

Industry

BG Manufacture of vegetable oils and fats

Overview

In the first quarter of 2008 the share of the agricultural sector in the structure of Bulgaria's Gross Domestic Product (GDP) dropped to 3.5%. In 2007 the agricultural sector contributed 5.1% to GDP, due to decreased production. Exports of agricultural products marked a drop, while imports increased. In 2005 the Bulgarian agricultural sector was seriously affected by bad weather conditions. Due to the great quantity of rainfall, most of the vegetable crops were damaged or destroyed. The investments in the sector declined, due to lack of financial resources.

History & Geography

In 1913, after the Second Balkan War, Bulgaria's vegetable oil industry started to expand as Greece ceased olive oil exports to the country.

As of 2007 the total cultivation area in Bulgaria stood at 3.8 million ha. The main oil-bearing crop areas in the country include northeastern, north central and southern Bulgaria.

Northeastern Bulgaria accounted for 28% of the total cultivation area in the country in 2005. The sunflower oil extraction plants in Dobrich and Provadia, northeastern Bulgaria and in Shumen, Ruse and Popovo, eastern Bulgaria, processed 40% of the sunseed crops in the same period. The region comprises:

- Dobrudzha district
- The eastern part of the Danube plain:
 - Shumen
 - Dobrich
 - Targovishte
 - Varna
 - Silistra
 - Ruse
 - Provadia

North central Bulgaria made up 21% of the country's total cultivation area in 2005. The plants for sunseed processing and oil production are located in Dolna Mitropolia, Svishtov and Polski Trambesh. The north central region encompasses:

- Lovech
- Pleven
- Veliko Tarnovo
- Dolna Mitropolia
- Svishtov
- Polski Trambesh

The southeastern region of Bulgaria represented 9.0% of the total cultivation area in the country in 2005. Sunflower oil is produced in Stara Zagora and Burgas. Southeastern Bulgaria covers:

- Burgas lowland
- the Tundzha Valley

Major Developments

Regulation

According to the Ministry of Agriculture and Food (MAF), as an EU-member since January 1, 2007, Bulgaria applies the EU legislation and is not allowed to introduce tariff limitations, such as export bans, without the explicit permission of the European Commission (EC). Hence, Bulgaria is not allowed to impose a sunseed export ban for a definite period, if it is not defined as a precaution by the EC.

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Companies

As of 2004 the number of companies, active in the Bulgarian vegetable oil sector, totalled 15. The plants, processing oil-bearing crops, such as sunseed, rapeseed and soya bean, were 70, with an annual capacity of 800,000 tonnes to 850,000 tonnes. The major players on the vegetable oil market in 2007 included: Biser Oliva AD (Stara Zagora), Gaytek Oliva OOD (Stara Zagora), Klas-Olio OOD (Karapelit), Niva AD (Kostinbrod), Papas-Olio AD (Yambol, Bulgaria), Zarneni Hrani Bulgaria AD (Sofia) and Zlatna Trakiya AD (Kardzhali).

Leading Companies

Leading companies on the Bulgarian vegetable oil market:

Company	Year	Net Sales Revenue (mln BGN)
Biser Oliva AD	2007	59.214
Zarneni Hrani Bulgaria AD	2007	36.219
	2006	43.663
Papas-Olio AD	2006	109.975
Oliva AD	2006	17.174
Vidona R AD	2006	8.242
Zlatna Trakiya AD	2005	12.023
Rosa AD	2002	10.337
Klas Olio OOD	N/A	N/A
Zvezda AD	N/A	N/A

Source: The companies' annual financial statements

Employment

Number of Employees		
Company	Year	Number
Biser Oliva AD	2007	178
Oliva AD	2006	168
Niva AD	2006	54
Guytek Oliva OOD	2006	48
Zlatna Trakiya	2005	100
Zvezda AD	2004	156
Rosa AD	2004	143
Papas-Olio AD	2001	235
Rastma May AD	2001	51
Klas Olio OOD	N/A	72

Source: Bulgarian Enterprises Information System (BEIS)

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According to the Directorate-General for Agriculture and Rural Development of the European Commission, in 2003 the employees in the agricultural sector in Bulgaria accounted for 27.7% of the country's labour force.

