



European Dairy Association



Dairy Focus 01/2018

Bulgarian EU Presidency



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Foreword

Bulgaria joined the EU in 2007 and celebrated its 10th anniversary of EU Membership in 2017. Since 2007, Bulgaria has engaged in a process of important changes and managed an impressive modernization agenda.

The EU cohesion policy support as well as the implementation of the Common Agricultural Policy have contributed to the steady growth and positive development of Bulgaria.

Official Eurostat figures show that Bulgaria's economy has uncorked the potential of its EU membership: the Bulgarian GDP increased from € 28.7 billion in 2007 to € 45 billion in 2016. Over the last ten years, the strengthening of the competitiveness and the improvement of the business environment have been key points of Bulgaria's political agenda.

The Bulgarian "lactosphere" is still in a substantial transformation process which is supported by domestic support programmes. Nevertheless, dairy investments from other EU countries underline the positive outlook for the Bulgarian dairy sector and the new Bulgarian approach to dairy exports within the EU trade strategy show promising first results.

For the first half of 2018, Bulgaria will now for the first time take the lead of the EU with the Bulgarian EU Presidency. Bulgaria succeeds to a very successful Estonian EU Presidency and will have the responsibility to lead the EU in troubled times. We know that we can count on the Bulgarian leadership in a series of challenging dossiers, like the discussions on the future CAP post 2020 or the ongoing Brexit negotiations.

When it comes to agriculture and dairy, Bulgaria will manage and chair the Council meetings of the 28 ministers of agriculture and shape the policy decisions.

Bulgaria has scheduled the following Agricultural Council meetings until mid 2018: 29/01, 19/02, 19/03, 16-17/04, 14/05 (tbc), 18-19/06 and 03-05/06 Informal Council in Sofia.

We are looking forward to the Bulgarian EU Presidency. The Presidency's priorities clearly indicate that the country is committed to work on a large series of crucial European dossiers.

For milk and dairy, we trust that the Bulgarian Presidency will defend the European dairy sector, the milk producers and their dairies.

We are looking forward to a good cooperation with Bulgaria, a country with a rich dairy history far beyond the groundbreaking work of Prof. Stamen Grigoroff and his discovery of the *Lactobacillus bulgaricus*, and a country with a promising dairy future.



Alexander Anton
EDA Secretary General

Michel Nalet
EDA President

Да живее Европа и да живее млякото!
Vive le lait et vive l'Europe!



The Bulgarian Presidency of the Council of European Union

In January 2018 Bulgaria will assume the Presidency of the Council of the European Union for the first time since its accession in 2007. We are determined to succeed in this highly responsible task in the light of the difficult challenges and changes the European Union is facing.

The main priority for the Bulgarian Presidency will be to organize an effective debate within the Council on the modernization and simplification of the Common Agricultural Policy following the Communication on the CAP from the European Commission and based on the policy options, which will be proposed. In the debate on the future CAP the Bulgarian Presidency plans to place a special emphasis on maintaining an adequate financing for the CAP.

The future Presidency considers it important to have CAP defined in such a way that will contribute to the improvement of the farms sustainability and to the stability of the income level for the farmers, including those in the dairy sector. We will continue to monitor the agricultural markets with information from the Commission in order to take preventive measures against a new crisis at the scale of the one we have witnessed in the last two years.

In view of its importance the Bulgarian presidency will follow up the topic on the unfair trade practices, as we expect the evaluation of the state of play and information from the Commission on the timing for proposing possible EU legislation.

In order to safeguard the interests of the European farmers and consumers the Bulgarian Presidency intends to play an active role in expressing the positions of EU at different international fora.



