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# GAIN Report

Global Agricultural Information Network

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## **Bulgaria**

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### **Dairy Sector Update**

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Dairy and Products

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#### **Report Highlights:**

Despite the current challenges in the dairy sector, the prospects for 2011 are moderately optimistic. The process of concentration and bankruptcies of small farms may continue. It will be accelerated by expiring derogation for EU quality complaint milk and expected amendments in the animal health vet regulations. At the same time, stronger expansion and investment in larger, more efficient dairy farms is likely to be boosted. No significant improvement in consumer spending is expected in the near term, thus dairy products sales will most likely stagnate.



## **General Information: Summary**

The dairy sector has faced numerous challenges in 2009/2010 related to the restructuring of the dualistic character of dairy farming. Inefficiencies led to lower output of milk, shrinking processing, and shortage of raw material which has been replaced by imported milk. Dairy processors were squeezed between expensive and short milk supply, increasing retailers' pressure, and lower purchasing power of the population which at the same time was demanding higher quality for less cost.

In the spring, the MinAg undertook a campaign against dairy products containing plant proteins by introducing a requirement for retail shelves separation and labeling of these products. This campaign was followed by another one for better quality of dairy products which reintroduced old, socialist time standards for yogurt and cheese, this time described as "traditional products". As of late-November, the implementation has resulted in 4 new standard yogurt products but the general industry interest is limited. At the same time, confused by controversial statements of senior policy officials about dairy "safety and quality" and higher prices, consumers reduced consumption.

The prospects for the sector in 2011 are moderately optimistic. Higher feed prices and milk shortages have already led to higher purchase prices of raw milk, and thus more expensive retail prices of dairy products. The process of concentration and bankruptcies of small farms may continue. At the same time, stronger expansion and investment of larger, more efficient dairy farms is likely to be boosted. It will be accelerated by expiring derogation for EU quality complaint milk and expected amendments in the animal health vet regulations. These changes are forecast to result in possible social tension in rural areas and in higher imports of raw milk and other dairy products. No improvement in consumer spending is expected in the near term, thus dairy products sales will most likely stagnate.

### **Dairy farms development**

In 2009/2010, negative trends in the dairy sector have continued with further reduction in the number of dairy animals and dairy farms. In 2009, the number of cattle dairy farms declined by 15.5%; the number of cattle was 4.5% down compared to a year before. The same trend was observed with sheep farms and sheep stock (reduction of 13.7% and 5.1% respectively); goat farms and goat stock (considerable reduction of 24.8% and 16.1%, respectively). See Tables 1-4.

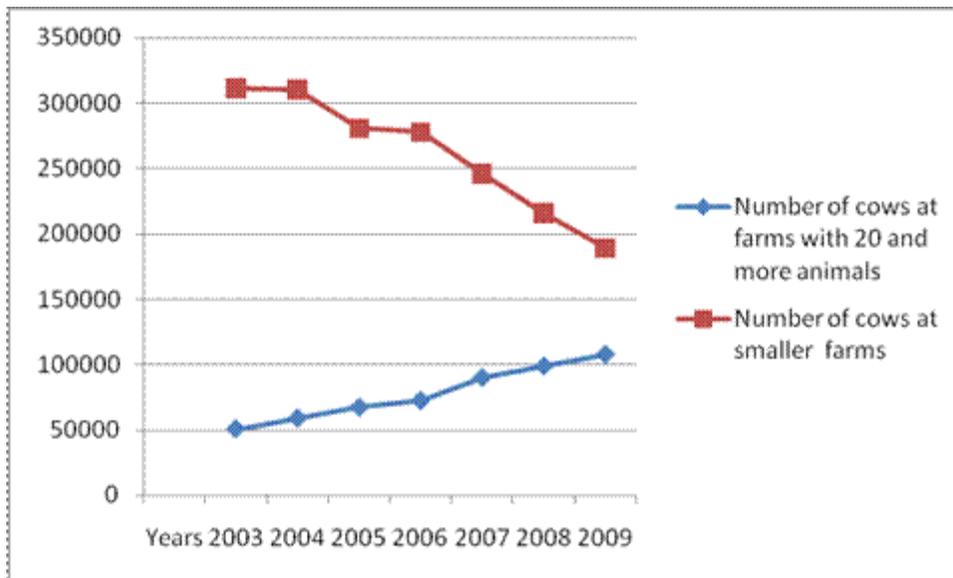
In 2009, total 290,000 farms raised livestock which was 12.6% less than in 2008. The reduction in farms was concentrated at "small farms" category (1-9 animals): for example, the decline of the number of dairy cattle farms in this category was 15.3%; for ewes' farms - 14.6%, she-goats farms- 18.3%. In the category of medium and large farms, there was a trend of stable and/or increasing number of livestock. Farms with 10 or more dairy cows were 5.2% more and the number of dairy cows there was 8.9% higher. Another positive trend was that the largest category of dairy farms with over 20 dairy cows registered a growth both in the number of farms, 6.1%, and in stocks, 9%, as currently this category accounts for 36% of all dairy cows.

