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MEDIUM-TERM PRIORITIES OF BULGARIAN AGRICULTURAL POLICY

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Abstract

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Although the CAP determines the frame of development of agriculture of the countries of the EU, important aspects of the agricultural policy remain national responsibility and priority. The aim of the article is to determine the medium – term priorities of the agricultural policy in Bulgaria. The priorities are determined on the base of the analysis of some basic indicators of the potential and the level of Bulgarian agricultural development, compared to the average European indexes and on SWOT analysis through which are identified the most important interior (strengths and weaknesses) and exterior (opportunities and threads) factors for the Bulgarian agricultural development.

In order to benefit from the opening opportunities, of the increasing demand of food products and the integration to the European agriculture, the Bulgarian agriculture needs some measures of structural character in the following fields:

- Overcoming the structural problems through consolidation of the land property and rationalizing of the land utilization. The advance in this field will depend on the development of the land market, the certainty of land utilization and the achievement of land development activities.
- Increase of the educational and qualification preparation of the employed in agriculture. At a certain grade, this activity is under esteemed. It is considered that the investment in human development in a long-term plan will be of a highest return.
- Development of the system of dissemination of knowledge and advisory services. The scale of the task requires the integration of the capacity for dissemination and advisory services of the NOASA, the executive agencies, the AA and the municipality and regional centers of the MAF, as well as the NGO sector and the local social capital.
- Development of the science research. The research activities in agriculture are mainly achieved in the AA. Changes are necessary in several directions:
  - adoption of a new Law of AA;
  - new framework of financing of the research activities, providing the necessary stability of the system and creating conditions for obtaining incomes from scientific products and services;
  - change of the regulatory framework, creating prerequisites for flexible organization of the research activities;
  - providing access of the research institutes to financing by the structure funds of the EU.
- Improvement of the market access of agricultural producers. This includes market integration, development of market infrastructure, and creation of efficient competitiveness, environment and producers cooperation.
- Development of local markets and regional products. The local markets' development corresponds to the interests of the producers, preserves the established through the year's production and consumption culture,

contributes to the local identity preservation and because of this must be underpinned by the policy.

➢ Product development and increase of the share of products of high value added in the food processing industry.

The progress achievement in the competitiveness and the increase of the share of the products of high value added is of a key importance for the Bulgarian agriculture and the food-processing sector.

Key words: agricultural policy, medium-term priorities

The main purpose of the CAP is to prerequisite the functioning of a single, internal for the EU agricultural goods market by common rules of production, support and common standards of quality and safety of the food products, environmental preservation and enhanced animal welfare, market stabilization, tariff support, investment support and the organic farming, the rural areas development, etc. This is of course mainly sector's policy, including as well elements of regional and cohesion policies. At the same time, it is a common policy for the union, resolving issues and setting regulations at this level. Obviously, important aspects of the agricultural policy remain national responsibility and priority. Naturally, they can be solved in the frame of existing rules, as far as they do not conflict the principals of the CAP and the Union's legislation in the fields of the internal market, the state support, etc.

After the year 2000, the efforts of the sector's policy were steered toward the preparation of agriculture for the application of CAP, including legislation harmonization. After Bulgaria's accession to the EU, as a priority was determined the aids' utilization of the first and the second pillar. This is explainable on one hand in terms of the political priorities and on the other, by the urgent need of financial resource for the current economic activity and modernization. The agricultural aids have their budgetary and economic limitations. They are an important part of the overall policy of establishment of a sustainable agricultural production, capable to produce a sufficient quantity of food products, with appropriate quality characteristics, preserving the natural resources at the same time. The achievement of this aim requires underpinning of the CAP with relevant policies, especially on issues of national responsibility.

The objective of the article is to outline the medium-term priorities of the Bulgarian agricultural policy based on analysis of some main indicators of the potential and level of development of Bulgarian farming, compared to the average European indexes and a SWOT analysis for identifying the most important interior (strong and weak sides) and exterior factors (abilities and threads) of the Bulgarian agriculture development.

Place of Bulgarian agriculture in the European - some comparative characteristics

Bulgaria disposes with 1.77% of the utilized agricultural land in the EU, and produces 1.2% of the European agricultural output for EU-27 (Tables 1 and 2).

The average UAL per head of the population in 2007 in the EU was 0.348 ha. For Bulgaria, this index is 0.397 ha. The correspondent values for some other countries of the EU are as follows: Belgium – 0.130; Holland – 0.117; France – 0.432; Czech Republic – 0.342. With certain convention (because of the dependence of the farming potential on other natural factors - climate, etc.) could be esteemed that the comparatively high land provision for Europe is a comparative advantage for the country.

Table 1
Utilized Agricultural Area (UAA) in the countries of the EU, 2007

	UAA (1 000 ha)				Farms	
	Total	Arable land	Pastures and meadows	Perennials	Number (1 000)	UAA/farm (ha)
EU-27	172 485	104 341	56 791	10 963	13 449	12.8
Belgium	1 374	842	511	21	47	29.2
Bulgaria	3 051	2 664	280	90	482	6.3
Czech Republic	3 518	2 571	909	37	38	91.4
Denmark	2 663	2 452	201	9	44	60.2
Germany	16 932	11 890	4 839	198	369	45.9
Estonia	907	627	273	3	23	39.0
Ireland	4 139	1 008	3 130	1	128	32.3
Greece	4 076	2 119	820	1 126	854	4.8
Spain	24 893	11 883	8 650	4 355	1 030	24.2
France	27 477	18 302	8 105	1 059	522	52.6
Italy	12 744	6 939	3 452	2 323	1 678	7.6
Cyprus	146	108	2	36	40	3.7
Latvia	1 774	1 111	640	18	107	16.5
Lithuania	2 649	1 809	819	20	230	11.5
Luxemburg	131	61	68	2	2	57.2
Hungary	4 229	3 553	504	155	566	7.5
Malta	10	8	0	1	11	1.0
Netherlands	1 914	1 059	821	34	75	25.5
Austria	3 189	1 389	1 730	66	165	19.4
Poland	15 477	11 756	3 271	375	2 380	6.5
Portugal	3 473	1 078	1 781	596	274	12.7
Romania	13 753	8 691	4 540	344	3 852	3.6
Slovenia	489	173	288	26	75	6.5
Slovakia	1 937	1 358	551	24	67	29.1
Finland	2 292	2 248	38	5	68	33.8
Sweden	3 118	2 627	487	4	72	43.2
UK	16 130	6 018	10 080	33	249	64.8
Norway	1 032	617	412	3	48	21.3

Source: Eurostat (epp.eurostat.ec.europa.eu)

More favorable for Bulgaria is the index of provision per person with arable land – 0.347 ha, while for Europe it is 0.211 ha.