The main problem in the agricultural sector in Bulgaria is the shortage of young managers and specialists. According to the National Statistical Institute, in 2003 managers in the agricultural companies under the age of 35 made up only 5.0% of the total number of managers, while managers at the age of 55 and above accounted for 66%.

Supply/Market

Production/Sales

Due to the unfavourable weather in 2007, Bulgaria's agriculture sector registered an annual decrease of 29.8% in value added. The prices of food products grew by 21.1% on the year, due to the decreased production in the country. In 2007 the inflation rate in Bulgaria went up to 11.6%.

According to the Ministry of Agriculture and Food (MAF), sunseed output dropped by 54% on the year to 545,000 tonnes in 2007.

In 2006 the area sown under oil-bearing crops increased by 21.1% year-on-year to 807,000 ha, accounting for 26.1% of the total cultivation area in Bulgaria, according to MAF data. The area sown under oil-bearing crops in the north central region was 218,000 ha, making up 27% of the total area, while the area sown in the northeastern region represented 34.6%.

In Marketing Year* (MY) 2004/2005 the area sown under sunseed represented 93.3% of the total area sown under oil-bearing crops in the country. The sunseed output amounted to 1,025,727 tonnes in the same period.

*(Editor's note: Marketing Year (MY), regarding sunseed crops, starts on September 1st and ends on August 31st in the next year).

In 2005 the area sown under oil-bearing sunseed was 603,300 ha. The average yield of sunseed dropped by 19% on the year to 1,470 kg per ha, due to excessive quantities of rainfall. Sunseed production fell by 13% year-on-year to 934,855 tonnes in 2005, of which 70% was produced in the northeastern and north central regions of Bulgaria. For the same period the oil-bearing sunseed output totalled 904,114 tonnes, down 12% on the year.

According to MAF, in 2005 the crops in the northeastern region of Bulgaria accounted for 40% of the total oil-bearing sunseed crops in the country. For the same period, the crops of oil-bearing sunseed in the north central region of Bulgaria made up 26% of the overall.

According to Bulgarian biotechnology institute Agro BioInstitute (ABI), as of 2004 the main oil-bearing crop in the country was sunseed, occupying 97.4% of the total area sown under oil-bearing crops in Bulgaria.

In 2002 the area sown under oil-bearing sunseed covered 477,000 ha, up 18% on the year. The average yield of sunseed was 1.4 tonnes per ha in 2002.

Sunseed Harvested Areas in MY 2004/2005	
Region	Total Area (ha)
Northeastern	7,738
North central	1,457
South central	674
Northwestern	596
Southeastern	489
Source: Ministry of Agriculture and Food	

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Cultivation Area, Average Yield and Total Output of Industrial Crops in Bulgaria			
Year	Cultivation area (ha)	Average Yield (tonnes per ha)	Harvest (tonnes)
2004	505,000*		
2003	726,000*	1.22*	721,000*
2002	471,000	1.37	645,000
2001	389,000	1.04	405,000
2000	592,000	1.01	599,000
1999	592,000	1.02	606,000
1998	539,000	0.97	524,000
1997	453,000	0.97	438,000
1996	500,000	1.05	526,000
1995	586,000	1.31	767,000
1994	496,000	1.21	602,000

Source: Annual Reports of the Ministry of Agriculture and Food (MAF)

* Preliminary data

In 2005 the area sown under rapeseed covered 12,132 ha, down 7.8% year-on-year. In the same period the rapeseed output totalled 22,000 tonnes, harvested from 10,933 ha, down 2.3% on the year.

Rapeseed is used in the food industry, especially for vegetable oil production and also as a raw material in biodiesel production.

Volume of Sunseed Used in Sunflower Oil Production (tonnes)			
2006/2007 (forecast)	2005/2006 (preliminary data*)	2004/2005	2003/2004
470,000	450,000	460,000	390,000

*(Editor's note: The data was presented by the Ministry of Agriculture and Food before the end of MY 2006/2007.)

