



IMPACT OF BULGARIA'S ACCESSION TO THE EU ON TRADE IN AGRICULTURAL GOODS

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ABSTRACT

In recent years the main priority of the agrarian policy of Bulgaria is to create conditions for more efficient use of productive resources in agriculture and increasing the competitiveness of agricultural products in international markets. Agriculture ranks among the leading sectors of Bulgarian economy and a significant contribution to the country's foreign exchange earnings.

Subjected to a series of heavy blows with record high oil prices, rising commodity prices, concerns about food security and consequently - trade restrictions, without considering the most serious global economic recession of the 1930s of the last century. Agriculture showed remarkable resilience, particularly in OECD countries, with a strong reaction from the supply to high prices and continuing, albeit slow, growth in demand during the crisis. In 2010 there is a certain normalization of many markets, with production closer to historical levels and demand a refund.

However, many governments are still concerned not to repeat serious disturbances caused by key factors such as energy prices, exchange rates and the possible consequences of such shocks on the volatility of the market.

After Bulgaria's accession to the European Union national market has become part of the internal market of Community and Bulgarian producers and merchants faced many challenges related to the size and structure of exports of agricultural products. Bulgaria's membership in the European Union played a very positive role in increasing the volume of trade in agricultural goods with other countries of the Community. In recent years Member States have preferred commercial partner for the Bulgarian business.

Bulgaria joined the EU in 2007 led to a change in the structure of trade in agricultural goods. Due to favorable economic conditions for trade in the Single European Market, trade flows are gradually shifting towards the EU at the expense of other economic communities and regions. The purpose of this paper is to examine the impact of EU membership on trade in agricultural products

Key words: agrarian products, EU, trade, market

In recent years the main priority of the agrarian policy of Bulgaria is to create conditions for more efficient use of productive resources in agriculture and increasing the competitiveness of agricultural products in international markets. Agriculture ranks among the leading sectors of Bulgarian economy and a significant contribution to the country's foreign exchange earnings.

After Bulgaria's accession to the European Union national market has become part of the internal market of Community and Bulgarian producers and merchants faced many challenges related to the size and structure of exports of agricultural products. In conditions of acute competition, successful in

international markets are those goods produced in accordance with European requirements for good agricultural practice and food safety.

In the foreign aspect of joining the European Community to impose some changes, effective from 01.01.2007:

- Withdrawal of the concluded free trade agreements and implementation of the EU preferential agreements;
- Implementation of the Customs Tariff of the EC GSP the EU;
- Repeal of the measures to protect trade and implementing the common agricultural policy;
- Implementation of EU commitments under the WTO;

- Introduction and implementation of standards and sanitary and veterinary requirements of the EU and others.

Economy of the Republic of Bulgaria in the first year of EU membership is characterized by stability and growth of major macroeconomic indicators. Established gross value added (GVA) of economic activities in the country in 2007 at current prices grew by 6.3% in real terms BDS, established in 2006 for the industrial sector - a growth of 14.0 percent, the industry up 32.3% of value added in the economy. For the services sector - grew by 7.5 percent, its share in total value added is 61.5 percent.

The agricultural sector registered a decline in the volume of BS, compared with 2006 from 29.7 percent. This decline, coupled with significant growth in value added in other economic sectors, contributing to reinforcing emerged from previous years, the trend of reduction in the share of agriculture in GVA of

the country's economy - by 9.4% in 2005, 8.5% in 2006 to 6.2% in 2007.

The analysis of foreign trade of Bulgaria for the period showed an increase in trade with more than twice - from 2 million USD 188.1 2005 5 194.2 million USD in 2009 (**Table 1**) The trend for growth in agricultural trade continued in 2007 compared to 2006, an increase of this indicator by 40.2 percent - from 2,433 million USD to 3410 million USD 2007 turnover growth of agricultural products due to the growth of both exports (with 24.22%) and imports (with 58.92%).