The labor productivity for Bulgarian farming in 2009 based on GVA and AWU is 3664 €, which represents 32.79% of the EU total value (Tables 3 and 4).

The livestock breeding density, expressed by animal units (AU) per ha UAA is of the lowest in the EU – only 0.4 per ha (Figure 1).

The expenses for fertilizers and chemicals for plant protection in €/ha UAA are considerably lower than the average for EU-27- respectively for fertilizers 42.4 and 58.0 (73%) and for the chemicals 37.2 and 50.7 (73%) (Table 5).

The average yields of main agricultural products are considerably lower than those of the leading agricultural countries and the average European level. The average yield of wheat is twice lower than the one in France, Belgium, Holland and Ger-

Table 2
Output value at producer prices in agriculture, mil. euro

	2000	2005	2009	2000	2009
	mil. €			% of EU-27	
EU-27	295 330.9	308 681.0	329 390.4	100.0	100.0
EU-15	258 936.0	263 451.9	279 278.9	87.7	84.8
Belgium	6 844.6	6 540.3	6 864.0	2.3	2.1
Bulgaria	3 389.3	3 356.0	3 795.7	1.1	1.2
Czech Republic	2 819.1	3 424.2	3 702.8	1.0	1.1
Denmark	7 725.3	7 865.5	8 180.4	2.6	2.5
Germany	39 203.4	38 946.0	42 923.3	13.3	13.0
Estonia	363.4	521.3	547.5	0.1	0.2
Ireland	5 141.7	5 301.2	5 002.4	1.7	1.5
Greece	9 849.2	10 539.7	10 332.9	3.3	3.1
Spain	32 693.5	35 406.9	37 087.4	11.1	11.3
France	56 607.1	56 149.0	61 235.7	19.2	18.6
Italy	40 995.9	42 169.6	42 465.8	13.9	12.9
Cyprus	579.6	654.1	656.9	0.2	0.2
Latvia	459.8	693.1	773.8	0.2	0.2
Lithuania	1 140.4	1 433.2	1 706.9	0.4	0.5
Luxemburg	237.9	256.0	290.7	0.1	0.1
Hungary	4 851.4	5 700.7	5 718.9	1.6	1.7
Malta	130.4	109.7	122.9	0.0	0.0
Holland	19 638.7	20 302.1	22 710.4	6.6	6.9
Austria	5 226.3	5 342.7	5 972.1	1.8	1.8
Poland	12 406.3	14 120.9	16 441.9	4.2	5.0
Portugal	5 996.8	6 110.6	6 537.7	2.0	2.0
Romania	7 971.5	12 667.1	13 843.7	2.7	4.2
Slovenia	952.4	982.9	945.7	0.3	0.3
Slovakia	1 331.5	1 566.0	1 854.7	0.5	0.6
Finland	3 424.4	3 605.8	3 862.4	1.2	1.2
Sweden	4 392.3	4 282.3	4 399.1	1.5	1.3
UK	20 958.9	20 634.1	21 414.6	7.1	6.5
Norway	2 946.8	3 106.3	3 374.7	1.0	1.0
Switzerland	7 067.1	6 627.9	7 039.4	2.4	2.1

Source: Eurostat – Economic Accounts in Agriculture (epp.eurostat.ec.europa.eu)

many and 1.5 times lower than Poland. The average yields per ha of corn are also low – twice lower than in Spain and France.

Compared to the European average level, the Bulgarian agriculture is characterized with good provision of land and labor and low capital investments and as a result – extensive utilization of the production factors and output of products with a low GVA, with a low labor and land productivity level. In these conditions the achievement of the aim – competitive agricultural production, conserving the natural resources and providing comparable to other sectors level of incomes and employment requires clarification – establishment of sustainable production through full utilization of the farming potential of the country. Practically, this means sustainable intensification of production in which the effect exceeds the costs of its achievement.

SWOT analysis of the Bulgarian agriculture

The SWOT analysis should identify the most important internal (strengths and weaknesses) and external (possibilities and threads) factors for the achievement of the set target. Such analysis of the Bulgarian agriculture has been performed in the course of preparation of the NSPDRR 2007-2013,

Table 3
Agricultural gross value added at producer prices and subsidies, mil.euro

	GVA at producer's prices			Subsidies		
	2000	2005	2009	2000	2005	2009
EU-27	131 213.5	129 433.6	125 408.8	38 633.1	49 336.5	52 997.6
EU-15	116 401.5	111 991.1	108 296.4	37 462.8	43 814.5	44 762.4
Belgium	2 484.0	2 138.2	1 914.0	351.2	486.2	598.6
Bulgaria	1 634.1	1 544.3	1 465.5	5.4	86.7	446.9
Czech Republic	831.4	969.5	629.2	170.1	669.5	1 226.9
Denmark	2 495.5	2 248.7	1 570.8	788.8	974.3	1 002.3
Germany	13 570.7	12 919.7	12 923.9	5 600.7	6 093.0	6 546.0
Estonia	137.5	196.5	157.0	22.2	89.6	134.8
Ireland	1 616.7	1 627.2	936.6	1 284.0	2 225.0	1 924.4
Greece	6 239.8	6 405.9	5 800.6	2 134.3	2 221.0	3 099.6
Spain	19 225.1	20 344.7	21 276.8	4 895.3	6 550.5	7 021.4
France	23 889.7	21 303.2	20 585.5	8 152.3	9 742.9	9 787.3
Italy	24 526.8	24 410.2	22 074.9	4 794.1	4 315.1	4 096.9
Cyprus	324.6	332.3	302.1	3.0	45.5	40.1
Latvia	182.4	221.9	141.0	15.1	175.1	271.3
Lithuania	394.1	409.5	426.7	17.8	228.4	326.7
Luxemburg	102.9	107.2	87.3	48.4	62.0	65.6
Hungary	1 814.5	1 794.8	1 551.3	172.2	1 087.7	1 162.7
Malta	64.5	44.7	52.1	1.0	19.4	17.0
Holland	9 052.8	7 751.1	7 396.3	408.4	801.3	842.4
Austria	2 126.8	2 201.6	2 338.4	1 409.5	1 725.1	1 672.2
Poland	4 597.5	5 160.7	5 651.3	214.4	2 111.4	3 120.0
Portugal	2 159.9	1 926.7	1 846.1	663.7	1 071.8	891.2
Romania	4 121.3	6 003.1	5 998.8	228.3	548.8	712.5
Slovenia	399.4	397.4	344.2	93.9	232.2	265.8
Slovakia	310.7	367.8	393.3	226.8	227.6	510.6
Finland	669.7	785.2	699.1	1 967.3	2 095.3	2 155.0
Sweden	1 093.5	1 118.9	1 200.3	881.9	1 018.0	970.0
UK	7 147.4	6 702.6	7 645.9	4 083.0	4 433.1	4 089.6
Norway	980.0	919.5	878.1	1 291.1	1 207.0	1 234.2
Switzerland	3 052.8	2 582.6	2 657.3	1 497.0	1 717.9	1 982.9

