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Bulgaria

Exporter Guide

Exporter Guide - Bulgaria

Approved By:
Russell J. Nicely,
Agricultural Attaché

Prepared By:
Alexander Todorov,
Marketing Assistant

Report Highlights:
Bulgaria, a newly developing market economy, is easily affected by world market fluctuations. From 2010 to 2013, the economic growth rate slowed due to the global recession but U.S. exports to Bulgaria has steadily increased since then. Political changes in Bulgaria in 2014 led to more stable relations with EU member partners. Trade is expected to move upwards as a result. Bulgaria is broadly recognized as an excellent gateway into the wider EU market for agricultural products. The Bulgarian market is not yet well explored by U.S. agricultural suppliers. U.S. agricultural exports to Bulgaria in 2014 totaled almost U.S. $70 million, according to Intrastat statistical data provided by the Bulgarian National

Statistical Institute. Over the last five years such U.S. exports have ranged from U.S. $18 to $74 million. U.S.

Post:
Sofia

Executive Summary:
I. **Market Overview**

General Economy

Bulgaria is a new and developing market economy, with gradually decreasing government involvement in foreign investment and trade. For comparison, at the beginning of the transition to a market economy in 1989, the share of private sector employees was essentially zero percent, and at the end of 2014 nearly 75% of the workforce is in the private sector. The Bulgarian economy enjoyed growth above 6% in the period 2000-2008. The economy slowed down in 2011, with GDP growth of 1.8%, and only 0.8% for 2012. Foreign direct investments declined slightly from the average 3% of GDP for the last four years, reaching U.S. $ 1.56 billion (2.8% of GDP) in 2014. About 40% of foreign direct investments are channeled to real estate, 14% to financial intermediation, 9% to energy sector, and the rest is shared among construction building, trade, the service sector, and other sectors (source: Bulgarian National Bank). Exports generate about 52% of the GDP and are the main engine for the country's economic development. The biggest shares of exports are in industrial supplies, consumer goods, fuels, and lubricants. However, this dependence on exports and foreign investments also makes the domestic economy vulnerable to global demand fluctuations. For example, in 2009, the economy suffered almost a 5% decline in economic growth due to the global economic recession.

That decline has its origins mainly in reduced foreign investments in the real estate sector. Before the global recession, Bulgarian GDP was growing at a rate of about 5-6% each year. According to the Bulgarian National Statistical Institute (NSI), the economy grew by 1.3-1.6% in 2013-2014. According to seasonally adjusted data, GDP growth rate for the third quarter of 2015 is 2.9% as compared to the same period in 2014.

The trend of the annual unemployment rate in Bulgaria over the period 2005-2008 was steadily downward, decreasing from 10.1% in 2005 to 5.6% in 2008. However, due to negative impacts of the economic crisis, unemployment rates in the country increased to 11.3%, 12.3%, and 13% in 2011, 2012, and 2013 respectively. In 2014 the unemployment rate decreased slightly to reach 11.4% (source: NSI).

The Bulgarian economy is going through a fundamental restructuring during the transition to a full market-oriented economy. In 1989 Bulgaria's leading trade partner was the Soviet Union. About 65% of Bulgarian exports were directed to the USSR and 53% of Bulgarian imports from the USSR. Today the major trade partner of Bulgaria is the EU. With the size of the export flows for trade in goods, there was also a wide variation between Member States in the balance of these two flows. In 2014 sixteen Member States have negative trade in goods balances - i.e. they import more goods by value from EU partners than they export. Bulgaria also has a negative trade in goods balance of about U.S. $5.4 billion, which is U.S. $0.6 more than in 2013.

The table below illustrates Bulgaria's economic situation in the past three years

National Economy	2012	2013	2014
GDP (billion BGN)	81,544	81,971	83,612
GDP (billion USD)	55.097	57.726	51.932
GDP per capita (BGN)	11,161	11,283	11,574
GDP per capita (USD)	7,541	7,946	7,189
USD à BGN Exchange Rate	$1=BGN 1.48	$1=BGN 1.42	$1=BGN 1.61

Source: Bulgarian National Bank

The leading Bulgarian agricultural trade partners today are EU Member States, neighboring countries, and Russia. Over 72% of Bulgaria's total ag trade is with other EU countries. Top EU ag trade partners are Greece (20.3% of total ag trade), Romania (18.8 %), Germany (8.5 %), and Spain (8.1%). The top ag trade partners outside of the EU are Turkey, the United States, China, Macedonia, and Serbia. The ag trade with the so called Commonwealth of Independent States (some of the former Soviet Republics, including Russia) decreased by 10.4% on an annual basis to U.S. $121 million in 2014. One of the main factors for the decrease is the crisis in Ukraine and the ban on import of agricultural products imposed by Russia. (*Source: Ministry of Agriculture's Agrarian Report*)

The total agriculture, fish, and forestry products two-way trade between the U.S. and Bulgaria in 2014 amounts to $174.6 million, of which U.S. $70 million was U.S. exports and U.S. $104.6 million in U.S. imports (*source: Intrastat report from the Bulgarian National Statistical Institute for the U.S. exports and U.S. Customs –BICO for the imports*). Such data indicates that trade relations between Bulgaria and the U.S. are growing over the last year and that there are good opportunities for further development in the future. Despite the strong appreciation of the U.S. Dollar against the Euro, which affected U.S. exports to all Euro-tied countries, U.S. Exports to Bulgaria for the period January-June 2015 decreased slightly by 13% as compared to the same period in 2014 (*Source: Intrastat statistics from the Bulgarian National Statistical Institute*).