Company Daily Capacity (tonnes)			
Company	Sunseed	Refined Oil	Raw Oil
Papas-Olio AD (Yambol, Bulgaria)	650	175	255
Biser Oliva AD	320	120	125
Zarneni Hrani Bulgaria AD (Sofia, Bulgaria)	320	100	125
Zvezda AD (Dolna Mitropoliya, Bulgaria)	150	45	58
Galax Oil EOOD (Silistra, Bulgaria)	150	15	58
Rosa AD (Popovo, Bulgaria)	100	40	39
Oliva AD (Knezha, Bulgaria)	100	40	39
Zlatna Trakiya AD (Harmanli, Bulgaria)	80	20	32
Gaytek Oliva OOD (Stara Zagora, Bulgaria)	80	15	32

Source: Biser Oliva AD's prospect, issued on December 2007

Production of Oil-bearing Crops						
Crop	Harvested Area (ha)		Average Yield (tonnes per ha)		Production (tonnes)	
	2005	2004	2005	2004	2005	2004
Sunseed	635,026	592,765	1.47	1.82	934,855	1,078,832
Rapeseed	10,993	11,250	1.98	1.99	21,778	22,388

Source: Ministry of Agriculture and Food

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Vegetable Oil Production in MY 2006/2007	
Company	Market Share (%)
Bunge	14.0
Papas-Olio AD	9.0
Biser Oliva AD	6.0
Zarneni Hrani Bulgaria AD	6.0
Rosa AD	6.0
Klas Olio OOD	5.0
Oliva AD	5.0
Zvezda AD	4.0
Zlatna Trakiya AD	4.0
Vidona R AD	2.0
Other companies	38.5

Source: Biser Oliva AD's prospect, issued on December 2007

Sunflower Oil Production (tonnes)		
Marketing Year		
2005/2006 (forecast*)	2004/2005	2003/2004
162,000	166,000	137,000
*(Editor's note: The data was presented by the Ministry of Agriculture and Food before the end of MY 2005/2006.)		

Import/Export/Trade

In February 2008 the Bulgarian sunflower oil producers expressed concerns that they would face bankruptcy, due to shortage of sunseed. They forecast that the imports of sunflower oil would go up due to the increased exports of sunseed to Turkey.

Oil-bearing sunseed imports soared sixteen times to 4,387 tonnes between September and December 2007.

Moldova was the main importer of oil-bearing sunseed in Bulgaria as of MY 2005/2006.

The imports of raw sunflower oil increased six times on the year to 165 tonnes, at an average price of BGN 922.56 per tonne, from September 2005 to February 2006.

In MY 2004/2005 the main importers of refined sunflower oil were Turkey, with 496 tonnes, and Macedonia, with 100 tonnes. Turkey imported refined sunflower oil at an average price of USD 820 per tonne in the period September 2004 to April 2005. Imports from Argentina totalled 25.3 tonnes of raw sunflower oil in the same period, according to the National Customs Agency.

In MY 2003/2004 a total of 672 tonnes of raw sunflower oil and 786 tonnes of refined sunflower oil were imported from Moldova, Turkey, Ukraine and Macedonia.

Oil-bearing Sunseed Imports (tonnes)		
2005/2006	2004/2005	2003/2004
5,914	2,300	8,300

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Imports of Vegetable Oil Sept 2005-Feb 2006	
	Tonnes
Palm Oil	6,726
Soya Oil	5,777
Olive Oil	206
Rapeseed Oil	36
Source: Bulgarian Customs Agency	

Imports of Vegetable Oil (tonnes)			
	2005/2006 (forecast*)	2004/2005	2003/2004
Refined Sunflower Oil	600	821	800
Other Vegetable Oil	24,000	24,925	21,800
*(Editor's note: The data was presented by the Ministry of Agriculture and Food before the end of MY 2005/2006.)			