Source: Eurostat – Economic Accounts in Agriculture (epp.eurostat.ec.europa.eu)

and by the authors of "Competitive Opportunities of the Agricultural Sector", S., 2011, p.137. The present SWOT analysis is targeted toward creating a strategic concept for achieving the defined objective – organizing a sustainable production fully using the farming potential of the country. It is based on the results of the investigation of the condition of the Bulgarian agriculture and the drawn world and European trends of farming development.

Strengths and weaknesses, opportunities and threads facing Bulgarian agriculture:

Strengths:

- Favorable soil-climatic conditions for agriculture crops growing, typical for the temperate climate zones;
- Comparative advantages in vegetable growing, some fruits, oil-bearing crops, viticulture and sheep breeding;
- Relatively good provision of agricultural land, especially arable;
- Low pollution in the farming areas;
- Putting Back in economic turnover of abandoned agricultural lands;
- Rural population and communities with experience and traditions in agriculture;
- Manufacturing of products with specific local features;

- Proximity of sea-ports to important farming regions;
- Established school, science and consultancy net;
- Improved access to agricultural aids of CAP;
- Availability of purposeful resources for restructuring.

Weaknesses:

- Low grade of utilization of the production factors (land, labor, and capital) due to technologic, management and market weaknesses;
- Land property fragmentation;
- Insecurity of the long-term leasing and as a result of investment abstinence;
- Weak adoptability of the existing irrigation systems to the new land utilization conditions;
- Polarized farm structure and lack of a significant sector of middle-sized family farms;
- Catchy access to the market due to underdeveloped production and market infrastructure – stores, refrigerators, etc.
- Lack of an approved by the market product range, especially processed with specific national quality properties;
- Prevailing unprocessed products of a low value added in the exportation;
- Technologic omissions and underdevelopment and weak innovation transfer;
- Senescent population in the rural regions;
- Weak diversification of the economic activities in agriculture;
- Weak link between educational preparation and realization in agriculture;
- Underdeveloped education and knowledge dissemination systems;
- Isolation of the producers from the markets, due to weakly developed local markets and direct sales;
- Inability of the producers to answer the requirements of the commercial chains about quality and quantity of the products;
- Limited investments in land improvements – land reclamation, roads, etc. and research investigations;
- Misbalanced absorption of the means for the PDRR and a low synergistic effect;
- Institutional insufficiency in the sector.

Opportunities:

- Better price conditions, emanated by the increasing demand of food products;
- Sustainable economic conditions due to the CAP application;
- Increasing consumer's demand of quality goods of guaranteed quality and origin;
- Extended demand of products of the organic farming;
- Consolidation of the agricultural farms;
- Easier access to existing and new knowledge and technologies, due to the sector's integration with the European agriculture, the national research investigation development and the computing technology;
- New attitude to the multifunctional role of agriculture and its functions as a supplier of social services, including such, related to the climatic changes;
- Increasing significance of social understandings of values and ethics, in favor of the preservation of traditional methods of production;
- New social evaluation of the significance of rural environment as a place for living, recreation and economic activity.

Threads:

- Misbalanced development of agriculture, due to the uneven support of production for the different subsectors;
- Jog of the structural changes caused by the ineffective land market;

- Loss of qualified labor because of uncompetitive payment of labor and living conditions in the rural areas;
- Deepening of the regional differences in the level of development of the EU;
- Unfavorable climate changes and incapacity of the sector to face their consequences;
- Absence of purposeful support for the sector's modernizing and development, requiring huge investments and long term of redemption – storage and refrigeration base, irrigation, live stock breeding, etc;
- Conserving of differences in the support of production in the separate countries of the

Table 4
Agricultural labor input

	2000	2005	2009	2009/2008
	1 000 AWU			%
EC-27	14 945	12 688	11 223	97.7
EC-15	6 511	5 928	5 424	98.0
Belgium	75	70	64	98.2
Bulgaria	771	626	400	90.6
Czech Rep.	166	152	134	99.0
Denmark	76	63	56	98.1
Germany	685	583	536	98.3
Estonia	65	38	29	93.3
Ireland	153	149	147	99.1
Greece	586	607	571	99.6
Spain	1 102	1 017	909	96.1
France	1 028	936	858	97.9
Italy	1 383	1 242	1 164	98.1
Cyprus	31	29	26	100.0
Latvia	149	138	92	94.9
Lithuania	187	174	147	97.6
Luxemburg	4	4	4	97.3
Hungary	676	522	441	100.8
Malta	5	4	4	100.0
Holland	220	194	182	98.8
Austria	177	165	153	98.6
Poland	2 495	2 292	2 214	96.3
Portugal	503	429	344	95.7
Romania	3 645	2 596	2 148	99.8
Slovenia	104	90	82	98.4
Slovakia	143	99	82	91.0
Finland	111	96	87	98.0
Sweden	77	76	63	96.0
UK	334	298	290	101.8
Norway	72	66	58	97.3
Switzerland	101	89	85	98.7

Source: Eurostat –Agricultural labor input (epp.eurostat.ec.europa.eu)

