1959.....	763	965
1939....	351	2,815	1960.....	72	781
1940....	604	1,548	1961.....	47	1,248
			1962.....	33	1,136
			1963.....	137	1,195

^{1/} Current U.S. dollars.

^{2/} Less than \$500.

Source: U.S. Department of Commerce. Analysis of Bulgarian Foreign Trade 1920-60. World Trade Information Service. Economic Reports. Part 1. No. 62-70, 1962.

Table 3.--United States agricultural trade with Bulgaria

Commodity	Unit	Quantity			Value		
		1961	1962	1963	1961	1962	1963
<u>Exports to Bulgaria:</u>							
1,000 dollars							
Seedcorn, except sweet:							
seedcorn.....	Bushel	141	-	-	6	-	-
Seedbeans.....	1,000 lb.	-	66	176	-	6	50
Seeds for planting...	1,000 lb.	-	1	22	-	1	41
<u>Imports from Bulgaria:</u>							
Cheese.....	1,000 lb.	690	820	581	165	180	140
Onions, dehydrated...	1,000 lb.	698	88	174	162	30	49
Paprika.....	1,000 lb.	1,584	1,586	1,309	390	409	343
Tobacco, unmanufac-							
tured.....	1,000 lb.	47	-	-	29	13	-
Wild pig and hog skins:	1,000 pieces	9	-	20	19	-	27
Poppyseed.....	1,000 lb.	-	218	365	-	17	24
Bristles.....	1,000 lb.	15	1	9	38	9	29
Crude vegetable							
materials.....		37	68	54
Rose oil.....	Ounces	4,310	6,763	7,049	185	239	242

Source: U.S. Department of Commerce. Trade of the United States With the Sino-Soviet Bloc, 1961-63. Overseas Business Reports. OBR 64-84, July 1964, p. 4.

Table 4.--Bulgaria: Wheat area, yield, production, and net imports, 1955-63

Year	Area	Yield per acre	Production	Net imports
	1,000 acres	Bushels	1,000 bushels	1,000 bushels
1955.....	3,380	20.8	70,584	84
1956.....	3,398	18.5	63,088	-334
1957.....	3,556	24.7	88,000	6,132
1958.....	3,546	24.0	85,318	636
1959.....	3,440	25.8	89,139	5,118
1960.....	3,086	28.3	87,412	3,803
1961.....	3,239	22.9	74,515	-103
1962.....	3,074	24.8	76,463	4,332
1963.....	<u>1/3,200</u>	<u>1/21.5</u>	<u>1/69,080</u>	<u>2/</u>

1/ USDA estimate
2/ Not available.

Source: Official Bulgarian statistics.

Table 5.--Bulgaria: Cotton area, yield, production, and net imports, 1955-62

Year	Area	Yield per acre	Production	Net imports
	Acres	Pounds	1,000 bales	1,000 bales
1955.....	325,416	125	84.5	39.1
1956.....	236,297	111	54.5	55.8
1957.....	171,848	188	67.2	84.2
1958.....	169,004	183	64.3	88.5
1959.....	193,400	177	71.2	110.3
1960.....	193,929	218	88.2	138.2
1961.....	148,890	106	32.9	139.4
1962.....	135,400	239	67.5	218.1
1963.....	<u>1/135,400</u>	160	<u>1/45.0</u>	<u>2/</u>

1/ USDA estimate.
2/ Not available.

Source: Official Bulgarian statistics.

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