Imports of Vegetable Oil in MY 2004/2005	
Product	Volume (tonnes)
Palm Oil	13,913
Soya Oil	10,364
Olive Oil	605
Rapeseed Oil	43
Source: Ministry of Agriculture and Food	

From September 2004 to April 2005 the country's vegetable oil imports at volume-weighted average prices totalled:

- ◆ DAF
- raw sunflower oil - 27 tonnes at the price of USD 853 per tonne;
- refined sunflower oil - 384 tonnes at USD 819 per tonne;
- ◆ C.I.F.
- refined palm oil - 1,004 tonnes at USD 531 per tonne;
- refined soya oil - 4,000 tonnes USD 835 per tonne.

Bulgaria mainly exports raw sunflower oil to Serbia, Montenegro, Macedonia, Albania and Turkey.

Oil-bearing sunseed exports plunged almost ten times year-on-year to 48,000 tonnes between September and December 2007. Exports of sunflower oil dropped more than twice on the year to 7,393 tonnes in the same period.

Sunseed exports stood at 420,000 tonnes in MY 2005/2006. From September 2005 to February 2006 exports of raw sunflower oil fell by 52% on the year to 16,317 tonnes. In the same period refined sunflower oil exports stood at 4,516 tonnes, up 2.0% year-on-year.

Refined sunflower oil exports totalled 7,134 tonnes in MY 2004/05.

According to the National Customs Agency, in MY 2005/2006 the total sunseed exports went down by 37% year-on-year to 326,000 tonnes, of which 296,433 tonnes oil-bearing sunseed.

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Exports of sunflower oil more than doubled on the year in MY 2004/2005, due to an increase of 15% in sunflower oil production in Bulgaria. In the same period the sunseed crops in Russia and Ukraine recorded a drop, causing a decrease in exports from these countries to the international market.

From September 2004 to April 2005 the exported raw sunflower oil amounted to 38,171 tonnes, of which 10,767 tonnes were exported to Turkey and 8,598 tonnes to the EU countries. For the same period, the total exports of refined sunflower oil stood at 5,531 tonnes, at an average price of USD 724 per tonne.

According to the National Customs Agency, from September 2004 to April 2005 exports of raw sunflower oil at a volume-weighted average price of USD 545 per tonne Ex Works (EXW) totalled 9,198 tonnes. Refined sunflower oil exports at a volume-weighted average price of USD 702 per tonne EXW stood at 1,460 tonnes.

In MY 2003/2004 raw sunflower oil exports stood at 18,157 tonnes, at an average price of USD 573 per tonne. The exported refined sunflower oil totalled 2,800 tonnes in the same period.

Oil-bearing Sunseed Exports (tonnes)		
2005/2006	2004/2005	2003/2004
296,433	475,800	275,500

Source: Ministry of Agriculture and Food

Oil-bearing Sunseed Exports in MY 2005/2006	
Country	Tonnes
Turkey	173,903
EU countries	106,082
Romania	9,653
Other countries	6,795

Source: Ministry of Agriculture and Food

Largest Raw Sunflower Oil Exports in MY 2004/2005	
Country	Tonnes
Turkey	17,986
Former Yugoslavia	7,731
Italy	6,048
Egypt	6,004

Source: Ministry of Agriculture and Food

Raw Sunflower Oil Exports in MY 2003/2004	
Country	Tonnes
Macedonia	8,595
Other former Yugoslav republics	3,751
EU countries and Egypt	5,811

Source: Ministry of Agriculture and Food

Demand

The wholesale price of sunflower oil per bottle stood at BGN 2.65, Value Added Tax (VAT) excluded, at end-March 2008.

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The average sunseed purchasing price was BGN 1,000 per tonne in March 2008. The sunseed price doubled to BGN 900 per tonne at end-2007 from BGN 450 per tonne at the beginning of 2007.

As of March 2008 the prices of soya and rapeseed recorded an increase as well, both on the international and local markets.

Despite the large drop in the oil-bearing sunseed production, as of January 2008, the supply of oil-bearing sunseed on the domestic market met the demand, according to MAF. Annually, the consumption of oil-bearing sunseed in Bulgaria is nearly 480,000 tonnes, of which 450,000 tonnes are processed for sunflower oil production.