The decrease in the Bulgarian GDP and the appreciated U.S. Dollar had negative influence over the imports of goods from the U.S. As a whole, imports of agricultural goods from the U.S. in Bulgaria were increasing in 2012 and 2013 at U.S. $43 million and U.S. $74 million respectively, while a slight decrease was noted in 2014 at U.S. $70 million (Intrastat statistics from the Bulgarian National Statistical Institute).

Advantages
Increase of consumption of food and edible fishery products is creating demand for more imports.
Migration of people from rural to urban areas continues at a rapid pace.

Bulgarian market is accessible by sea.
Growing food processing industry is looking for new imported food ingredients.
Efficient domestic distribution network.
Marketing costs to increase consumer awareness are low.
Challenges
Bulgarian membership in the European Union puts U.S. exporters in a less favorable position than EU member states because of duties.
Bulgarian domestic producers are receiving European funding to upgrade production efficiency and product quality.
Bulgarian farmers increase agricultural production, reducing demand for imports in the country.
Fluctuations in the exchange rate and current appreciation of the U.S. dollar puts U.S. exporters at a disadvantage compared with exporters of the EU. Bulgarian Lev (BGN) has a fixed exchange rate against the Euro (EURO 1 = BGN 1.95583)

The chart below demonstrates Bulgaria's **agricultural** export and import statistics in recent years in billion USD

International Transactions	2011	2012	2013	2014
Exports (FOB)	4.59	4.25	5.42	4.94
Imports (CIF)	3.14	3.03	3.26	3.31
Balance	1.45	1.22	2.11	1.63
Commodity Circulation	7.74	7.28	8.68	8.24

Source: *Ministry of Agriculture and Food – Agrarian Report 2014*

Geography and Demographics

Bulgaria is strategically located in Southeast Europe, on the commercial route between Europe and Asia. As of December 2014 Bulgaria, has a population of 7.2 million people, representing 1.4% of the total EU population, and a total area of about 111,002 square kilometers. It is densely populated with roughly 63 persons per square kilometer. 63,765 square kilometers of Bulgarian territory is agricultural land; 37,158 sq.km. are forestry; 4,603 sq. km. are settlements and other urbanized areas; 2,390 sq. km are water flow and water areas; 2,711 sq/km. are territory for mining and quarrying raw materials.

The total length of the country's road network is 39,728 km, which includes 610 km of designated motorways, 2,965 km of category I roads, 4,042 km of category II roads, 12,111 km of category III roads and approximately 20,000 km of category IV roads (category I represents roads of national importance, including highways and regional connections; category II – roads of regional importance; category III – streets; category IV – agricultural, forest roads, etc.). Road transportation across most of the country relies primarily on two-lane roads. The railways cover 4,023 km. Bulgaria has a well-developed and constantly improving infrastructure: 6 highways, 230 railway stations, 4 international airports, 2 seaports on the Black Sea, and numerous ports on the Danube river. According to data from the Ministry of Regional Development and Public Works, priority road infrastructure projects in Bulgaria until 2020 include construction of total 1,370 km of motorways (Trakia, Hemus, Maritsa, Struma, Black Sea, Lulin, Sofia-Kalotina, and Veliko Tarnovo - Ruse motorways) and construction/rehabilitation of 914 km of speedways, two new bridges over the Danube river in Silistra and Nikopol, and the construction of the Shipka Tunnel. Five Pan-European corridors cross the country, linking Northern Europe with the Middle East and North Africa.

Both sea and river routes – the Black Sea and the Danube River – offer reliable shipping transportation to and from the country. Bulgaria has 15 Black Sea and 13 Danube River ports for public transport with national importance consisting of a total of 84 and 74 wharves, respectively. The ports with regional importance for public transport are 9 on the Black Sea coast and 21 on the banks of the Danube River. The largest Bulgarian seaports are Burgas and Varna on the Black Sea coast. Varna mainly handles containers, grain and bulk goods, while Burgas mainly deals with crude oil and some bulk commodities. A ferry connection from Varna to Odessa (Ukraine), Kavkaz (Russia) and Poti (Georgia) facilitate the transport of goods between the countries.
The Danube River is navigable during most of the year and supports inland water transport. With the Rhine-Main-Danube canal in use since 1992, Bulgaria has access to large European ports on the North Sea. The main Bulgarian ports on the Danube River are Ruse, Lom and Vidin.

Sofia is Bulgaria's capital with a population of over 1.3 million people. Sofia is situated in Southwestern Bulgaria. The second and third largest cities in Bulgaria are Plovdiv in Central South Bulgaria, with a population of about 342,000 people, and Varna on the west coast of the Black Sea, with a population of approximately 336,000 people (2014 year – source: NSI).

As of December 31, 2014, 5.27 million (73.1%) of total population resided in urban areas and 1. 94 million (26.9%) in rural ones. The Bulgarian population has been decreasing recently. At the end of 2014 senior citizens above working age (65 years and over) made up over 24% of the Bulgarian population, a figure which will continue to grow as birth rates are low and life expectancies increase. Health care and medicine are currently in high demand with the senior population in Bulgaria. Expenses for senior health care will increase in the future. The number of population of working age as of December 31, 2014 was 4.4 million persons (61.1%) of the total population. The traditional model of nuclear family (married with two children) is gradually being replaced by a model of cohabitation with one child. Birth rate in 2014 has increased a little to 0.94%, from 0.92% in 2013.