Dr Tzvetan Dimitrov
*Deputy Minister - Ministry of
Agriculture, Food and Forestry*

In the veterinary field the work during the Bulgarian Presidency will be focused on the sustainable management of the animal health. Considering the challenging epidemiological situation with transboundary animal diseases in which the wildlife has a significant role, the Bulgarian Presidency will emphasize on issues such as surveillance, control, economic impact, hunting practices, regional cooperation and strategies when wildlife is involved, aiming at comprehensive and integrated approaches to improve the animal health government in the EU.

The topic of the animal welfare will be another priority for the Bulgarian Presidency. Discussions on the live animal transport during long journeys and the implementation of the international standards along the whole chain will be important part of the Bulgarian agenda in the veterinary field.

Dr Tzvetan Dimitrov
*Deputy Minister
Ministry of Agriculture, Food and Forestry*



Introduction to The Bulgarian Dairy Sector

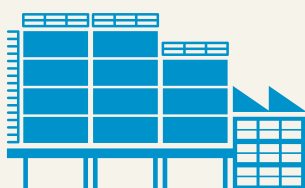
28,674

dairy farms (cows only)



7.128 million

population of Bulgaria



215 milk
processing
sites



1,353,086

ewes

271,300

dairy cows



285,619

goats

The Bulgarian dairy sector in numbers (2016)



**MILK
PRODUCED
PER YEAR**

79,296 tonnes

ewes' milk

1,018,567 tonnes

cows' milk

40,969 tonnes

goats' milk



**3.65
tonnes**

average milk yield
per cow per year



**MILK
DELIVERED
PER YEAR**

22,510 tonnes

ewes' milk

524,040 tonnes

cows' milk

10,650 tonnes

goats' milk

THE MAIN PRODUCTS



Fresh dairy products (including
yogurt) liquid milk and cheese



The Bulgarian Dairy Sector

Milk production

Dairy farming is one of the main subsectors of animal husbandry in Bulgaria. In recent years many investments have been made at every stage of the milk production and processing chain – in the high quality of the genetic material, modernization of agricultural holdings and milk collection centers as well as milk production facilities.

The milk production forms 39,4% of the animal production gross value and 9,2% of the total gross production of the agricultural sector in our country. Despite the relatively low average milk yield – 3 645 kg, the significant number of dairy farms makes the sector significant in social and economic terms for the rural areas.

Moreover in the last years the Bulgarian dairy sector undergoes intensive process of restructuring. There is a declining trend in the number of the dairy farms as small non-market structures, producing for their own needs are dropping out.

At the same time the dairy farms are consolidated and modernized. By the end of 2016, more than 85% of the dairy cows are kept in farms with over 10 cows, 80.3% of the ewes are in farms with over 50 animals and 53.3% of the goats in farms with over 50 animals.



The Bulgarian Dairy Sector

The production of cowmilk is essential for the dairy sector in the country, forming about 89-90% of the total raw milk production. Sheep and goat farming are traditional for the country and they provide subsistence to a large part of the rural population.

In order to be able to cope successfully with the increased competition on the European market, Bulgarian dairy farms are making efforts to improve their efficiency by consolidating the herds, improving the breeding and selection work, ensuring rational animal feeding, optimizing the costs and increasing the average milk yield. During 2014-2016, an average productivity increase is reported for all types of dairy animals

The policy of the Ministry of Agriculture, Food and Forestry contributes to stabilizing the sector. It aims at protecting the interests of farmers, enhancing the market orientation, increasing the productivity and competitiveness of the Bulgarian production. The dairy farming is one of the priority sectors, the development of which is promoted both by means of the European agricultural funds (coupled support schemes and market measures) and with financial support from the national budget in the form of transitional national aid and state aid.

Processing raw milk

In the last three years about 215 milk-processing establishments have been functioning in the country, employing about 7,000 persons. The total production of end products in the milk-processing establishments in the country is about 300 thousand tons per year, amounting to about BGN 700 million per year.