Table 5
Expenses for fertilizers and plant protection chemicals. EUR/ha UAA

	Fertilizers and soil improvers			Plant protection products		
	2000	2005	2010	2000	2005	2010
EC-27	:	71.6	58.0	:	50.6	50.7
Belgium	164.3	155.4	245.9	126.1	123.8	126.0
Bulgaria	:	48.6	42.4	:	26.5	37.2
Czech Rep.	:	39.5	42.0	:	44.5	50.8
Denmark	94.4	76.9	62.3	58.1	65.6	72.8
Germany	136.9	97.8	50.4	54.3	78.5	73.1
Estonia	:	16.9	14.4	:	7.4	10.4
Ireland	96.3	86.1	86.7	15.6	13.2	11.2
Greece	87.0	61.5	40.8	67.1	55.1	38.5
Spain	52.8	45.6	39.5	37.2	28.8	23.8
France	:	112.6	86.8	:	94.9	87.5
Italy	78.6	85.8	73.0	55.6	52.4	48.4
Cyprus	:	112.8	79.1	:	94.1	128.6
Latvia	16.8	28.9	26.3	6.4	12.8	17.4
Lithuania	:	59.8	51.4	:	23.4	34.3
Luxemburg	24.0	86.0	410.0	61.6	54.4	53.3
Hungary	47.2	66.1	62.9	48.4	63.0	74.4
Malta	:	121.0	120.0	:	64.4	63.9
Holland	155.8	154.2	167.0	168.8	181.1	198.7
Austria	38.6	37.4	30.6	28.2	26.1	31.9
Poland	:	53.8	42.4	:	22.9	41.0
Portugal	35.5	35.0	30.9	23.2	25.9	24.3
Romania	:	30.3	22.9	:	14.2	7.5
Slovenia	82.0	67.3	54.6	44.0	41.1	40.4
Slovakia	28.7	38.9	43.5	40.3	51.4	40.9
Finland	111.4	108.1	88.2	19.6	30.7	32.9
Sweden	84.0	70.7	79.5	30.5	21.4	20.3
UK	99.3	70.9	59.2	54.6	50.1	62.9
Norway						

Source: Eurostat (epp.eurostat.ec.europa.eu)

EU and the flowing from this disparity in their competitive positions;
- Inability of Bulgarian agriculture and processing sector to adopt to the globalization processes;
- Increasing pressure on the natural resources and loose of agricultural land.

Priority directions of the agricultural policy

The analysis of the place of the Bulgarian agriculture in the European one and the drawn SWOT profile is the base for formulating of the aim and strategy of the Bulgarian agricultural policy.

If the vision for the country's development is the growth of the population welfare and its full personal realization, then *the agricultural policy aim should be the achievement of food security for the population and the increase of the welfare of farmers in the conditions of sustainable production, i.e. a competitive one, preserving the natural resources and environment.* In general, plan, the achievement of this aim requires full realizing the potential of Bulgarian farming and food manufacturing sector through increase of the utilization of the production factors (land, labor and capital) and the output of quality products with a high value added.

In order to take an advantage of the new possibilities related with the increased demand of food products and the integration into the European agriculture, the Bulgarian farming should use its strengths, overcoming its weaknesses and neutralize the possible threads. In a long-term plan, this imposes structural measures in the following fields:

Overcoming the structural problems through consolidation of the land property and rationalizing of the land usage

At a first place, this means formation of a rational agrarian structure, i.e. farm structure allowing efficient economic activity. The starting conditions were and remain unfavorable – after recovering the right of ownership, the land ownership structure is extremely fragmented. It is compulsory to overcome the structural problems through consolidation of the land property and rationalizing of the land usage. The experience of many other countries shows that the centralized, mainly administrative means for resolving the problem as consolidation and state companies for land trade are expensive, slow and with doubtful results. The natural solution is the establishment of a real complete land market. In this respect, the strengthening of the right of ownership is the most important economic prerequisite. Still more that the Bulgarian farming abounds of nobodies' property, both due to the lack of economic interest of the owners and too complicated and expensive legal procedures. Legal prerequisites are necessary for acceleration of the consideration of the delayed lawsuits for not restored ownership and not concluded voluntary partitions, which cause insecurity in the land utilization and block the investments. There are no reasons for the delay of the lasting legislation of the status of land on art.19 of the Low of Management and Use of Agricultural Lands, i.e. for lands of no sought ownership, which can be rented by the Municipality Councils only for a period of one year. At a next place, the existing Cadastre and property Register of the agricultural lands should be maintained implicitly updated and accessible, which will improve the abilities of disposal of property and consequently will stimulate the land market development and the land utilization.

Besides the strengthening of property rights, Bulgarian farming needs legal guarantees for a determined stability of the land usage. The land utilization regulation should not only create possibility of formation of rationally sized farms in order to obtain scale economies, but to guarantee durable enough tenants' rights. This is a key aspect of the problem for the investments in agriculture, especially for these of a long-term character.

