

ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

Bulgaria

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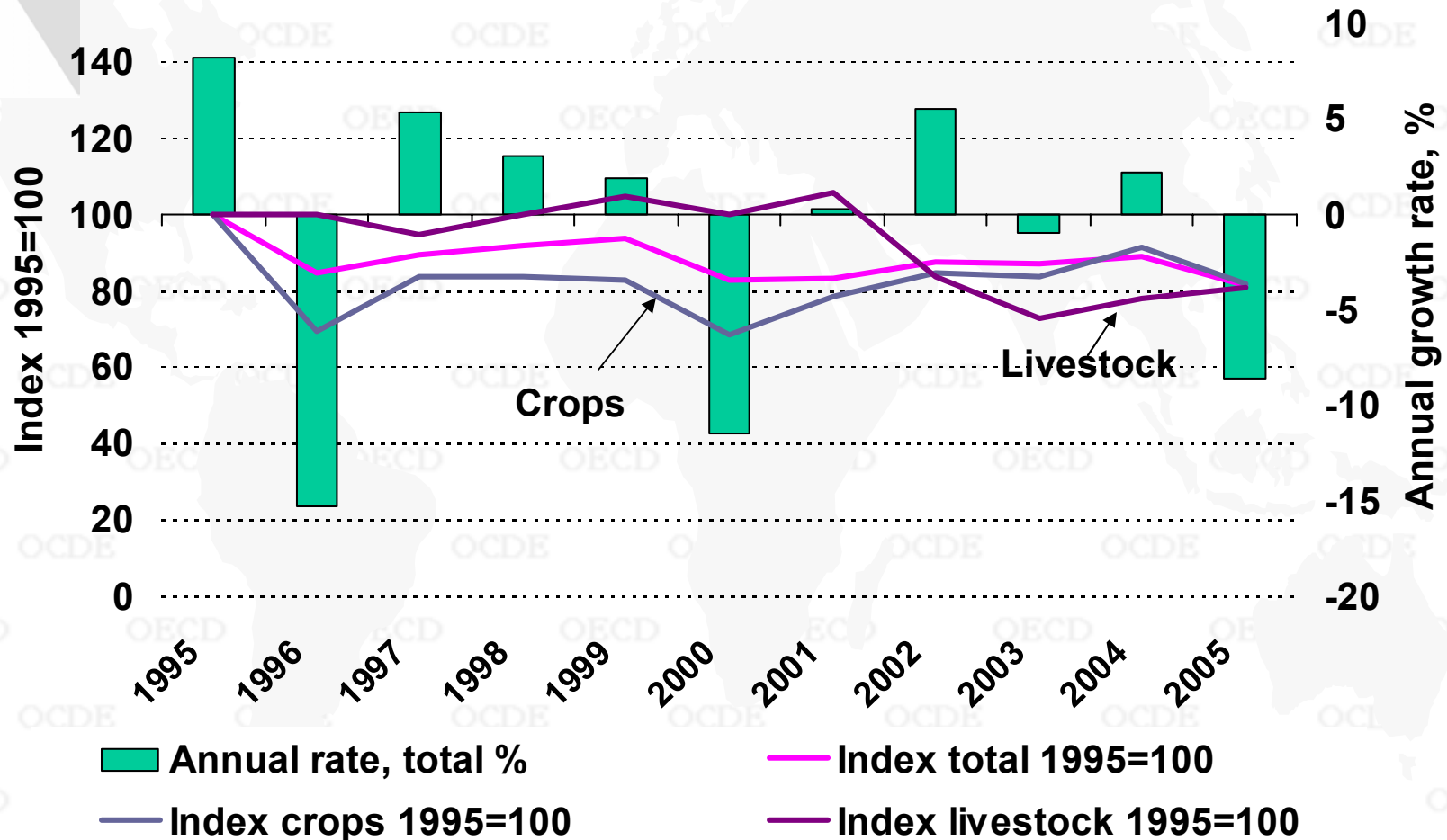
Global Forum, 20-21 November 2006