In Bulgaria there is a significant difference in the consumer behavior of young working people and elderly retirees. Young workers earn higher incomes and have greater consumption. Young people are buying better quality products, visiting restaurants, going on holidays and engaging on other activities. In contrast, older pensioners receive lower pensions and limit themselves to the most pressing needs of the day. The average annual salary in Bulgaria is about $ 6,170 (BGN 9,933 – *source Bulgarian National Bank*), while the average annual pension is about $2,519 (BGN 4,056). This shows that young people have more than two times the purchasing power of pensioners. It has been noted that the number of population over working age in the country is 1.44 million people (20%), which equals to almost one fourth of the population. There are significant differences between big cities and small towns and villages. In major cities employment is high, incomes too, and young people are aiming for them. In contrast, in small towns and villages unemployment is high, incomes are low, and consumption has shrunk, with many of the food and beverages being produced by people themselves.

In Bulgaria only 3% of the people define their income as high, and 40% as average. The remaining 57% define it as low.

The chart below illustrates the average demographics in recent years

Bulgarian Demographics	2012	2013	2014
Birth Rate (%)	0.95	0.92	0.94
Death Rate (%)	1.5	1.44	1.51
Age Structure 0 – 14 yrs (%)	14.4	14.6	14.8
Age Structure 15–64 yrs (%)	61.8	61.7	61.1
Age Structure 65+ yrs (%)	23.8	23.7	24.1

Source: *Bulgarian National Statistical Institute*

II. Exporter Business Tips

Import Agents

Except for major importers with their own offices in Bulgaria, the appointment of an effective import agent is an important decision. Invaluable background information can be provided by representatives from the **Foreign Agricultural Service (FAS)** of the U.S. Department of Agriculture (USDA) office in Sofia: http://bulgaria.usembassy.gov/fas.html, the U.S. Embassy, or representatives of commodity or trade associations such as the American Chamber of Commerce in Bulgaria. See their website at http://www.amcham.bg for a full list of U.S. Producer Association offices located in Bulgaria.

Although factors will vary from case to case, key issues to be considered include:

- What is the extent of the agent's network of distributors, owned or leased storage capacity, and owned or leased transportation arrangements? In particular, does the agent have strong contacts with the responsible purchasing officers in the target sales channels?
- Does the agent have a high proportion of direct-to-market channels or are they heavily dependent on multiple distribution levels?
- Is the agent developing -value-added communications and promotions or are they dependent on price discounts as major sales tool?
- Does the agent have complementary product lines? Although cases vary, exclusivity can provide better incentives to the agent and can help the exporter to maintain improved

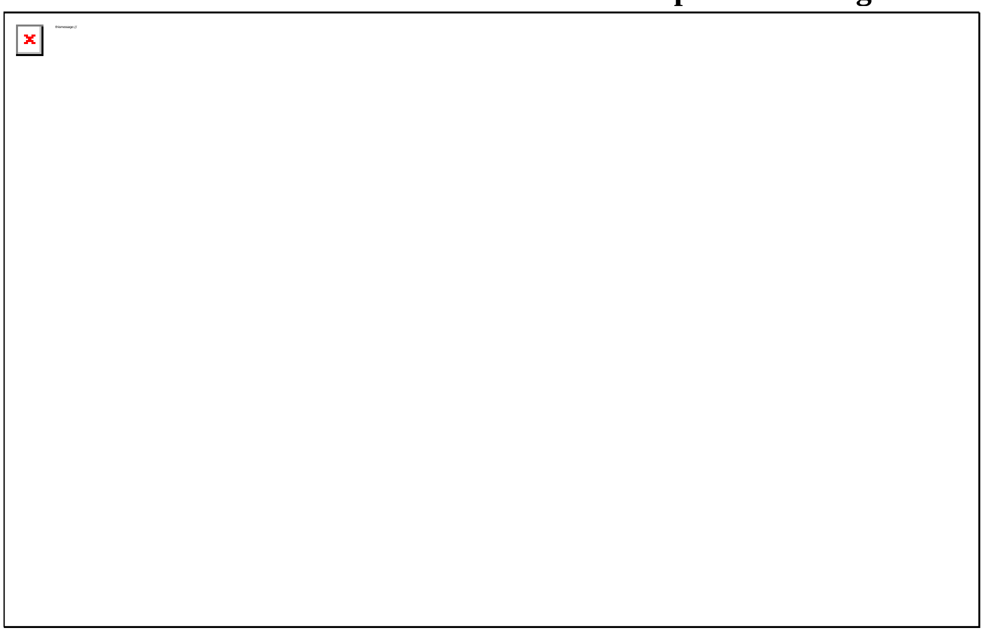
supervision over price and product integrity.

- Does the agent have connections to and networks on the other Balkan markets for future sales expansion opportunities?

Entry Strategy

Bulgarian convenience store, supermarket, and hypermarket chains generally purchase from local importers, wholesalers, and producers. However, the recent tendency is to increase the volume of direct imports to avoid the higher cost of products purchased from importers or to eliminate the middleman. The best method to reach Bulgarian retail buyers and prospective importers initially is to contact them directly via e-mail or fax. Product catalogues and price lists are essential, and samples are very helpful. The bigger retail players in Bulgaria are Kaufland, Lidl, Billa, Metro, Carrefour, Picadilly, CBA, and Fantastico. U.S. suppliers can obtain useful information about them on their websites.

The chart below illustrates the modern trade profile in Bulgaria



A visit to Bulgaria is imperative in establishing meaningful relationships with Bulgarian buyers. Personal relationships and face-to-face meetings are important. While visiting Bulgaria, it is advisable to bring along product samples to meetings with potential buyers, as many importers and retailers rely heavily on subjective factors when deciding on new products to represent.