In 2007 agricultural exports are realized in the amount of 1635 million USD, while imports reached 1,776 million USD. e. Bad weather and poor grain harvest adversely affect export opportunities as a result of which was reported and a negative trade balance in trade in agricultural products amounted to 141 million USD.

Table 1. Foreign trade in agricultural commodities for the period 2005 - 2008, the thousand dollars

Year	2005	2006	2007	2008	2009
Exports, FOB	1 267 316	1 316 017	1 634 750	2 739 401	2 800 890
Imports, CIF	920 827	1 117 297	1 775 603	2 417 697	2 393 344
Balance	346 489	198 720	-140 853	321 704	407 546
Turnover	2 188 143	2 433 314	3 410 353	5 157 098	5 194 234

Source: "Customs" Agency, NSI

In 2008 the agricultural exports increased by 1,104,651 thousand USD or 39.28 percent, compared with the previous year, while imports increased by 642 094 thousand USD or 36.16%. As a result of faster growth rate of exports over imports has realized a surplus of EUR 321 704 thousand USD.

Although to a lesser extent than in industrial goods, the economic crisis affected the status of international trade in agricultural products - in 2009 declined by 5.5 percent compared to 2008 In 2009, agricultural export marks decreased by 2%, imports - by 9.3%, compared with the previous year. Despite this reduction, in 2009 agricultural trader-form the positive balance of EUR 407 546 thousand USD - the highest rate for the last 4 years.

Since its accession to the EU, bilateral and multilateral trade agreements Bulgaria free trade with other countries have denounced. Commercial trade in agricultural and food products are made under the current EU trade agreements with other third parties.

Bulgaria's membership in the European Union played a very positive role in increasing the volume of trade in agricultural goods with other countries of the Community.

In recent years Member States have preferred commercial partner for the Bulgarian business, and after 1 January 2007 trade flows of agricultural goods have increased significantly. In 2007 the share of exports to other member states - 26 in value is 59.92% of total

agricultural exports, while that of imports was 75.33%.

In 2007, increased activity of trade between Bulgaria and the OECD countries - the share of exports increased over 2006 by 19.98% to 23.94%, and imports - from 16.70% to 21.03%.

Bulgaria formed a surplus in agricultural trade with OECD countries, Balkan countries, CIS countries and Arab countries.

Foreign trade in agricultural goods between Bulgaria and the EFTA is not very active. In 2007 recorded a decrease in turnover by 24.46 percent - 20 034 thousand USD in 2006 to 15 133 thousand USD.

According to NSI data, in 2007 the agricultural export to OECD countries is 23.94% of the total for agriculture, and imports - 21.03%. Exports in 2007 increased by 48.88% (from 262.9 million USD in 2006 to 391.4 million USD in 2007) and imports - two times (from 186.6 million USD of USD 373.4 million). Forming a positive trade balance – 18 million USD.

Trade exchange of agricultural goods between Bulgaria and the Balkan region for 2007 amounts to 1,201,970 thousand USD and increased by 3 89% compared to 2006 (USD 635 931 thousand). The trade balance is positive, whereas in 2007 it increased by 78.4 percent - from 97 081 thousand USD. USD 174 526 thousand USD.

CIS countries continue to play an important role in bilateral trade in agricultural goods in terms of recovery Bulgaria's position on these markets. In 2007, Bulgarian exports of agricultural goods to CIS countries increased by 53.86% (from 80.2 million USD in 2006 to 123.4 million USD in 2007).

In 2008 the largest share in Bulgaria's trade with agricultural products in raw and processed form covers the intra-Community market. The share of exports to Member States in terms of value is 56.11% of total agricultural exports, while that of imports - 75.12%.

Agricultural goods trade turnover between Bulgaria and other Member States for 2008 increased by 44.72% compared to 2007 - 317.1 million 2. USD 3 353.3 million USD. However, in 2008 the trade balance of trade in

agricultural goods with the EU remains negative.