Policy context

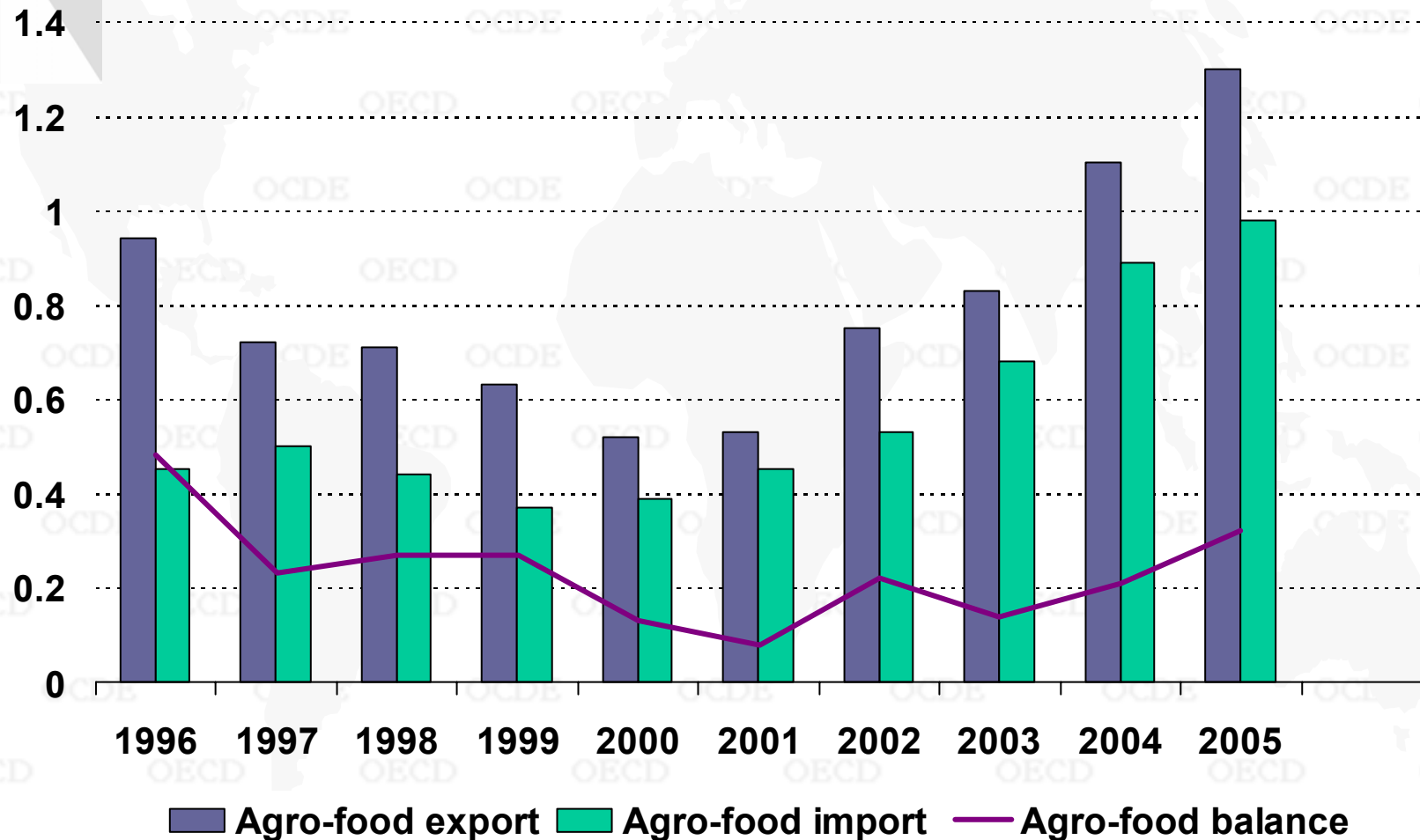
- Agriculture accounts for one-quarter of total employment, but...
- ...its contribution to GDP is less than 10% and...
- ...its share in total trade is 9% for exports and 5% for imports.
 - Large gap in labour productivity between agriculture and the rest of economy
 - Agriculture contributes to the trade balance

Agricultural output is highly variable, reflecting mainly variation in crop yields