The typical Bulgarian businessman usually has several interests rather than a single product line. As the incomes of Bulgarian consumers increase, so does their desire for a variety of new products. In order to meet the increasing demand and need for differentiation, importers constantly keep searching for new products, including new-to-market products and new brands of certain products.

On the other hand, many importers follow the customary Bulgarian pattern of collecting basic information (samples, catalogues, prices, supply schedules, etc.) initially for consideration. A trial order to test the market response might then be placed after further contact. Importers generally specialize in a certain product category, and often join with other importers to consolidate shipments for lower overall risks and costs.

Sales and Marketing

Although sales and marketing techniques in Bulgaria are in a process of evolution and development, there remains a high reliance on price discounts in promotional strategies. To minimize reliance on discounting strategies, U.S. food and beverage suppliers, particularly those in the higher value added categories, may benefit by focusing on market education and sales training to develop brand recognition and consumer preference.

Consumer concerns for personal and family health means that foods and beverages believed to provide specific health or nutritional benefits can and often do earn a retail premium above what the market normally bears. Bulgarian consumers tend to be less concerned about cost when shopping for products believed to provide health benefits and may alter purchasing habits in order to include these foods and beverages in their diets. Bakery products, confectioneries, soups, oils and fats, and a wide range of nutritional supplements are just a few examples of product categories for which marketing strategies based on nutritional and health messages have proven to be highly successful. Consumers in Bulgaria are often bombarded by sensational news about food safety which is causing increased concern and skepticism. This may provide opportunities for U.S. companies to promote brand value through an emphasis on natural products and food safety benefits.

Bulgarian Business Customs

Bulgarian businessmen are often refreshingly direct and informal in their business approach and do not have strict business rituals found in other countries. However, there are some local customs that are well worth observing. Greetings and gifts to mark major feasts such as Christmas, New Year's Day, and Orthodox Easter are common. These holidays are key sales periods, similar to Thanksgiving and Christmas in the United States. American companies should consider advanced timing of introducing new products to coincide with these busy holiday gift giving seasons. For example, baking companies will purchase ingredients as early as February or March for Easter cake sales during the Easter holiday period, which falls around April or May, depending on the Orthodox calendar.

Although agents and purchasing managers are always searching for new products, they are also very thorough in their evaluations of products. They prefer to see product samples whenever possible and will often place small trial shipments to test the market response.

One of the most popular leisure time activities in Bulgaria involves eating and drinking. Even first meetings may often be over lunch or dinner. In Bulgaria, with food and drink entertainment is not only a basic tool to influence business relationships, but also considered essential to building friendships that can enhance mutual understanding. Eating and drinking are important parts of Bulgarian culture and every type of local cuisine is available on the market. More and more different ethnic foods are becoming popular every day, but Bulgarian cuisine is generally preferred. Local businessmen are always very gracious and will invite trade contacts to dinner and drinking toasts can usually be expected, although the high alcohol “rakia” (grape brandy) is reserved for special occasions. However, it is more and more common to drink red wine with meals and a light amount of toasting each other is important in developing trust and long-term relationships. The most popular toast in Bulgaria is “Nazdrave!” and corresponds to the English “Cheers!”. When congratulated with “Nazdrave!” one is supposed just to taste one’s drink, and not to empty his glass on single gulp.

Language Barrier

Speaking Bulgarian is not essential in order to do business in the country. Many people speak English, and translators are not hard to find. However, written materials such as company presentations, product brochures etc. will be far more helpful if translated into Bulgarian.

Many Bulgarians strive to send their children to the finest universities in the United States and Western Europe. Therefore, a large percentage of Bulgarian residents speak good English, mostly the youth, who attend English lessons and obtain different language certificates. The American University in Bulgaria (AUBG) provides very good scientific knowledge and practical skills to its students, who often progress successfully through their careers. Many foreign investors prefer AUBG graduates for business contacts.

Food Standards and Regulations

Bulgarian food standards and regulations are harmonized with those of the EU. Phytosanitary and vet control is applied to imported and exported goods with plant and animal origin. Legislation is harmonized with the EU concerning the food safety and marketing standards. For each stage of the food chain from the plant and animal products to the final customer there are EU harmonized requirements for working conditions and hygiene. The local food industry has introduced the HACCP system as well in a number of facilities.

U.S. companies are advised to observe strict product labeling requirements, which require that any health or nutritional claim be first assessed and approved by the Bulgarian Food Safety Agency and Ministry of Agriculture and food and then added to the prescriptions on product package. The label must also be translated into Bulgarian. It should contain the type of product, its name, the names of the manufacturer and importer, the full content of the product, shelf life and others. The country introduced some specific requirements for labeling of certain products. For example, if a dairy product contains vegetable oil its label may not contain the word "dairy product" and must be labeled indicating "Imitation Product Containing Milk". Additionally, cheese containing vegetable oils cannot be offered as cheese, but should be indicated as product containing vegetable oil. In shops, mandatory coloring of the labels was introduced – labels of dairy products containing vegetable oils must be white.

For more information on labeling requirements and food standards, especially for recently imposed requirements for organic food products, please refer to the Foreign Agricultural Service (FAS) of the U.S. Department of Agriculture (USDA) U.S. Embassy Sofia.

Additional information can be found on the web pages of the European Food Safety Agency (EFSA) or the Bulgarian Food Safety Agency (BFSA).