Due to the decreased supply of oil-bearing sunseed on the local market, in the fourth quarter of 2007 the average purchasing price of sunseed grew by 18% quarter-on-quarter to BGN 780 per tonne. The purchasing prices on the international markets also climbed, due to the growing demand for sunseed for biofuels production.

In 2007, due to extremely high temperatures in July, the sunseed and grain crops were severely damaged. According to a report of the United States Department of Agriculture (USDA) - Foreign Agricultural Service (FAS), the grain deficit in Bulgaria in MY 2007/2008 affected the related industries, resulting in skyrocketing grain prices. From the beginning of MY 2007/2008, consumer goods prices started growing as well. According to FAS, the grain price hike would also have an impact on the prices of biofuels and vegetable oils.

Bulgarian retailers' demand for sunflower oil increased in the first half of 2007, due to the price rise and growing exports of sunseed. On the domestic market sunflower oil prices went up by BGN 0.2 to BGN 1.70 per bottle, VAT included, in May 2007. Between 2005 and 2007 the producers expanded the areas sown under rapeseed and sunseed, due to the strong demand for energy crops.* The sunseed yield in the same period totalled 930,000 tonnes.

*(Editor's note: Energy crops include sunseed, rapeseed and soyabean and are used for production of biofuels.)

Vegetable oil retail prices jumped in 2007, due to poor crops and the price increase on the international markets. The vegetable oils sector in the country marked a 3.0% growth in terms of value and only 1.0% in terms of volume, according to U.S. market researcher Euromonitor.

The purchasing price of oil-bearing sunseed dropped by 19.5% on the year to BGN 310 in September 2006, according to market information provider SAPI. In MY 2005/2006 the oil-bearing sunseed prices rose, due to a decrease in sunseed production and greater demand.

The average wholesale price of oil-bearing sunseed increased to BGN 385 in March 2006, due to poor crops.

The average producer prices of refined sunflower oil in bulk fell to BGN 1,405 per tonne in March 2006, from BGN 1,470 in October 2005, due to a large supply on the domestic market.

The average retail price of refined sunflower oil slightly grew to BGN 1.78 per litre in March 2006.

In 2005 the Bulgarian sunseed production represented 16% of the overall sunseed output in the EU, according to Food and Agricultural Organization of the United Nations (FAOSTAT).

The consumption of sunseed, sesame seeds and palm kernel in Bulgaria totalled 213,800 tonnes in 2005, of which 2,200 tonnes of palm kernel and 800 tonnes of sesame seeds, according to FAOSTAT. The average growth rate of palm kernels consumption was 56% per year between 2001 and 2005. In the same period the consumption of sesame seeds increased by an average 5.0% a year.

The direct consumption* of vegetable oil was estimated to drop by 1,000 tonnes on the year in MY 2005/2006, due to a population decrease in the country, according to MAF.

The direct consumption of vegetable oil went up to 109,000 tonnes in MY 2004/2005. The average direct consumption grew by 1.0 l to 15.2 l per capita in MY 2004/2005.

The industrial consumption* of vegetable oil was projected to rise by 2,000 tonnes year-on-year to 30,000 tonnes in MY 2005/2006, due to the expansion of the biodiesel production in Bulgaria.

According to SAPI OOD, from September 2004 to March 2005, the retail prices of sunflower oil varied between BGN 1.68 and BGN 1.78 per litre.

Industrial Consumption of Sunflower Oil in MY 2001/2002 (tonnes)	
Production of margarine and mayonnaise	15,000
Canning Industry	7,000
Production of paints, varnishes and soaps	2,000

Retail Prices of Sunflower Oil (BGN)													
Marketing Year	September	October	November	December	January	February	March	April	May	June	July	August	Average Retail Price
2004/2005	1.78	1.74	1.73	1.72	1.73	1.73	1.72	1.68	1.67	1.67	1.70	1.76	1.72
2003/2004	1.94	1.86	1.80	1.82	1.83	1.83	1.81	1.81	1.81	1.81	1.81	1.81	1.83
2002/2003	2.05	1.97	1.91	1.92	1.95	2.02	1.96	1.96	1.95	1.95	1.95	1.95	1.96

Source: SAPI OOD

*(Editor's note: The direct consumption of vegetable oil is calculated on the basis of the population of Bulgaria and the average consumption of vegetable oil per capita.)