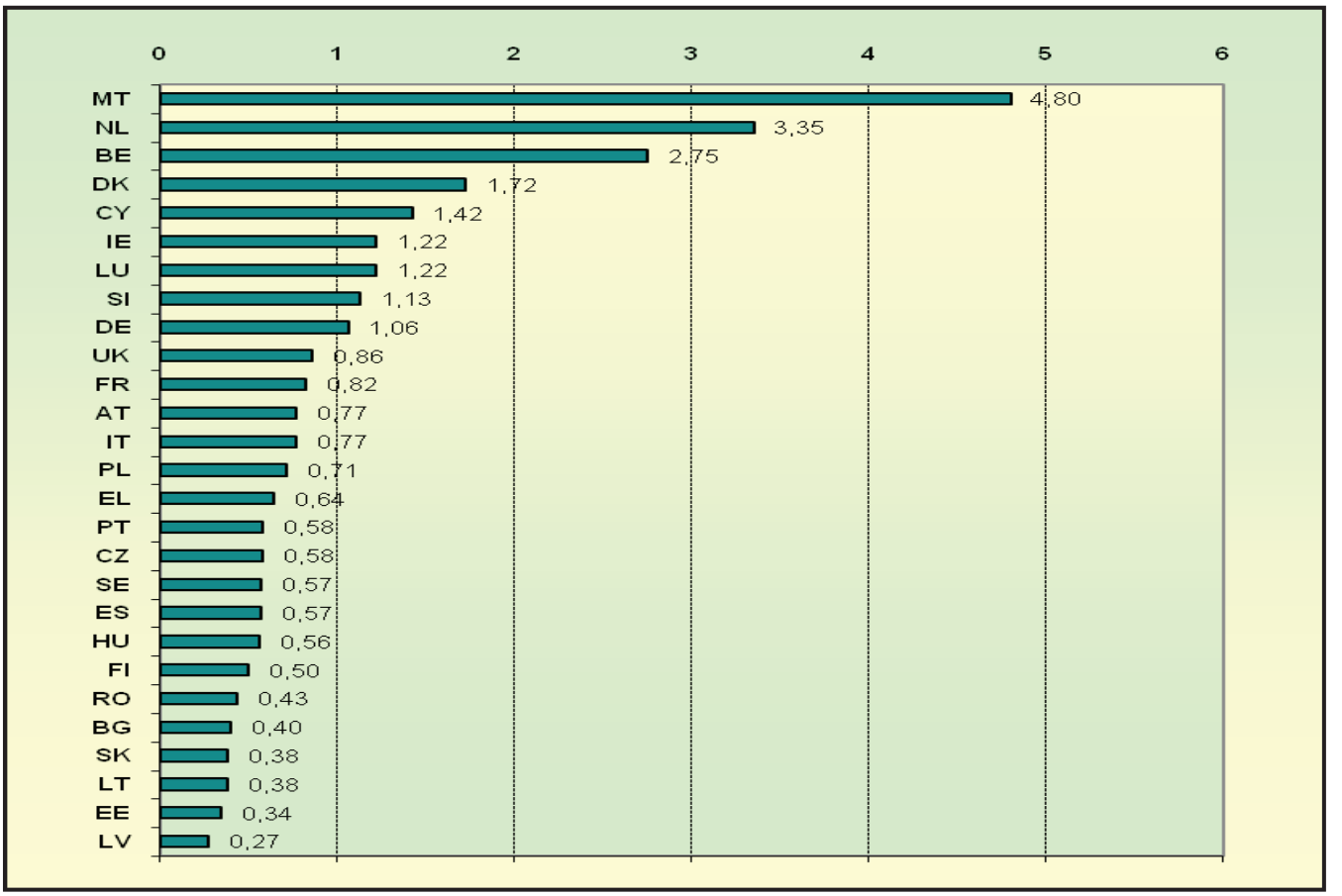

Fig. 1. Livestock density index, 2007 (LSU per hectare of UAA)
Source: Eurostat, Food: From farm to fork statistics (epp.eurostat.ec.europa.eu)

The farm structure formation is usually a result of a long lasting historical process. The lack of agricultural land market turnover for almost half a century and the recovering of the property rights brought to a strong fragmentation of the ownership rights upon this important economic resource. In spite of these circumstances, it didn't result an obstacle to the formation of huge in size farms by renting lands, belonging to multiple owners. These farms are specialized in grains and some technical crops production, the efficient functioning of which, requires availability of huge compact areas. At the same time, the long-term investments have a relatively small share of the costs and in their majority are comparably fast liquidity assets – machinery and inventory. Due to these particularities in these sectors, the efficient agricultural activity is mainly organized on the base of farming land renting. Besides this, generally, the utilization of land in the production co-operatives does not differ from the one in the lease holdings – they have an identical economic base. Despite all said, the significance of the security of the land using should not be depreciated for these sectors, the opposite – it will grow up in the future.

At a first place, the reason for such development will be the inevitable production intensification. The inputs and the average yields per ha in Bulgaria are considerably lower than the average for the EU. The prognostic permanent increase of the

prices of the agricultural products also will stimulate the further production intensification. The sustainable intensification – with higher results than the additionally input resources, requires precise technologic decisions, including based on inputs of a long-term effect on the production – potassium (K) and phosphorus (P) fertilizing, anti-erosion activities, etc.

On second place, still more of the farming output will be achieved through the sustainable use of the natural resources. A considerable part of the agricultural support by the CAP- the "green" component of the direct payments will be granted on dependence of the application of special farming practices, some of which with a multi-annual character. Part of the social services, concerning the preservation of the cultural land shaft and the application of traditional production practices also require multi-annual consecutive efforts.

Besides all, the character of the modern agricultural production requires knowledge and skills in different fields – production, economics, management, etc., the acquirement of which is a long lasting activity. The instability of the land utilization leads to an instability of the production structures and as a result – inevitable losses of qualified labor.

The problem of the land utilization is still more important for the intensive agricultural sectors – vegetable growing, fruit growing and viticulture. The investments in these sectors very often have a long-term character for example for the plantation creation, irrigation systems, storage and refrigeration bases, and could be motivated only in the conditions of permanent rights for agricultural land utilization.

In the specific historical conditions, the foregoing emphasizes the particular social interest of achievement of stable land-usage. Therefore, Bulgaria should strive to establish a legislation of durable enough rental terms, which premise investments with a long-term effect on the soil fertility and the land management.

The problem of the formation of rational farming structure is linked with the agricultural aids. One of the effects of the direct payments is the reduction of the abandoned lands, a development with positive economic and ecologic consequences. At the same time the payments per area does not significantly impact the intensive agricultural productions. This is one of the reasons for the vegetable and the fruit-growing decline. The state of these sectors requires a targeted policy for their recovery. One of the possible measures in this respect is investments in land management (technical-economic measures for the correct agricultural land utilization), especially in amelioration and management as a base of the establishment of rational land and water utilization on the irrigated areas and other kinds of agricultural infrastructure. We should clearly mark that the land market development as a most efficient and natural mean for overcoming the structural problems of agriculture does not contradict other programs' and projects' realization in intensive farming regions, especially of these in vegetable and fruit-growing. Base condition for overcoming the decline in these two sectors is the performance of such projects for ameliorative land management with full respect both of the rights of the land owners and the land users. In this respect, the PDRR (2007-2013) contains opportunities concerning the financing of the measures for consolidation, construction and reconstruction of hydro land reclamation equipment and other farming infrastructure - measures not started five years after the Program beginning.

An argument in favor of the necessity of achievement of targeted policy is the assessment of the effect of the application of the two measures of the PDRR for support of the incomes of the agricultural producers from the mountain and other regions of natural limitations for agricultural activity. The application of these measures, the support of which is based on the area of utilized land and on annual base, has a notable contribution for the farming activity conservation in these regions

with positive effect, featured by economic, ecologic and social dimensions. Specifically for the mountain regions, the positive effect is due to the circumstance that the greater part of these aid users are family farms. In order to consolidate these results, is necessary to submit to use the state and municipality land fund to the farms with highest economic, ecologic and social effect of activity. The practice of renting huge areas – over 100 ha to different types of companies in its majority has a speculative nature.

There is no doubt that in the future the pressure on the natural resources, in the case on agricultural land will grow before all for urban and industrial purposes. At the same time, the society is concerned to preserve this unrecoverable natural resource – agricultural land and soil fertility. Chief role in this respect plays the Law on Protection of Agricultural Lands which governs "… the protection from damage, the recovering and improvement of the soil fertility of the agricultural lands and determines the conditions and order for their change of use." In this case we will notice the too easy attainable change of use of agricultural lands. Action, undertaken in spite of the availability of abandoned industrial zones with built infrastructure and motivated only by the low state taxes for this procedure. The consequences from such unreasonable decisions are unfavorable due to the lack of general development plans for the municipal territories. The social looses in these cases are inevitable, of agricultural land, unjustifiable expenses for engineering infrastructure water and electrical supply, roads, private property expropriation, etc. The solution of the problem is either in changing the law or even simpler, new tariffs for the state taxes for changing the use of agricultural lands.