III. Market Sector Structure and Trends

Food Imports

Agriculture makes up 5.2% of Bulgaria's GDP. Land in Bulgaria is most commonly measured by the unit Decare (daa), as 10 daa = 1 Hectare. Domestically, Bulgaria produces wheat, barley, corn, sunflower, tobacco, rapeseed, fresh vegetables, fruits, and grapes. Bulgaria exports cereals, tobacco and oil seeds and imports meat, vegetables, fruits, sugar, fish and coffee. Bulgaria is a relatively small market for U.S. agricultural exports. The agricultural trade balance with the world in 2014 is **$1.63** billion, as compared to $2.11 billion in 2013, which represents a decrease of 22.7%.

Imports from the United States: According to the *BICO U.S. Census Bureau Trade Data* the U.S. food products exports to Bulgaria amounted for almost $44 million in 2014, which represents an increase of 16% as compared to 2013. The share of U.S. consumer-oriented agricultural foods exports are estimated at $14.8 million (up 14.7%), exports of bulk commodities are at about $9.6 million (down 12.3%), ag related products at $8.7 million (up 3.6%), and intermediate products are at $10.7 million (more than 100% increase). (*Source: BICO U.S. Census Bureau Trade Data; Intrastat data **not** included*). This data indicates that stable trade relations between the two countries are continuously developing and market demand for U.S. agricultural exports is increasing. According to the *Intrastat report from the Bulgarian National Statistical Institute* the U.S. exports volumes to Bulgaria are much higher than the reported in the BICO database, topping at nearly $70 million in 2014, which represents almost a 60% difference.

Bulgaria's admission to the EU reflected negatively on fruit product imports from the U.S.A. Import duties are levied on the U.S. products, unlike the duty-free EU products, meaning that the U.S. exporters are at a cost disadvantage in comparison with the EU companies. However, imports of some products are duty-free for EU non-member states which allows the U.S. to export them successfully to

Bulgaria. Since 1997 U.S. poultry meat effectively has been prohibited from entering the European Union (and Bulgaria) due to the U.S. use of pathogen reduction treatments (PRTs), which are approved by the U.S. federal government and are routinely applied in U.S. poultry plants for added hygienic insurance.

Food Processing Sector

The food industry in Bulgaria accounts for 14% of the country's industrial production. The following products have good sales potential on the Bulgarian market: distilled spirits, tree nuts dried fruits, wine, snack/cereal foods, seafood products, pulses, beef, prepared food, and soft drinks/juices.

Prior to CY 2014 there was a visible shift in trade and consumption trends within certain product groups toward more expensive, higher-quality products, including distilled spirits, snack foods, tree nuts, seafood, and soft drinks. The trend has remained stable despite Europe's economic and financial turmoil. U.S. agricultural exports to Bulgaria in several product categories, such as distilled spirits, tree nuts and dried fruits, pulses, and peanuts, reached record high levels after stable increases the past few years. It is expected that the volume of the exports of these and other products will remain stable in 2015 despite the appreciation of the U.S. Dollar against the Euro in the last months.

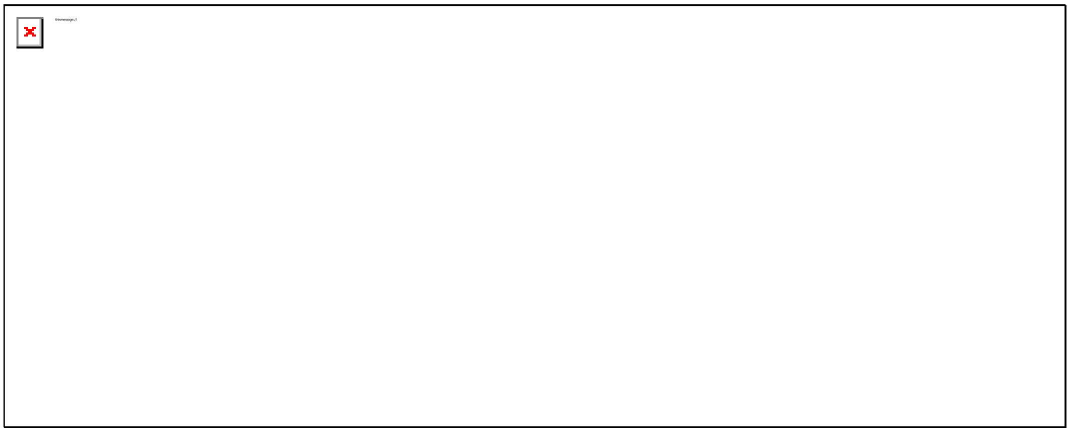
The food production sector accounts for about 14% of total industrial production in the country, contributing about 14% of total value added in industry. The sector provides employment to 80,400 people (15% of all employees in manufacturing). In 2014 the Bulgarian food industry was valued at about $4.8 billion, $4.2 billion of which was the share of the domestic market, with the remainder exported. In 2014 there was a slight increase in producers' prices of about 3%.

For more comprehensive information about the Bulgarian food processing sector, please refer to FAS Sofia's latest **Food Processing Ingredients** report.

Food Retail Sector

Currently the number of modern grocery outlets in Bulgaria stands at nearly 3,900, which represents about 11% of total grocery retail outlets. The leading top 50 retailers currently hold a combined market share of 46% which is likely to reach 55% in 2016. The remaining 54% is held by almost 31,000 traditional grocery stores throughout the country. A prerequisite for this is the concentration of population in large cities. Retail chains in Bulgaria are constantly expanding their networks, and are among the largest investors in the country.

Table 1. Top 10 Retailers and Number of Outlets



According to the Bulgarian Association for Modern Trade (BAMT), in 2013 the retail market was estimated at 10.3 billion leva (U.S. $7.47 billion) and at 10.15 billion leva in 2014.