** (Editor's note: The industrial consumption of vegetable oil includes its use in the canning, fishing and sugar industries for production of foodstuffs, such as mayonnaise and margarine, and for technical aims, such as production of paints and varnishes.)

Households Consumption of Vegetable Oil (per capita)										
Product	2007	2006	2005	2004	2003	2002	2001	2000	1999	
Vegetable Oil (litres)	12.9	13.1	12.8	12.6	12.2	12.3	12.1	11.7	12.2	
Margarine and other vegetable oil products(kg)	1.9	2.0	2.0	1.9	1.8	1.7	1.4	1.3	1.3	

Source: National Statistical Institute

Product	2006		2005		2004	
	Quantity bought per household	Average Price (BGN)	Quantity bought per household	Average Price (BGN)	Quantity bought per household	Average Price (BGN)
Vegetable Oil (litres)	32.865	1.72	32.344	1.68	32.494	1.73
Margarine (kg)	4.949	2.45	4.920	2.39	4.859	2.39

Source: National Statistical Institute

Marketing Year (MY)	Average Direct Consumption of Vegetable Oil Per Capita (litres)
2004/2005	15.2
2003/2004	15.0
2002/2003	14.2

Source: Ministry of Agriculture and Food

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Main clients:

Domestic:

Biser Oliva's domestic clients include:

- bottled sunflower oil
- Gradus-1 OOD (Panagyurishte)
- Loreta OOD (Sofia)
- Metro Cash & Carry Bulgaria EOOD (Sofia)
- Velizara 2000 EOOD (Sofia)
- Viskom EOOD (Plovdiv)
- sunflower groats
- Provimi Zara AD (Stara Zagora)
- Kokoimpex OOD (Smolyan)
- lecithin
- Prestige-96 OOD (Veliko Tarnovo)
- Universalstroy OOD (Silistra)
- fatty acids
- Hipro Bulgaria OOD (Pavlikeni)

As of 2007 the local clients of Zarneni Hrani Bulgaria AD included:

- Cargill Bulgaria EOOD (Sofia, Bulgaria)
- Sofia-based representative office of Glencore International AG (Switzerland)
- Lui Draifus Commodities Bulgaria EOOD (Sofia, Bulgaria)

Foreign:

As of 2007 the foreign clients of Zarneni Hrani Bulgaria AD included:

- Bunge Europe (Switzerland)
- Nidera (the Netherlands)

Investments

Bulgaria's total investments in fixed assets amounted to BGN 19.167 bln in 2005, of which BGN 584 mln in the agricultural sector, down 19% on the year.

Company Investments

Vegetable oil producer Papas-Olio AD, headquartered in Yambol, southeastern Bulgaria, plans to go public in 2009 and invest the Initial Public Offering (IPO) proceeds in expansion of its production capacity and construction of new warehousing facilities.

In 2007 the company announced it would invest in a EUR 15 mln project for the construction of a biodiesel plant with an annual capacity of 100,000 tonnes of biofuel, provided that it was supported by the Bulgarian Government through securing low-interest loans.

In 2006 the company allocated nearly EUR 1.0 mln for modernisation of its production facilities.

Sofia-based vegetable oil producer Zarneni Hrani Bulgaria AD plans to invest a total BGN 135 mln for 2008 to 2012, of which BGN 100 mln in a biodiesel plant. The company will invest BGN 20 mln in modernisation of its grain warehouses and BGN 15 mln in a sunflower oil extraction unit.

Zarneni Hrani Bulgaria's Planned Investments	
Year	mln BGN
2012	
2011	3.0
2010	43
2009	53
2008	36

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For the period 2007-2008 Biser Oliva AD, based in Stara Zagora, planned to invest BGN 13.016 mln in:

- building a steam station;
- installation of seed-cleaning equipment in the silo;
- reconstruction of the oilseed extraction unit;
- installation of oilseed extraction equipment;
- equipment for groats;
- reconstruction of the refinery unit.

