

BULGARIA/6

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BULGARIA SOFT-PEDALS FOOD INDUSTRY EXPORTS TO WEST

Summary: Bulgaria's long-term plans call for a reduction of emphasis on food industry exports to the West and for substantially increased exports to its Comecon partners. Although Bulgaria's strong case for investment aid in this sector rests on this change in emphasis, Comecon members have not been quick to respond with investment credits for the development of its agriculture and food industry.

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Exports by the Bulgarian food industry (1) to nonsocialist countries are to remain relatively static from 1970 to 1990, according to an article by Stefan Balkanski which appeared in the industry's trade journal. (2) At the same time, food industry exports to socialist countries in 1990 are planned to reach almost 215 per cent of the 1970 level.

The food industry accounts for a significant proportion of Bulgaria's industrial production -- 26 per cent in 1970 -- and its share of total exports is even more important: 31.9 per cent of total export volume.

A comparison of per capita production and consumption of food industry commodities illustrates the large proportion of the output of selected products which is exported.

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- (1) Including tobacco and tobacco products.
 - (2) Klranitelna Promishlenost No. 5, 1973, pp. 9-11.

Per Capita Production and Consumption of Selected
Food Products, 1970

Product	Unit	Production	Consumption
Wine	liters	41.9	18.6
Tobacco	kilograms	14.1	1.4
Vegetables	kilograms	195.3	88.9
Fruits	kilograms	151.1	127.5

This table shows that about 60 per cent of Bulgaria's wine production is exported, as are 90 per cent of its tobacco products, 50 per cent of its vegetables, and 15 per cent of its fruit.

Long-term plans call for very large production increases during the 1970-1990 period. In 1990 meat production is to be 2.8 times the 1970 level; meat products -- more than 2 times; cheese -- 2 times; canned fruits and vegetables -- more than 2.8 times; tobacco products -- about 3 times; and table wines -- more than 2.4 times.

Plans for the period up to 1990 call for the following changes in food industry exports by economic regions:

Food Industry Exports, 1970-1990

Destination	1970	1975	1980	1985	1990
Socialist Countries	100	122.4	150	182.7	214.4
"Capitalist" Countries	100	107	87	93	98.3
Total	100	118.5	123.3	162.3	188.4

Except for the slight increase of 7 per cent up to 1975, planned exports of food industry commodities to the West are to

be below the 1970 level. On the other hand, exports to socialist countries are to increase steadily until they are more than doubled by 1990. From these figures one must conclude that Bulgaria does not expect to use its food industry as a means of earning hard currencies but intends to concentrate its efforts on increasing exports to its Comecon trading partners.

As was to be expected, the developments planned for various subbranches of the food industry are not uniform. For example, total export of fresh and processed fruits and vegetables is to increase only 9.9 per cent during the period 1975-1990. At the same time the share of fresh fruit and vegetable exports is to decline from 38.2 per cent in 1975 to 34.9 per cent in 1990. Much of the decrease will be due to a shift from fresh to processed fruits and vegetables in the case of exports to socialist countries. An opposite trend is expected in Bulgarian exports to the West. Consequently, in 1975, of the 38.2 per cent figure given for planned exports of fresh fruits and vegetables, 32.2 per cent is slated for socialist countries and 6 per cent for the West. In 1990, when fresh fruit and vegetable exports are to decline to 34.9 per cent of total fruit and vegetable exports, 23.2 per cent will go to socialist countries and 11.7 per cent to "capitalist" countries. Processed fruits and vegetables will account for 61.8 per cent, of which 50 per cent will go to socialist countries and 11.8 per cent to the West. In 1990, when the share represented by processed exports grows to 65.1 per cent, the breakdown will be 56.5 per cent and 8.6 per cent.

Wine exports are to grow significantly between 1970 and 1990. By 1990 exports of Bulgarian table and dessert grape wines are expected to reach almost 2.2 times the 1970 level. Most of this will still be exported to socialist countries, but their share is to be reduced slightly from the 1970 figure of 94.5 per cent to 86.6 per cent in 1990. On the other hand, while the proportion going to the West is to increase from 5.5 to 13.4 per cent over the next two years, it is expected to decline from a high of 14 per cent in 1975 to 13.4 per cent in 1990.

Tobacco and tobacco products are the largest commodity group in the food industry's exports, accounting for over 40 per cent of them in 1970. This compares with 23.5 per cent for the canning industry, 20 per cent for wine, and 15.8 per cent for the remaining subbranches of the industry.

It is expected that the absolute increase in the number of cigarettes exported in 1990 will be about three times the 1970 level, and tobacco exports are to grow by about 2.2 times the 1970 level over the period. Most of the output of the tobacco branch of the food industry is currently exported to socialist countries. During the 1966-1970 period almost 100 per cent of Bulgaria's cigarette exports went to socialist countries, and 75 per cent of its total export of tobacco. The breakdown of tobacco and cigarette exports to socialist countries indicates that the Soviet Union is Bulgaria's chief customer, taking 70.9 per cent of its tobacco and 84.3 per cent of its cigarette exports to socialist countries during 1966-1970. During 1971-1975 the corresponding figures are expected to be 82.0 and 83.3 per cent.

Bulgaria is planning to increase its production (and export) of tobacco, and intends to shift its production away from oriental varieties to broad-leaf Virginia and Burley tobaccos. In 1990 these two types will account for almost 50 per cent of all tobacco production, compared with about 9 per cent in 1970.

The growing emphasis on exports of food industry products to socialist countries and the relative soft-pedaling of exports to hard currency areas explains why Bulgaria feels that its case for receiving investment aid from other Comecon countries to develop its agricultural and food industries is very strong. There has, however, been little response, although these are the very countries that would benefit significantly from any increases in Bulgarian output.

Harry Trend