As of end-2009, small farms accounted for 94.3% of all dairy cattle farms and raised 50.1% of all dairy cows; and only 5.7% of dairy cattle farms raised the remaining 49.9% of dairy cattle which showed ongoing concentration in the dairy sector. Still 30% of cows were raised at very small farms (1-2

animals). The same trends were observed with other dairy animals (buffalo, sheep, and goats).

This structure of the dairy sector makes it vulnerable to external economic stresses. Higher feed prices in 2010/2011, combined with market pressure for lower cost products, are likely to negatively affect small farms while concentration will prevail and favor larger, more efficient farms. This is already leading to social issues, local protests and voices for more “subsidies for small farmers” further contributing to already heavy budget burden.

**Graph 1. Developments of dairy stud at smaller and larger dairy farms**



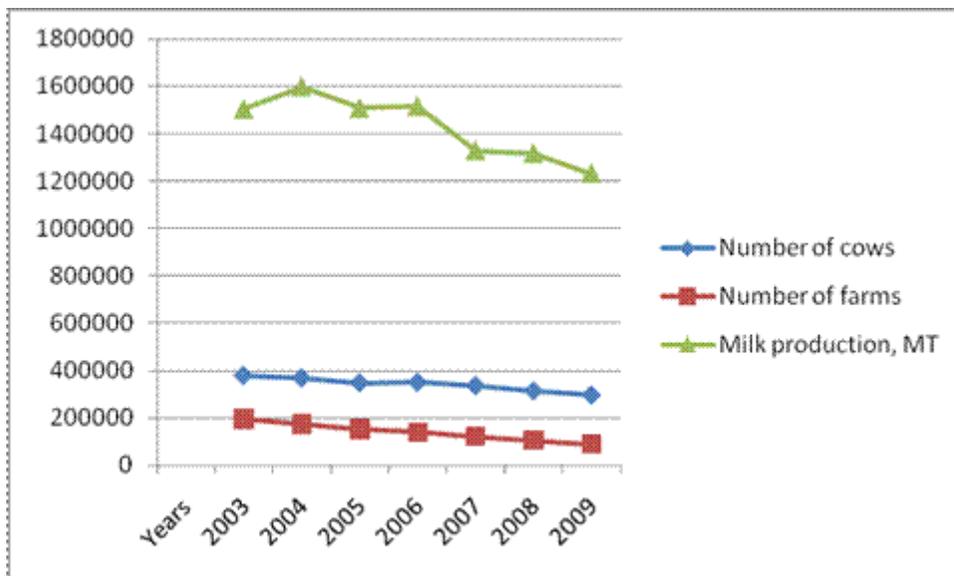
### **Milk production**

Total milk produced in 2009 was 6.4% less than in 2008; the reduction in cow milk output was 6.1%. Cow milk share in total milk output was 87.2%. The average milk productivity was up at 3,512 liters/cow. The decline in total production was due to lower stocks despite increasing productivity at larger farms.

Milk production in 2010 is forecast to decline by another 5%-6% due to lower dairy cows' numbers.

Another concern is the increasing feed prices in the fall of 2010 that will likely affect milk production in 2011 too. On the other hand, rainy spring and summer 2010 were very favorable for pasturing of dairy cattle.

**Graph 2. Dairy sector development, 2003-2009**



## Milk quotas

In 2007, Brussels approved Bulgarian request to transfer 167,000 MT from milk for direct sales to deliveries quota. As a result, Bulgaria got a quota to produce 889,000 MT of milk deliveries and 90,000 MT for direct sales or total 979,000 MT of milk. The milk deliveries quota for the last quota year 2008/2009, was 928,425 MT (source: EC). The milk quota for the current quota year, including the reserve is 1,018,651.458 MT.