By the end of 2007 the company had invested BGN 1.6 mln of the total amount.

In line with its investment programme, Biser Oliva concluded the following contracts in 2007:

- for building of an extraction unit, worth BGN 60,000;
- for delivery of three reservoirs for the steam station for BGN 33,300;
- for delivery of an industrial steam caldrion for BGN 205,000;
- for the caldrion station project, estimated at BGN 40,000;
- for delivery and installation of extraction equipment for BGN 3.6 mln.

Biser Oliva carried out a capacity expansion project in 2007, aiming to double its annual output to 180,000 tonnes. It acquired new facilities for its oil production unit, totalling EUR 4.0 mln, including EUR 2.0 mln for a new production line for sunflower oil extraction. The facilities were expected to go operational by September 2008.

In the first nine months of 2007 Biser Oliva invested BGN 271,000 in machinery and equipment.

In 2006 the company made investments, amounting to BGN 351,000, in fixed assets, equipment and grain warehouse.

In 2006 edible oil producer Klas Olio OOD, based in Karapelit, northeastern Bulgaria, invested EUR 4.0 mln in a biodiesel plant with a daily capacity of 100 tonnes, to be produced from rapeseed, soybean and sunseed.

Associated industries & factors

Sunseed is one of the most common sources used for biofuel production. Biofuels are liquid or gas fuels for the transportation and industrial sectors, made of biomass. They are derived from renewable sources. Some of the energy crops, used for production of biofuels, include high-oleic sunseed, rapeseed and soybeans. The most popular biofuels are bioethanol, biogas, biomethanol and vegetable oil.

According to the National Association for Biofuels in Bulgaria, in 2006 the country's capacity for production of biodiesel was 100,000 tonnes per year. The production capacity of bioethanol for the same year was 10,000 tonnes per year. The forecast for 2007 was an annual capacity of 150,000 tonnes of biodiesel and 20,000 tonnes of bioethanol.

According to Directive 2003/30/EC of the European Parliament and the Council of the European Union, EU members should increase the use of biofuels to 5.75% of the total fuels consumption in the transportation sector by 2010. Due to this reason, in 2006 the demand for sunseed and rapeseed grew and the investments in biofuel production went up.

Forecast * for the production of biodiesel, made of sunseed and rapeseed		
Type of Fuel	Diesel	Biodiesel
Year	litres	
2010	1,340,000	123,000
2009	1,260,000	106,000
2008	1,180,000	80,000
2007	1,150,000	65,000

*(Editor's note: The data was provided on December 2006).
Source: National Association for Biofuels in Bulgaria

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Forecasts

Oil-Bearing Crops Forecast (tonnes)				
2008	2009	2010	2011	2012
968,000	1,043,000	1,154,000	1,290,000	1,435,000

Source: Ministry of Agriculture and Food

The total area sown under oil-bearing crops in Bulgaria is projected to increase by 2.5% annually in 2008 to 2012, according to sunflower oil producer Zarneni Hrani Bulgaria AD. The annual yield is expected to grow by 2.0% in the same period.

- **Opportunities, threats and expectations**

Strengths

- Good structure of sector associations and unions
- Large capacity
- Large areas sown under sunseed, rapeseed and soybeans

Opportunities

- Increase in agricultural production
- Rise in consumption of vegetable oils
- Increased consumption of biofuels
- Adequate regulation and control over the processing companies

Weaknesses

- Shortage of experts and qualified workforce
- Aged equipment in grain warehouses
- Partial non-compliance of production facilities with the EU standards

Threats

- Consolidation in vegetable oil sector
- Lack of instruments for risk management
- High electricity and labour costs
- Frequent changes in weather conditions

Industry references

Newspapers, Trade Journals & On-line Information Sources

www.farmer.bg

www.agro.bg

www.agro.ttm.bg

Stopanin – a monthly newspaper

Agrosvyat – a bi-monthly newspaper

Agrovestnik – a weekly newspaper

Agrokompas – a monthly magazine

Economics and Management of Agriculture – two-monthly magazine

State and Local Government Bodies

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Fairs & exhibitions

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All kinds of food, drinks and production equipment
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