For more comprehensive information about the Bulgarian retail market, please refer to FAS Sofia's latest **Retail Market Update** report.

HRI Food Service Sector

The Hospitality, Restaurant, and Institutional food (HRI) sector in Bulgaria is a relatively new industry which emerged after the privatization and market reforms in the mid-1990s that developed after 2000. This is still a young industry with no long professional traditions, especially in the area of high value services. The sector developed dynamically in the period 2007-2012 in parallel with the economic growth of that period. The development of tourism and of shopping malls considerably contributed to the growth.

Bulgaria has 35,776 HRI outlets. The industry employs 137,000 people with a turnover of 3.6 billion leva (U.S. $2.12 billion) in 2014 (source: Euromonitor). Since 2000, the number of outlets grew by 20% starting from 29,700. Higher purchasing generated growth and expansion in the industry for the period 2000-2008. The number of outlets is the highest in the South West part of the country, followed by the South East and South Central regions.

The diagram below indicates product flow in the HRI sector for the U.S. exporters.

For more comprehensive information about the Bulgarian Hospitality, Restaurant, and Institutional food service industry, please refer to FAS Sofia's latest HRI report **here**.

Organic Foods Sector

Since Bulgaria's accession to the EU in 2007, the interest in organic farming has grown considerably. The driver behind this interest is improved export demand, mainly to the EU market, as well as good production subsidies, and favorable governmental policy. However, as of today, the land under organic farming is 0.8% of all utilized agricultural land and organic food sales are below 1.0% of total food sales due to the low purchasing power of local consumers. Over 90% of local organic products are exported while over 80% of organic products on the market come from imports. Despite the numerous challenges, the prospects for organic farming are good, especially if the local market for organic foods develops and stimulates sustainable consumer demand.

More information about the organic food sector in Bulgaria can be found in the **Organic Food Market** and **Organic Sector Update** GAIN report issued by FAS Sofia.

IV. Best Consumer Oriented Product Prospects

Product	2013>2014 Imports (Mill. USD)	Import Tariff Rate	Constraints over Market Development	Market Attractiveness for U.S.
Grape Wines	16.3 > 15.3	9.90Euro/HL for still, and 32.00 Euro/HL for sparkling. Excise Tax= 0% VAT = 20%	Bulgarian wines still dominate the market. Imported wines account for 10% of total wine volume.	Bulgarian wine industry traditionally produces high quality wine. Due to the lack of wine imports during the

				socialist period consumer prefers mainly local brands. During the last few years, the Bulgarian market witnessed wine imports, mainly from Italy, France, Spain, Chile, and USA. Imported brands are not yet popular enough, due to the low purchasing power of the Bulgarian consumer and the strong local competition. Most consumers of mass-production wine live in the major cities, due to home-made wine production in smaller cities and villages. The import of U.S. wines is increasing for the last years and the Bulgarian consumers are becoming more aware about its high quality and diversified taste. For more information about the Bulgarian vine and wine sectors, please see FAS Sofia's latest GAIN report here.
Tree Nuts	17.9 > 18.3	From 0 to 12.8% depending on the type of the nuts. More information	African countries, China and Middle East countries are the main competitors to U.S.	American nuts are the dominant on the Bulgarian market. For more

		pertaining to other dried fruits and nuts is available in the EU official Journal pages 94 through 100, 157, and 165.	exporters in Bulgaria. The Chinese and African nuts are considered of lower quality due to lower quality standards.	information, see FAS Sofia's Dried Fruits and Nuts Product Brief here and the Peanuts Market Brief here.
Distilled Spirits	90.2 > 91.7	See the unified tariff schedule, where the actual tariff rates for different products can be found. For more detailed information, the TARIC database is accessible from here. For more detailed information about the excise tax rates for alcoholic beverages applicable in the European Union as of July 1st 2013 please refer to the official web page of the General Taxation and Customs Union Directorate at the European Commission here.	Scotch and Irish whiskeys are still dominant on the Bulgarian market. U.S. whiskey's market share is estimated at almost 20%.	For more information see FAS Sofia's Distilled Spirits Product brief report here.
Food Preparations	89.2 > 98.7	Varies by type. Detailed information on food preparations tariffs can be found in the official EU Journal in pages 173-174.	Strong competition from other exporters (mainly from the EU).	U.S. food preparations can successfully increase their market share through marketing campaigns, due to the high quality of the products.
Beef	32.1 > 41.3	For more information see FAS Warsaw's	Strong competition from Latin American and European	Awareness of high quality of the U.S. beef on the

		General Guidance on Exporting High-Quality Beef to EU report here.	producers/exporters; The price level of U.S. beef is higher compared to other imported beef; Limited purchasing power of the average Bulgarian customer.	Bulgarian market remains moderate among commercial and private sector customers; Positive perception and good image for U.S. beef should be created by educating the main buyers (restaurants and hotels) about its high quality and diversified tastes. For more information see FAS Warsaw's General Guidance on Exporting High-Quality Beef to EU report here.
Seafood	82 > 87.4	Tariffs for seafood products exported to the EU range from zero to 22% depending on species, level of processing, and the time of year. Detailed information on seafood tariffs can be found in the official EU Journal in pages 47-69 and 134-139.	The Bulgarian market is supplied with various types of fresh saltwater and freshwater fish, as well as frozen sea and ocean fish. Frozen fish is well accepted by the consumers. Recently the consumption of other types of sea food is also increasing.	The increasing consumption of seafood in Bulgaria offers good opportunities for U.S. exporters. U.S. suppliers can use this trend of increasing sea food consumption in the country. For achieving this goal, U.S. exporters must overcome the competition from other EU exporters (Greece, Spain, Netherlands, etc.), as well as, Argentina, Chile, China. For more information see FAS Sofia's Fish and Seafood Market

				Brief report here.