Foreign trade in agricultural goods between Bulgaria and the EFTA is not very active and in 2008 recorded a drop in turnover to 13.06% compared to 2007 - 15 133 thousand USD in 2007 to 13 156 thousand USD 2008.

According to NSI data, in 2008 the agricultural export to OECD countries is 15.54% of total exports of agricultural goods and imports - 6.44%. In the same year recorded an increase of 8.74 percent of exports in the year (391.4 million USD in 2007 to 425.6 million USD in 2008) and a reduction of 58.33 % of imports (from 373.4 to 155.6 million USD million USD).

In the last two years Bulgaria has formed a positive trade balance in agricultural trade with OECD countries. As a result of the drastic drop in imports from these countries in 2008 the positive trade balance has increased by 252 million USD (18 million USD in 2007 to 270 million USD in 2008).

Agricultural goods trade turnover between Bulgaria and the Balkan region for 2008 marks an increase of 62.47% compared to 2007 (from 1,204,440 thousand USD in 2007 to 1,956,893 thousand USD in 2008). In 2008 the largest trade exchange between Bulgaria and Romania (USD 685,094 thousand), Greece (USD 609,759 thousand) and Turkey (USD 438,056 thousand).

Bulgaria's trade balance with countries in the Balkan region for the past two years has been positive in 2008 increased significantly - by 180.59% (from 176 to 912 thousand USD 496 404 thousand USD).

In 2008 Bulgaria's exports of agricultural goods to CIS countries grew by 9.24 percent over the previous year and represents 4.92% of total agricultural exports of the country.

In 2009, approximately 71.8% of Bulgarian exports effected within the Community. However, about 75% of supplies in the country are agricultural products from the Member States. Despite the decline in total trade of agricultural products to Bulgaria in 2009, trade with EU countries grew. Compared to 2008 the agricultural trade with these countries grew by 4.2% and exports - by 22%. Forming a positive trade balance amounted to 212.7 million USD.

According to NSI data, in 2009 the agricultural export to OECD countries is 11.7 percent of total exports of agricultural goods and imports - 8.5%. There was a decrease of 23.9% with exports and imports increased by about 14.7%. In the last two years Bulgaria has formed a positive trade balance with agro OECD countries – respectively 257.4 million USD and 124.7 million USD

Agricultural trade with the countries of the Balkan region retains its importance despite the tendency to shift trade to other areas after the accession of Bulgaria to the EU. Overall, Bulgaria has formed a positive trade balance with this group of countries. As in previous years and in 2009 the most active trading partners of Bulgaria from the Balkan countries are Romania, Greece and Turkey.

Despite efforts to restore the positions of the Bulgarian agricultural markets of the Community of Independent States (CIS), trade turnover with these countries decreases. In 2009 Bulgaria's exports of agricultural goods to CIS countries decreased by 37.3% and represented only 2.9% of the country. Exports to the Russian Federation has almost halved - from 102.4 million USD in 2008 to 58.1 million USD 2009 At the same time, imports are negligible - 2.8 million USD.

As a result of the study can be summarized the following conclusions:

In recent years, the only sector in the economy, which forms a positive trade balance, is agriculture. This indicator defines it as a viable industry, able to contribute to building a competitive and efficient manufacturing and business potential.

On 01.01.2007 the export potential of agricultural sector has grown significantly, mainly due to greater opportunities for the Bulgarian processed and unprocessed agricultural products of intra-Community market.

Bulgaria joined the EU in 2007 led to a change in the structure of trade in agricultural goods. Due to favorable economic conditions for trade in the Single European Market, trade flows are gradually shifting towards the EU at the expense of other economic communities and regions.

Balkan countries are preferred trading partners of Bulgaria, close to the territorial and production specialization. After the accession of Bulgaria and Romania to the EU 01.01.2007 trade relations with Greece and Romania have deepened and now they are among the most preferred trading partners.

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