Raising the educational and qualification preparation of the employed in agriculture

The preservation of vibrant rural communities with available educational net are pointed as one of the strengths of the Bulgarian agriculture. Meanwhile its labor productivity is 1/3 of the average EU level. The reasons for this circumstance are complex but among them undoubtedly is the knowledge and skills level of the employed in the sector.

At a certain grade is under esteemed the role of education and qualification for the development of agriculture, as well as the necessity of the creation of a system for permanent professional education, being accepted that the investments in human development have highest rate of return.

Undoubtedly, a relation exists between the age structure of the employed in agriculture and their educational level. In 2003, only 11.6% of the employed in agriculture were under 35 years of age, against 54.6% of the persons over 55 and more. The surveillance of the labor force in 2004 shows that 57% of the occupied in agriculture had educational level from 0 to 2 (basic and primary education), according IESK, while for the country their share averages 17%. The share of the employees with higher education is only 4.4%, at average for the country 25%. Only 2.4% of the farm managers have secondary special or higher agricultural education. The preliminary results of the census of the farms in 2010 shows a slight advance in this respect – a value of 3% for this index. Obviously this extraordinarily low share is ought to the retail farms, while the huge commodity farms have managers with a higher professional education.

Against the background of the numbered facts has an actual sound the Bulgarian Industrial Association's position from the 12th of August 2011, that "The decrease of qualified workers and specialists is a key problem which will hinder the development and function of whole economic sectors and social life spheres."

The data above is alarming and requires explanation and action. The country indeed has a system of secondary professional, specialized and higher educational schools. Appears the question of their efficiency and before all, the professional realization of the graduates. The share of the graduates who work on the acquired specialty is low. Equally

serious is the effect of the conducted program training of MLSP, SAPARD and PDRR. The number of trained persons employed on the acquired specialty could judge the effectiveness of the training courses for unemployed organized by the Employment Agency of the MLSP. The planned results for measure "Professional Training" of SAPARD were not achieved. The advance in the accomplishment of Measure 111- "Professional training, information activities and dissemination of scientific knowledge" of the PDRR 2007-2013 is not sufficient and the set targets seem unattainable. The reasons for the comparable low professional and qualification level of the occupied in agriculture are of a different origin. Part of them is due to the living conditions in the rural areas, which causes a reflux of young and qualified labor force towards the towns and abroad. Others are consequence of weaknesses of the educational system, including cases of an end of itself training of specialists. These are two groups of problems the solution of which should be sought in a long-term plan in the national regional and educational policy. At the same time, there are opportunities for training and acquisition of knowledge and skills the utilization of which requires professional attitude of the responsible structures – MAF and SF "Agriculture". Moreover, the dynamic changes in agriculture create a necessity of organization of a training system during the whole professional life of the occupied in the sector, and not a formal carrying out of training courses for to report activities without permanent results.

The status of professional preparation of the employed in agriculture requires increasing of the effect of the training system. This means:

- Improvement of the training process in the secondary professional and special schools;
- Binding of the preparation of staff with higher education with the needs of agriculture;
- Orienting of the training courses of the MLSP toward the achievement of specific results (finding a job on an acquired qualification);
- Utilizing the opportunities of the PDRR for obtaining sustainable results in the improvement of the professional training of the employed in agriculture.

Specifically on the last point should be noted that, the fore stated unfounded requirements for carrying out of training courses and the administration tardiness damn the application of Measure 111-"Professional training, information activities and dissemination of scientific knowledge". Furthermore, as it was stated the modern farming requires a constant training process. Such can be provided by organizations with proved capacity and clear status – professional, higher schools, universities and research centers. Moreover, the whole professional life training could be efficient in terms of stable and constant relations between the two sides in the process, and not within sporadically organized, randomly selected training staff.

Development of the system of knowledge dissemination and consultancy services

The changes in the country, after 1989, radically changed the requirements for the professional preparation of the agricultural producers. At the place of the socialist state agriculture with strict hierarchic system of responsibilities in the economic organizations emerged pluralistic structure of farms, functioning in the conditions of private property of the land and a market type of connections. In the new conditions the modern agricultural production requires, particularly from managers, complex knowledge of the production technology, the economics and management of the farm, farm machinery etc. Knowledge, which should be constantly renewed and complemented due to the advance of the agricultural science in the field of the productivity increase, climatic changes modulation etc. All up, mentioned circumstances lead to the necessity of a strong and efficiently functioning system for knowledge dissemination and consultancy services. The National Office for Agricultural Advisory (NOAA) is the institution in the structure of

MAF, to which these functions are imposed, but we should immediately note that within its limited staff and budget restrictions it is not capable to respond to the extraordinary demand of services in this field. Moreover, at the moment this executive agency is the only beneficiary of the measure "Providing advisory and consultancy services in agriculture for Bulgaria and Romania", providing a full set of free of charge services to farmers applying on four measures of the PDRR. Obviously, at this stage the agency has no capacity to encompass the enormous work of dissemination of knowledge and satisfy the necessities of information access of the multiple agricultural producers. In this context becomes obvious the necessity of an Agency of Development not as a new administrative structure, but as a coordinating and integrating link, combining the capacity and efforts of the regional and municipality structures of MAF, professional schools, universities, research centers, NGO sector and the local social capital in the transfer of knowledge in the farming practice. Due to its specifics, the system for knowledge dissemination and advisory services should be developed at a municipal level. The development of information and communication technologies creates new possibilities of spreading of knowledge and good practice. In this sense, the MAF is a debtor to the Bulgarian farmers. First, due to lack of financed projects on measure 312 "Support and establishment and development of micro enterprises", providing access to Wide Band Internet, five years after the start of the PDRR. It seems that the problem is not at the center of attention of the responsible institutions – currently is ongoing a study of the status of these services in the rural regions. It will be useless for the inhabitants of these regions if such projects are not realized in a short period. Second, Bulgaria still does not have a National Rural Net (NRN), the system designated to accomplish the exchange of information and experience in the field of development of the rural region for to disseminate the good practice among all concerned. The NRN should be an integrated part of the ERN, which on its side provides opportunities of utilizing the experience of the 27 countries-members of the EU. The funds for the establishment and function of this net are guaranteed by the budget of the PDRR 2007-2013. The delay of the realization of the NRN is a loose of point of view of the integration of the country to the EU, the access to knowledge and experience, the social dialogue development and the formation of community of agricultural producers, NG sector and administration concerned in this activity.