Source: Global Trade Atlas; FAS Sofia researches; National Statistical Institute

V. Key Contacts and Further Information

American Institutions in Bulgaria

Foreign Agricultural Service (FAS) of the U.S. Department of Agriculture (USDA)
U.S. Embassy
16 Kozyak Str., Sofia 1408, Bulgaria
Tel: (359) 2-939-5774 Fax: (359) 2-939-5744
E-mail: alexander.todorov@fas.usda.gov Website: http://bulgaria.usembassy.gov/fas.html
agsofia@fas.usda.gov

United States Department of Agriculture, Foreign Agricultural Services
U.S. Department of Agriculture, Washington, D.C. 20250
E-mail: info@fas.usda.gov Website: http://www.fas.usda.gov

Bulgarian Central Authority Agencies

Ministry of Agriculture and Food
Blvd. Hristo Botev 55 Sofia 1040 Bulgaria
Tel: (359) 2-985-11858; Fax: (359) 2-981-7955
Website: http://www.mzh.government.bg

Ministry of Health
Sqr. Sveta Nedelya 5, Sofia 1000, Bulgaria
Tel: (359) 2-981-0111
E-mail: press@mh.gevernment.bg Website: http://mh.government.bg

Direction Public Health
Tel: (359) 2-9301-252
E-mail: saltankova@mh.gevernment.bg

Bulgarian Food Safety Agency
Bul. Pencho Slaveikov 15A, Sofia 1606, Bulgaria
Tel: (359) 2-915-98-20 Fax: (359) 2-954-9593
E-mail: bfsa@bfsa.gov
Website: http://www.babh.government.bg/en/

Bulgaria Customs Agency, Ministry of Finance

Str. Rakovski 47, Sofia 1202, Bulgaria
Tel: (359) 2-9594-210 Fax: (359) 2-9859-4528
E-mail : pr@customs.bg Website : http://customs.bg

Ministry of Economy, Energy and tourism
Str. Slavyanska 8, Sofia 1000, Bulgaria
Tel: (359) 2-940-71 Fax: (359) 2-987-2190
E-mail : e-docs@mee.government.bg Website: http://www.mi.government.bg

Major Bulgarian Trade Associations

American Chamber of Commerce in Bulgaria
Business Park Sofia, bld. 2, fl. 6. Sofia 1766 Bulgaria
Tel: (359) 2-9742 Fax: (359) 2-9742-741
E-mail: amcham@amcham.bg Website: http://www.amcham.bg

Bulgarian Chamber of Commerce and Industry
Str. Iskar 9, Sofia 1058 Bulgaria
Tel: (359) 2-811-740 Fax: (359) 2-987-3209
E-mail: bcci@bcci.bg Website: http://www.bcci.bg

Bulgarian Industrial Association
Str. Alabin 16-20, Sofia 1000 Bulgaria
Tel: (359) 2-932-0911 Fax: (359) 2-987-2604
E-mail: office@bia-bg.com Website: http://www.bia-bg.bg

Association of Producers, Importers and Traders of Spirits
NDK Prono fl. 15 offices 8&9, Sofia 1414 Bulgaria
Tel: (359) 2-963-1254 Fax: (359) 2-963-1254
E-mail: apitsd@mail.bg Website: http://www.apitsd.bg

Bulgarian Association of Dairy Processors
Zh.K. Lagera bl. 44 vh. A Sofia 1612 Bulgaria
Tel: (359) 2-953-2723 Fax: (359) 2-952-3265
E-mail: bam@mb.bia-bg.com Website: http://www.milkbg.org

Association of Meat Processors in Bulgaria
Shipchenski Prohod Blvd. 240 ent. A floor 3, Sofia Bulgaria
Address for correspondence Post Box 61 AMB Sofia 1111 Bulgaria
Tel: (359) 2-971-2671 Fax: (359) 2-973-3069
E-mail: office@amb-bg.com Website: http://www.amb.amb99.com

Branch Chamber of Industrial Bread Producers and Confectioners in Bulgaria
Srebyrna Str. 22q Sofia 1407 Bulgaria
Tel: (359) 2-969-8059 Fax: (359) 2-969-8061
E-mail: bread_industrial@abv.bg Website: http://www.bread-indusrial.org

Association of Fish Products Producers BG Fish
Vitosha Blvd. 31-33, Sofia 1000, Bulgaria
Tel: (359) 2-981-7589 Fax: (359) 2-981-7589
E-mail: bgfish@bgfish.com Website: http://www.bgfish.com

Union of Bulgarian Millers
Pavlina Unufrieva Str. 4, Sofia 1510 Bulgaria
Tel: (359) 2-936-7925 Fax: (359) 2-813-2600
E-mail: sbm@ins.bg Website: http://www.ubm-bg.org

Appendix - Statistics

A. 2013-2014 Bulgaria Demographic Information

	2013	2014
Total Population (thousands)	7,246	7,202
Population Increase Rate (%)	-0.5	-0.6
Population Density (persons/km^2)	65.3	64.9
Birth Rate (‰)	9.2	9.4
Death Rate (‰)	14.4	15.1
Labor Force (thousands)	4,472	4,403
Unemployment Rate (%)	13	11.4