Export of milk and milk products

Bulgarian yoghurt has gained worldwide recognition/popularity thanks to its nutritional, dietary and healing properties which distinguish it from other fermented milk products. Its qualities are due to the activity of its specific microflora, which is a combination of *Lb. bulgaricus* и *Str. Thermophilus*. The production of Bulgarian starter cultures (leavens) for the dairy products is a traditional and important part of this sector in Bulgaria and occupies an ever increasing economic share. The white brined cheese is a classic and famous cheese, the tradition of which dates back thousands of years.

The famous Bulgarian white brined cheese and yellow cheese (kashkaval) from cow or sheep milk are in very high demand on both domestic and foreign markets because of its excellent taste and established production tradition.

This is why their exports increase from year to year. Bulgarian dairy products such as white brined cheese, yellow cheese (kashkaval) and fermented milk products are well received at many world fairs, and attract the interest of a growing number of consumers.

In recent years, special attention has been paid to the promotional programmes co-financed by the EU, which contribute to increase in the export of Bulgarian dairy products (white brined cheese, yellow cheese and yoghurt) both in EU and to third countries.

In 2016, the export of milk and dairy products amounted to EUR 105.7 million, representing nearly 3% of the country's total agricultural exports. More than 80% of the total export of milk and milk products in the last several years is to the EU. Despite the enhanced competition on the European

From its EU accession in 2007, the Bulgarian dairy sector have worked efficiently towards adapting to the EU rules and market standards. Over the years, more than €502 million were invested to enhancing the competitiveness of SMEs in the agricultural sector.

In Bulgaria, dairy farms produce close to 80,000 tonnes ewes' milk, more than 1,000,000 tonnes of cows' milk and 41,000 tonnes of goats' milk.

Overall, more than 271 thousand cows are milked with an average yield of less than 4 tonnes/year. For the period 2011-2016, the Bulgarian raw milk price averaged around 31.21€/100kg.

Since the end of the European milk quota regime, the Bulgarian dairy sector have undergone a restructuring process.



Flora Dewar,
*EDA trade & economics
officer*



The Bulgarian Dairy Sector



dairy market in the context of increased supply and the Russian ban on imports from the EU, in 2016 Bulgarian export of milk and dairy products to the Union grew by 15% compared to 2014.

The most significant quantities are exported to Greece, followed by the exports to Romania, Germany, Cyprus and Spain. Bulgarian dairy products are also very popular in countries like Japan, USA, Australia. Recognized and highly appreciated are Bulgarian cheeses in the Middle East, while China has also shown increased interest in recent years. For the past three years, export of milk and milk products to non-EU countries range from 7 to 8 thousand tons, mainly white brined cheese from cow and sheep milk and yellow cheese (kashkaval). Most significant quantities were exported to the US, Lebanon and Australia.

Traditional Bulgarian dairy products with excellent taste qualities have been successfully marketed at major agricultural and food exhibitions such as Green Week - Berlin, SIA - Paris and others.

Challenges facing the sector in Bulgaria

The situation in the sector remains uncertain and unpredictable. In our country, the possibilities offered by the producer organizations and collective bargaining have not been fully used. There are large number of small-scale farmers with low turnover in Bulgaria, for whom the association as an option would not be viable and attractive without an additional financial support.

We consider that providing financial support at EU level will stimulate the association in the sector.



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'European Dairy - Our way forward'

EDA Policy Conference

Wednesday, 21st March 2018, Brussels,
14.00 – 18.00



Confirmed speakers include:

Tom Tynan, member of the cabinet of EU Commissioner
Phil Hogan and **Dr Tzvetan Dimitrov**, Deputy Minister
- Ministry of Agriculture, Food and Forestry, Bulgaria

Venue : Espace Banca Monte Paschi 22-28 avenue d'Auderghem - B 1040 Brussels

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The European Dairy Association represents
the interests of dairy processors in the European Union



Save the date :

EDA Annual Convention 2018
'A green future for European
Dairy' - Dublin, Ireland
15-16 November 2018

Hosted by

