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Republic of Bulgaria  
ECONOMIC  
AND SOCIAL COUNCIL

## **OPINION**

### **Problems and Challenges to the Competitiveness of Bulgarian Farmers**

(own-initiative opinion)

Sofia

November 2024

The 2024 Economic and Social Council's Activity Plan includes an own-initiative opinion on: Problems and Challenges to the Competitiveness of Bulgarian Farmers.

The opinion was allocated to the Commission for Sustainable Development, Agriculture, Environment and Regional Policies (CSDAERP).

Mrs Natalia Shukadarova, member of the ESC Group III, was appointed rapporteur for the opinion.

The Commission for Sustainable Development, Agriculture, Environment and Regional Policies held two meetings on 25.10.2024 and 06.11.2024, adopting the draft of the opinion.

At its plenary session of 20 November 2024, the Economic and Social Council adopted the following opinion.

## 1. Conclusions and recommendations:

1.1. ESC points out that along with the difficulties related to climate change and the marketing of production, Bulgarian farmers face a number of other global and local challenges. Successfully addressing these factors requires a comprehensive approach, including investment in modernisation, state support, producer cooperation and active participation in European and international initiatives to promote competitiveness.

1.2. The ESC considers that the European Green Deal is a vision for the future, outlines a sustainable vision and perspective, but it is of the utmost importance to apply it over time in order to avoid food security shocks and a decline of the economic activity of agricultural entities. In this regard, the ESC stresses that European and national agricultural policy in the coming years should seek a balanced approach in order to achieve cost-effective, environmentally compatible and socially responsible agriculture in the context of the Green Deal.

1.3. The ESC acknowledges the acute need to implement an active policy aimed at achieving a real alignment of the financial conditions for supporting farmers in Bulgaria with the conditions in the highly subsidized EU member states. In order to achieve a more level playing conditions, it is necessary to continue making efforts of harmonizing subsidies in the EU, facilitate access to EU funds, as well as encouraging investment in innovation and modernisation of Bulgarian agriculture.

1.4. The ESC believes that bilateral trade agreements such as those with Ukraine and Mercosur would provide new opportunities for trade and economic cooperation, but at the same time poses significant challenges for EU agriculture. In order to soften the negative consequences, the EU should reconsider its position in the negotiation process, maintaining protectionist policy towards the interests of its farmers, ensuring adequate support for European farmers, while demanding high environmental and social standards with regard to imports from third countries.

1.5. The ESC stresses that a number of problems and challenges to the competitiveness of farmers in the country are due to regulatory gaps and regulatory failures in national legislation. In this sense, there is a need for changing the existing laws, such as the Law on leases in agriculture, the Water Act and many others, as well as the need to prepare entirely new laws in the sector, such as the Law on the supply chain of agricultural products and foods, the Law on cooperatives in agriculture, the Law on branch organizations, etc.

1.6. Bulgarian agriculture is facing challenges related to climate change, which increase the need for irrigation. The ESC stresses the importance of defining irrigation as a national strategic priority and calls for urgent measures to improve irrigated agriculture, including restoring the irrigation sector and securing the necessary financial resources from the national budget. Bulgarian farmers risk to lose competitiveness and economic viability if concrete actions are not taken in order to increase irrigated areas and optimize administrative procedures as well as legal regulations in the field of irrigation.

1.7. The ESC notes that insurance in the Bulgarian agricultural sector has great potential, but remains underdeveloped due to the high cost of insurance premiums, the lack of sufficient support from the state and the low confidence in insurance companies. In order to be more effective and accessible to the farmers, new insurance products should be introduced, compensation processes improved and European risk management programs to be used more effectively.

1.8. Land relations in Bulgarian agriculture are complicated by a number of factors, including land fragmentation, inefficient legal and administrative processes, short-term leases and lack of land consolidation. These problems lead to a lower production efficiency, hamper investment and limit the development potential of the agricultural sector. In order to improve the situation, the ESC considers that it's necessary for the state to strengthen support for consolidation processes, introducing clearer rules on leases and financial frameworks for leasing contracts, and providing legal certainty for farms.

1.9. In Bulgaria, there is no specialized legislation on cooperatives in agriculture, which limits their development. The economic benefits of cooperation include better access to markets, reduced costs, easier access to support and better risk management. However, the lack of an adequate legal framework hinders the full functioning of agricultural associations and, in this sense, the ESC stresses the need for legislation to promote cooperation in agriculture.

1.10. The lack of labour is a major problem in the agricultural sector in Bulgaria, with many of the trained staff emigrating, due to better financial opportunities in other countries. In order to solve this problem, the ESC considers that it is necessary to attract and retain labour through state incentives and long-term employment programs, as well as to facilitate the importance of workers from third countries. The ESC pays special attention to livestock farming, where the job is hard and unattractive, and recommends the development of set of measures to increase the attractiveness of this type of work and the entry of young people into the sector.

1.11. The ESC stresses that improving supply rules along the food chain and ensuring a fair distribution of added value among its actors, should be the aim of a new Law on the agricultural and food supply chain. The main task should be to find mechanisms for strengthening the position of Bulgarian farmers in the food supply chain in the realization of Bulgarian production in the country, as well as in the international trade in Bulgarian agricultural products.

## 2. Factors affecting the competitiveness of farmers:

2.1. The unfavorable combination of circumstances, such as ever-increasing environmental demands on farmers against the backdrop of ever-decreasing support for agriculture on a European scale, combined with market turmoil and other negative consequences of the war in Ukraine, as well as the entry of Ukrainian agricultural products into the European markets, while agri-food systems are still recovering from the COVID-19 pandemic, led in 2023 and 2024 to some of the most widespread farmers' protests in a number of European countries, including in Bulgaria.

2.2. The changes in the world market situation and the loss of traditional markets for Bulgarian farmers in recent years, as well as the turmoil in farm gate prices and at the same time the increasing production costs, lead to a significant deterioration in the competitiveness of farmers from all agricultural branches. The increased cost of Bulgarian agricultural production is an obstacle to its realization, due to the availability of cheaper imported products, especially from countries outside the European Union (such as Ukraine, Turkey, China), put pressure on prices on the local market.

2.3. Climate change has an increasingly serious impact on the competitiveness of farmers in Bulgaria, and this factor has become more significant in recent years. In 2024, there are areas with completely destroyed crop production again, as a result of adverse climatic events such as frost/the frost, storm/continuous rain, flooding, hail and drought/drying up - there are more than 20 affected areas in the country. Lower yields and, at the same time, higher production costs, as well as disrupted production cycles, make it difficult to export and compete with countries with better-developed irrigation and climate-resilient practices. The livestock sector is also affected by climate change, with heat waves and droughts limit the pastures and animal feed. Reduced access to qualitative food leads to reduced animal productivity as well as increasing costs for additional feeding and care.

2.4. During talks with Bulgarian farmers, it was found that relatively stable and economically sustainable farms feel a serious threat to their competitiveness due to the observed market cataclysms and to some extent due to the environmental pressure from the European institutions, as well as the negative effects of climate change. These generally market-oriented farmers are for the first time worried about the economic sustainability of their farms and have serious apprehensions about how much longer they can withstand on ongoing crises.

2.5. According to the report on “The Future of European Competitiveness” presented by former President of the European Central Bank (ECB), Mario Draghi, in September 2024, if Europe fails to become more productive, society will be forced to choose. Europe cannot be both a leader in new technologies, an example of climate responsibility and an independent global player, while funding its social model. Europe will have to limit some, if not all, of its ambitions. This is an existential challenge and the only way to address, it is for Europe to grow and become more productive, while also preserving its values of equality and social inclusion. And the only way to increase productivity is radically to change Europe.

/signed/

**Zornitsa Roussinova**

PRESIDENT OF THE ECONOMIC AND SOCIAL COUNCIL