In summary, the development of the system of knowledge dissemination and advisory services requires:

- Strengthening of the NOAA;
- Integrating the capacity of knowledge dissemination and consultancy services of the executive agencies, the Agricultural Academy, and the regional and municipality offices of MAF, as well as the NG sector and the local social capital;
- Building up capacity at municipal level;
- Starting of NRN;
- Considerable extension of the access in the rural regions to a Wide Band Internet.

Development of the scientific research

The establishment of competitive production, preserving the natural resources is impossible without applying the scientific achievements. This is of a greater validity in conditions of climatic changes, requiring technologic, economic and political decisions, allowing green house gasses emission decrease and adapting agricultural production to the new conditions. Bulgaria has its achievements and traditions in this field, but serious problems to be solved meanwhile. Hardly somebody will renounce the significance of the scientific researches, although they have not been a priority of the sector's policy during the last years. This is explainable – the scale of the changes was extraordinary, as well as of the efforts, associated with the country's membership in the EU. However, today the scientific researches acquire new relevance.

The scientific researches in agriculture are mainly achieved in the institutes of the AA, as

well as in the universities. Generally can be noted that is not sufficiently intensive the integration between the institutes and universities in the fields of research and education activities. Certain efforts have been achieved to coordinate the research activity between the AA and BAS and the universities, as well as to determine the research priorities by the MAF. The periodically raised discussion about the place of the science – in the universities or in the separate academies as BAS or AA is more a reaction to the crisis and the financial problems of these organizations than responsible, thought out position for the reformation of the research activity. The statesmanlike approach requires not the mechanical application of the foreign experience, nevertheless a relevant one, but through reformation activities to create conditions for the efficient functioning of the already built structures. The last requires knowing of the problems, clear policy objective and strategy for its achievement. The brief SWOT analysis of the AA could provide some orientation marks in this relation.

SWOT analysis of AA

Strengths:

- Many years tradition in research activity with serious achievements;
- Realized priority of the application designs;
- Available research fund, methodology and approaches in different fields;
- Assembled research teams;
- Balanced territorial location of the research institutes in the main agricultural regions;
- Highly evaluated participation of institutes, research teams and individual researches in international projects and other initiatives;
- Important role in the knowledge dissemination and the advisory services in agriculture;
- Expert's participation in different state management levels.

Weaknesses:

- Inadequate legislation, not corresponding to the character of the research activity (appointed management and absence of general Assembly of the researchers, i.e. absence of the typical for the science internal democracy and electivity of the managing bodies);
- Centralization and bureaucratization of the management functions leading to depersonalization of the research institutes as centers of the research achievement;
- Systematic insufficient financing of the research activity, not allowing full capacity development of the investigation, causing loose of researchers;
- Insufficient and obsolete equipment and facilities;
- Financial status - a secondary budget funds administrator and regulation, blocking the opportunities for research products' and services' income realization;
- Unsettled author's rights and wages for research products;
- Uncompetitive payment to the research staff with a result - staff deficit and ageing;
- Blocked opportunities for optimizing of the staff and activity organization in the institutes;
- Weak temp of renewal of the research staff due to low remuneration of the research junior personnel.

Opportunities:

- New legislation, creating prerequisites for the efficient management and stabilizing the status of the research institutes;
- Changes of the financial regulations of the research activities with clear rules of targets and range of budget expenditure and the adoption of the incomes from scientific products and consultancy services;

- Integrating of the research institutes and their activity into the European research space – a key significance factor for the investigation quality increase;
- Increase of the significance of the research achievements for the development of agriculture, dropdown of the green-hose emissions and production adaptation to the climatic changes;
- Financing of research projects and modernizing the activity by the structure funds of the EU and the private sector;
- Integrating the institutes to the net of dissemination of knowledge and consultancy services.

Threads:

- Lack of social understanding and assessment of the role and functions of the research studies;
- Insufficiency of public interest and reformatory capacity for constructive changes;
- Preserving of the acting financial regulation not allowing the institutes to achieve their potential;
- Postponing the necessary changes of the legislation acts;
- Lack of a consistent state policy in the field of the research activity.

The natural aim of the state policy, concerning the AA, is to create the premises and conditions for an effective scientific research activity, with a considerable contribution for the Bulgarian agricultural development. This primarily means newly formulated priorities of the research activity, institutional development, legislation regulation, etc. It should be noticed that concerning the research strategy and the legislation regulation for the development of the academic staff, a considerable advance has been achieved. However, the activity regulation, mostly referring the financial aspects, is still pendant to be solved. From such a point of view the direct policy priorities are:

- Adoption of a new Law of the Agricultural Academy;
- New financial framework of the research activity, providing the necessary stability of the system and creating conditions for realizing incomes from research products and services;
- Changing the legislation framework toward higher flexibility of the research activity;
- Access of the research institutes to the financing of the EU structure funds.

Decisions in these directions will open new space for initiatives and an active conduct of the institutes, which on its side will improve their financial and staff stabilizing.

Improvement of the access to the market

The conditions of market realization of the commodities are of a key significance for the vitality of the agricultural sector. The market position of the agricultural producer is instable in many respects. At a first place, because of the stiff type of the demand of food products and the inability of the producers to recover in short terms the market equilibrium. For the majority of the cases the products are perishable and their longer storage requires higher costs. Very often the market strength of the producers and merchants is unequal – on one side stay a large number of disunited, weakly informed farmers, and on the other – a small number economically strong commercial chains. There are other obstacles to the market access – remoteness of the markets, weak access to market information, lack of infrastructure, not constant product's quality, small batches of standardized goods, etc. Not all mentioned is new but the drawn trend of the decreased share of agriculture in the price of the final product becomes sharper. This is a result of some objective circumstances – the dietary pattern change, but with no doubts, this development shatters additionally the producer's position, particularly in the smaller farms. More arguments can be mentioned but it is obvious that the interests

of farmers and society predicate purposeful measures at political level for improving the market access of the agricultural producers. Underlying the different dimensions of the market problems for the huge and small producers, as well as for the different sub sectors, I consider that they could be merged in the following groups:

- Market integration

The development of transport infrastructure and decrease of transportation costs are of a big importance for the farmers. Of a special significance is the increase of the seaports' capacity. In the same direction will be the impact of the advance of communications and the access to information, particularly the availability of a Broadband Internet.

- Development of market infrastructure

The functioning of a developed stock exchange system, marts and markets equipped with refrigerators and appliances for primary product's processing is of a key importance, particularly for the retailers. The so far experience in this relation is not so encouraging, which makes the state support of such projects still more relevant.

- Cooperation of producers

This is the natural solution of the issue, which allows the resources combining for the necessary investment, as well as achieving scale economies. Meanwhile, the cooperation increases the market strength of the producers and provides for them better conditions for realization. Unfortunately, the advance in the accomplishment of Measure 142 "Creation of organizations of producers" of the PDRR 2007-2013 is insignificant.

- Effective competitiveness environment

The high production concentration in the food-processing sector and commerce and the public known experience in some spheres arise the issue of the full and effective application of the Law of Protection of Competition. The admission of cartel agreements would be destructive for agriculture. The question arises whether this law is in condition to prevent the appearance of dominating economic structures, imposing suspicious agreement relations.

The other group of measures impacts the creation and support of a pluralistic structure for the redemption and trade with agricultural goods. The unimpeded participation of companies in this sector is particularly important, as well as the functioning of different in size, organization and functions economic agents.

A bigger transparency in price formation will be of benefit for both producers and consumers. Special attention deserves the limitation of cases of asymmetric pricing at which with the growing of the producer's prices, grow the consumer's too, while at dropping down the farmers prices, the consumer's detain at the reached level.

Not at a last place should be stopped the practice of the misleading labeling of the products.

Development of local markets and regional products

The huge food supply chains, whose trade share grows, impose the production of big batches standardized uniform raw products. In these conditions, the products diversity and the specific quality characteristics are set to the background. Meanwhile, the consumer's preference for qualitative products, which besides are a part of the regional identity and the conditions variety in the country, gives a chance to the smaller sized, but requiring higher labor costs farms. Precisely these farms should be granted support for a realization channel development and a straighter access to consumers. In addition, the labeling of the geographic region of origin and the used methods of production should assign a "regional status" to the products. The measure requires the conducting of a wide information campaign and an introduction of a label system, for supplying sufficient information to customers.

The local market development should receive a more considerable place in the agricultural policy. The arguments favoring such concept are of a

different character: correspond to the consumer's interest, preserve the created through the year's culture of production and consumption, contribute to the preservation of the local identity, etc. From the point of view of the structural and regional policy, this is an efficient, market-oriented measure for supporting the small sized farms and the ones of agriculture naturally limited regions. In the conditions of globalization, the success of the local markets and products could counteract to the unification process of production and consumption. Ultimately this is a contribution both, for the preservation of the pluralistic farm structure and diversity of the agricultural products and vitality and cultural heritage of the rural regions.

The improved access to markets in the globalization process, allows the huge sized farms to increase their profitability through the achievement of scale economies. The chance of the small farms is to produce qualitative products of a higher value added. So far, the CAP and the agricultural policy in Bulgaria were directed mainly to the interest protection of the big companies. The social interest requires the achievement of a more balanced policy for to provide successful activity of the smaller companies as well. The strengthening and support of local markets and regional products of specific features is a policy with especially strong potential in this direction.

Product's development and increase of the share of the products of high value added in the food processing industry

The progress achievement in the competitiveness and the share increase of the products of high value added is of a key importance of the vitality of Bulgarian agriculture and the food-processing sector. The integration of agriculture and the food-processing sector is the realistic answer of the trend of decrease of the share of primary production in the total created value in the framework of the food chain. The issue is particularly topical for Bulgaria, which for a continuous historical period has a positive balance of the import and export of agricultural commodities. At the same time, the balance of import and export of processed foods, beverages and tobacco is negative for the last years. During these last years, Bulgaria has lost traditional markets for these commodity groups, not being compensated by the penetration of new ones. Meanwhile has been increased the import of foods, beverages and cigarettes, mainly from the countries of the EU. Such development has its explanation, but in all cases is indicative for a deepening process of a loose of competitiveness.

The problem cannot be underestimated because the food processing industry is traditionally important and developed sector of the Bulgarian industry. Its importance for the Bulgarian economy is determined by the circumstance that 3 % of the GVA created in the country and 13 % of the GVA in the industry belongs to the sector. The employed persons in the sector represent 3.7% of the total number of employed. In the framework of the EU the employed in the Bulgarian food processing industry is 2.3% of the employed in the sector and the generated value added is 0.3% of the value for the EU. Within some convention could be made the conclusion that the labor productivity of the Bulgarian food processing industry is in times lower than the average for the EU. The analysis of the status and the development opportunities should be based on a clear assessment of the deepness of changes during the last twenty years. At a first place the food-processing sector lost huge and at a high grade guaranteed market – of the recent CMEA and USSR. Secondly, a considerable part of the existing facilities proved unnecessary and depreciated. Third, a new link with the row products producers had to be established. Some of the sub sectors adapted comparably fast to the new conditions as the milling industry, bread and bakery production, vegetable oils production, etc. The modernization of others required huge volumes financial resources, such as meat milk and vegetable

and food processing industries. Others lost their market positions – wine and tobacco products. In these conditions, a significant part of the food processing sector limited itself to the internal market and in the export of foods prevail products of the milling, confectionary, and vegetable oil products.

In the conditions of dominating position of the TNK in the field of food supply, when 15 commercial chains control 77% of the market of food products, the small unconsolidated Bulgarian food processing companies face strong difficulties in stabilizing and expanding not only on the internal but on the external market as well.

The competitiveness of the food-processing sector, together with other factors will depend on the product development and the share increase of the products with a higher value added, which can be achieved through:

- Fuller integration between the processors and the suppliers of row materials as a condition for the production of qualitative and specifically featured food products, including through the realization of integrated investment projects, containing the processes from the row material production to the final realization;
- Integration of Bulgarian producers in the big companies for production, commerce and supply of food products;
- Maintenance of the production of products, corresponding to the taste preferences and the dietary habits of the consumers at the interior market, as at ethnical markets abroad;
- Validation of qualitative food products of specific national and regional characteristics, including such of geographically protected label of origin with traditional specific features, etc;
- Working out and achievement of exterior commerce strategy of the food commodities.

The advance in the drown directions depends before all on the financing of qualitative, duly justified investment projects. From this point of view becomes still more important the achievement of Measure 123 "Value adding to agricultural and forestry products" of the PDRR2077-2013, as well as the support of company projects of the food processing sector by the Operational Program "Competitiveness".

The product development is an important, but not the only aspect of competitiveness. The integration processes at the world market and the diet changes, before all due to the advancing urbanization, convert this group of problems' solution to a key significance for the future development of the food-processing sector.

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