Source: National Statistical Institute Bulgaria

A. 2013-2014 Bulgaria Trade Information

	2013	2014
GDP (million BGN)	81,971	83,612
GDP per capita (BGN)	11,283	11,574
Economic Growth Rate (%)	+1.3	+1.6
Ag Exports FOB (Thousand USD)	5,421,621	4,935,377
Ag Imports CIF (Thousand USD)	3,261,518	3,305,898
Foreign Exchange Rate (USD = BGN)	1 USD = 1.42 BGN	1 USD = 1.61 BGN

Source: Bulgarian National Bank; Ministry of Agriculture's Agrarian Report

A. 2012-2014 Top 15 Suppliers of Consumer Foods to Bulgaria

Bulgaria Import Statistics

Commodity: Consumer Oriented Agric. Total, Group 32 (2012)							
Calendar Year: 2012 - 2014							
Partner Country	**United States Dollars**			**% Share**			**% Change 2014/2013**
	2012	**2013**	**2014**	**2012**	**2013**	**2014**	
World	1,703,008,285	1,831,347,718	1,878,530,936	100.00	100.00	100.00	2.58
Germany	239,666,336	274,465,167	303,776,876	14.07	14.99	16.17	10.68
Poland	193,790,017	265,072,077	242,218,192	11.38	14.47	12.89	- 8.62
Greece	185,801,983	209,458,671	184,929,268	10.91	11.44	9.84	- 11.71
Romania	196,938,448	158,948,622	172,575,408	11.56	8.68	9.19	8.57
Netherlands	94,051,800	117,218,452	124,153,097	5.52	6.40	6.61	5.92
France	95,110,559	96,529,036	108,701,317	5.58	5.27	5.79	12.61
Spain	89,787,301	101,829,054	106,382,114	5.27	5.56	5.66	4.47
Turkey	77,044,723	94,350,253	102,607,597	4.52	5.15	5.46	8.75
Italy	79,131,958	86,078,403	93,028,591	4.65	4.70	4.95	8.07
Hungary	82,060,109	83,918,611	80,229,862	4.82	4.58	4.27	- 4.40
Austria	39,347,001	41,092,004	42,705,318	2.31	2.24	2.27	3.93
Belgium	52,522,182	46,805,561	41,913,793	3.08	2.56	2.23	- 10.45
Czech Republic	37,620,550	45,922,998	40,569,415	2.21	2.51	2.16	- 11.66
Macedonia	12,806,267	14,657,279	20,212,922	0.75	0.80	1.08	37.90

A. **2012-2014 Top 15 Suppliers of Fish & Seafood Products to Bulgaria**

Bulgaria Import Statistics Commodity: Fish & Seafood Products, Group 9 (2012)			
Calendar Year: 2012 - 2014			
Partner	**United States Dollars**	**% Share**	**%**

Country							Change
	2012	2013	2014	2012	2013	2014	2014/2013
World	69,046,989	82,024,682	87,374,483	100.00	100.00	100.00	6.52
Greece	9,759,682	11,364,522	9,156,347	14.13	13.86	10.48	- 19.43
Spain	8,661,473	8,534,516	8,902,121	12.54	10.40	10.19	4.31
Czech Republic	6,496,466	7,954,691	8,557,216	9.41	9.70	9.79	7.57
Lithuania	3,751,630	4,550,744	5,407,164	5.43	5.55	6.19	18.82
Netherlands	4,926,031	5,608,532	5,219,419	7.13	6.84	5.97	- 6.94
Romania	3,178,617	2,926,436	5,129,356	4.60	3.57	5.87	75.28
Denmark	1,122,453	3,083,825	5,096,332	1.63	3.76	5.83	65.26
Germany	2,918,932	4,283,871	5,095,390	4.23	5.22	5.83	18.94
United Kingdom	890,116	2,429,323	5,026,952	1.29	2.96	5.75	106.93
Sweden	795,833	1,122,200	3,209,158	1.15	1.37	3.67	185.97
China	2,540,648	2,386,013	2,785,224	3.68	2.91	3.19	16.73
Poland	3,984,396	3,956,657	2,724,695	5.77	4.82	3.12	- 31.14
Vietnam	3,572,564	3,861,887	2,670,062	5.17	4.71	3.06	- 30.86
Belgium	1,453,343	2,993,808	2,038,940	2.10	3.65	2.33	- 31.89

Source: Global Trade Atlas

The public reports published by FAS Sofia in 2014 and 2015 can be reached by following the links from the below table.

Grain and Feed Update
Organic Sector Update
Organic Foods Market Update
Grain and Feed Update
Agricultural Trade Update
Biotechnology Annual Report
U.S. Wine and Beef "Beyond Discovery "Promotion in Sofia
Legumes Sector Update
Grain Update October
Oilseeds Update
Grain and Feed Update
Oilseeds Update
Exporter Guide Update
FAIRS Certification
Wine Report Bulgaria
Fish and Seafood Market Brief - Bulgaria

Oilseeds Update
Grain and Feed Update
Wine Sector Update
Fresh Deciduous Fruit Sector Update
Retail Market Update
Food Safety Agency Change
Dairy Generics Market Update
Tree Nuts Market Update
Sunflower Market Diversifaction
Popcorn Market Update
Biotechnology Annual
Food Processing Ingredients Bulgaria
Stone Fruit Annual
Biofuels
Poultry Sector Update
Red Meat Sector Update
Spirits of America Promotion
Grain and Feed Update
Oilseeds and Products Update
Looming Public Health Tax Threatens Food Trade
New Regulation about Food Destined for Children Iinstitutions
FAS Sofia Assists to Promote U.S. Whiskey
Hotel, Restaurant, and Institutional Food Service (HRI)

End of Report

Author Defined: