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POLITICAL AND ECONOMIC TRANSITION IN BULGARIA : Implications for Agriculture

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Agriculture accounts for more than 10% of GDP, 15% of export, more than 17% of employment and 56% of cultivated land in Bulgaria. In 1945 land was cultivated by more than one million farms averaging 3.8 ha. Until 1958 all individual farmers were forced to become cooperative members and 3200 production coops were set up with average size of 1100 ha. After 1971 Agri-industrial complexes were set up with an average size of 26000 ha. In 1986-88 those giant complexes were split out into 2300 production units with average size of 1900 ha.

Provision of the Law of Agricultural Land Ownership and Land Use (1991) paved the way for restitutioning the property rights on agricultural land pooled in the cooperatives. It also provided a legal base to liquidate all organizational units and distribute their property into individual shares among cooperative members and land owners. On the basis of more than 1.7 million applications for property rights to land around 60% of land have been restituted. Private sector now produces more than 70% of agricultural output. Due to the transformation shock, collapse of Eastern European markets, and lack of appropriate agrarian policy, agricultural production

has shrunk to 71% of its prereform level.

In future most likely 35-45% of land will be cultivated into individual farms with a size not bigger than 100 ha because of lack of capital available in agriculture. Farmers will rent rather than buy land because of the high land price and owners' unwillingness to sell their land. Most likely about 35-45% of the land will be organized into production cooperatives. There have already been established more than 2000 new private coops and agrofirms predominately by small land owners with an average size not bigger than several hundred hectares. Many land owners living in urban areas or older in age also intend to rent out their land to new cooperatives. New phenomena of part-time farming would probably emerge on 10-15% of agricultural land under the conditions of low opportunity costs of unemployed persons and as a source for additional income. About 10% to 15% of the land will be cultivated into small plots for self consumption or owners will keep it for a stress-relieving occupations. New forms of integration of farming into tourism, processing and trade business have been successfully developing as family operations. Introduction of industrial and foreign capital in agriculture through long term contracts, and joint ventures or even vertical integration have started to develop as well.

During the period of transition the Government should support the development of market institutions and new private farming system through preferential credit for agriculture, price support and tariff protection for some farm products, and provision of market information, agricultural exten-

sion service and infrastructure development in agriculture. Reforms in agriculture will not have good results unless they are going along with structural reforms and accelerated privatization in non-agricultural sector, and development of an effective enforcement system through laws

and contracts. Public interests are to be protected by improving standards for products quality, health care and preservation of environment. Future of economic reforms heavily depends on country's integration to European and World economies.