Agro-food exports increased more rapidly than imports in recent years

USD billion

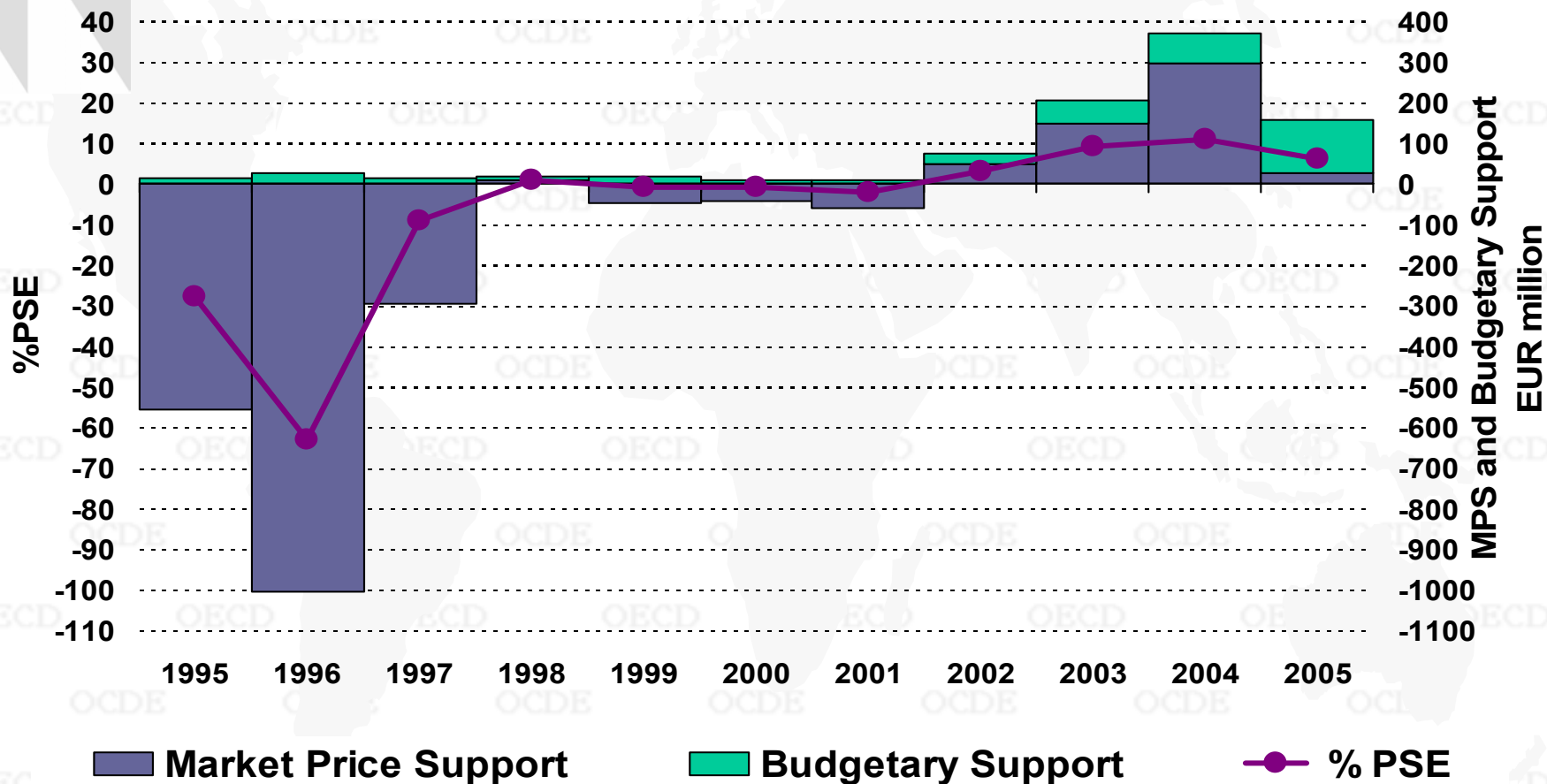




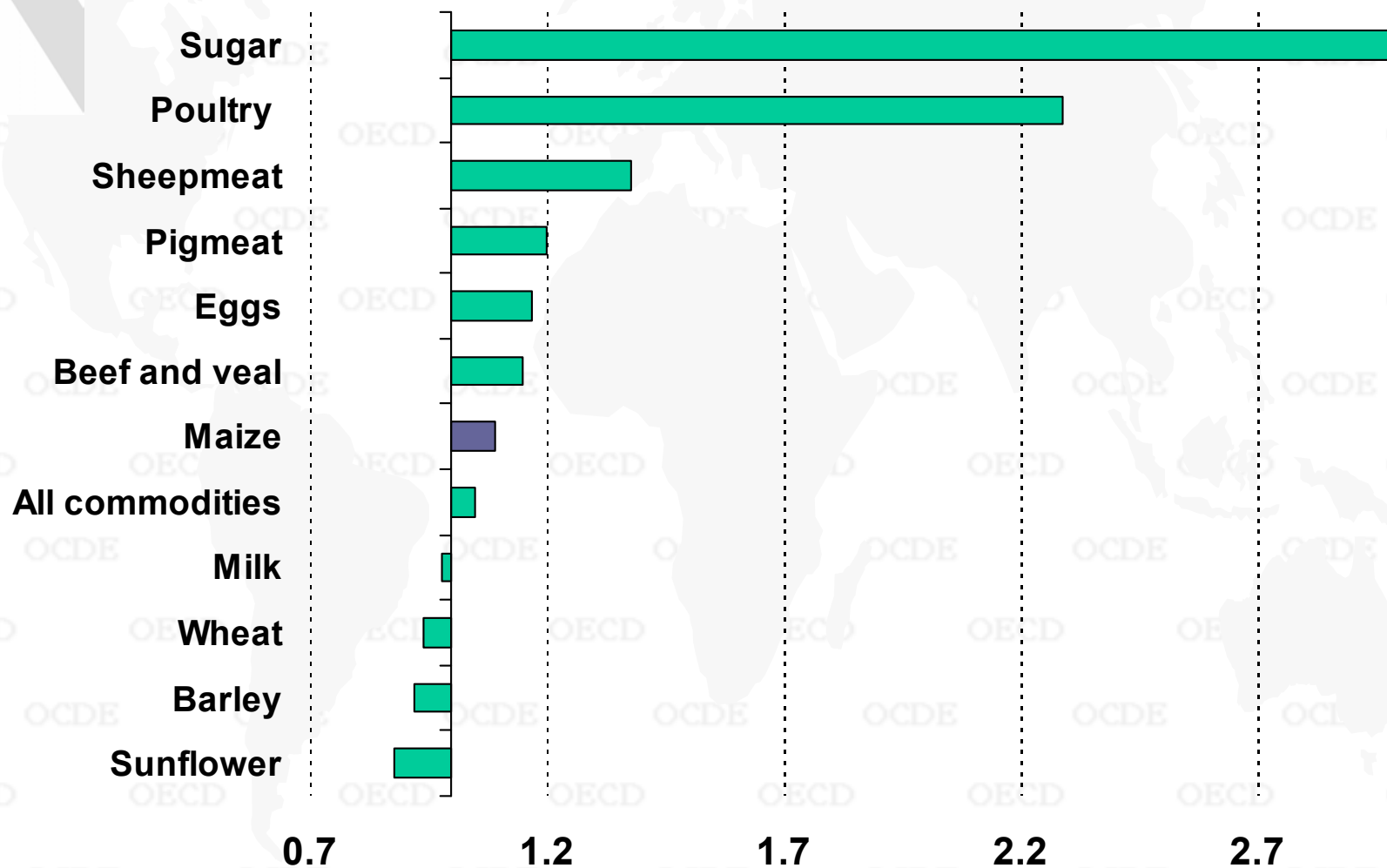
Recent policy developments

- Intervention mechanisms for wheat, and export subsidies were introduced recently, but market price support remains relatively low
- Non-commodity specific, spatially targeted payments per hectare were introduced
- Short-term credit subsidies are being replaced by direct input subsidies
- Payments for seeds, feeding costs and improvement of genetic stock were introduced
- Disaster relief payments were granted
- Implementation of SAPARD developed

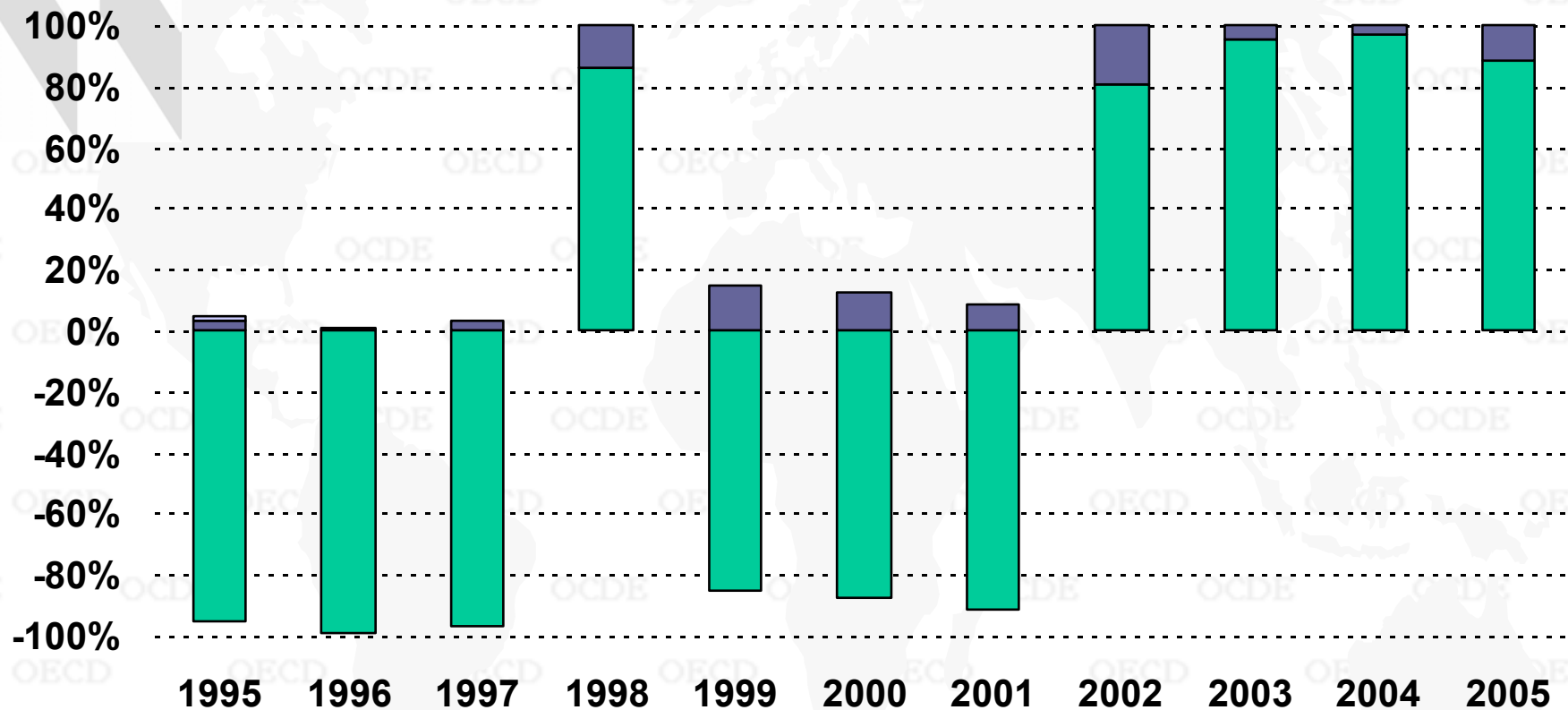
PSE level and composition over time



Producer NPC by commodity 2003-05 average



TSE composition over time



- Producer Support Estimate (PSE)
- General Services Support Estimate (GSSE)
- Transfers to consumers from taxpayers



Policy evaluation and recommendations

- When Bulgaria joins the EU on 1 January 2007, it will enter the common market and apply the Common Agricultural Policy
- Within the flexibility offered by the CAP, opting for the most decoupled options should improve the market orientation of the sector, and targeting policies to specific objectives should improve the efficiency of agricultural policy