Quota period	National quota in tons	National quota use	% of utilization
1.04.2007 – 31.03.2008	979 000	812 989	83 %
1.04.2008 – 31.03.2009	998 580	859 302	86 %

According to the latest information from the EC, in 2009/2010, Bulgaria produced 801,548 MT milk for deliveries which was below the quota with 126,877 MT or the quota was used at 86.3%. This is similar to other member states such as Estonia, Czech Republic, Latvia and Greece but below the EU-27 average which registered 93% use of total milk quotas. Overall, 15 member states witnessed deliveries at least 10% below their national quotas, of which 10 were new member states.

At this point, there is no official forecast about the utilization of the quota in the period April 2010 - March 2011. According to industry sources, the use of the quota might be lower (below 85%) than in the previous years due to overall drop in milk output. Industry is concerned that this trend of underutilization of quotas will continue in the future too.

In mid 2010, the MinAg announced the launch of electronic milk quota trade exchange which will start operations on August 1, 2011. This is a result of a cooperation project between the Bulgarian Paying Agency and the Paying Agency of Lithuania. During 2009/2010 quota year, the Paying agency played the role of such quota trade exchange and traded quotas at 320,000 Euro, the price per liter of milk was 0.05 Euro/kg or total traded quotas were about 6,400 MT sold to 131 farmers. The interest to buy milk

quotas was high, the demand was for 13,000 MT, requested by over 540 farmers. For 2010/2011 quota year, the price per liter of milk for trade under the quotas was set at 0.075 Euro/kg. As of end-November, reportedly, the interest to sell quotas this year is higher than in the previous year. The reason is continuing difficulties for smaller dairy farms. According to the MinAg, farmers offered to sell 25.6 million kilograms of milk while demand is for 4.3 million kilos. The situation was the opposite a year earlier when demand for quotas was double that the offers for sales.

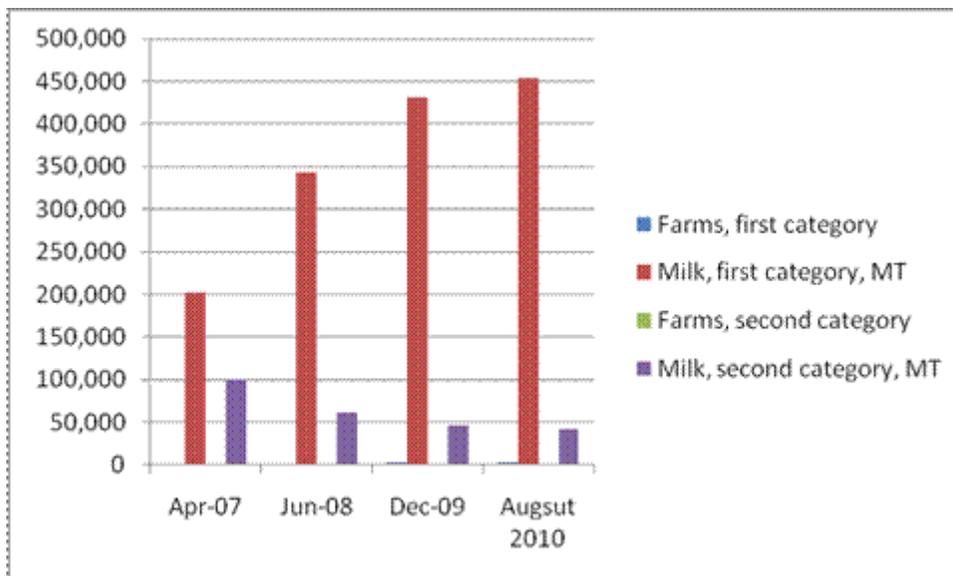
### **Dairy farms and milk quality**

One of the major challenges for the dairy sector has been production of EU quality compliant milk. In 2007, the share of compliant cow milk was 35 %, by 2009 the share was 44 %, and these percentages continue to increase. Reportedly, by end- 2010, the share will reach 50%. At the end of 2009, Bulgaria, together with Romania, was granted a second extension of the grace period for production (and processing) of quality compliant milk – until end of 2011. See Table 6.

Dairy farms have been split in two categories depending on what type of milk they produce. The number of farms in the first category (fully responding to the EU standards, including milk quality) sharply increased from 1,745 (June 2008) to 2,589 (August1, 2010) or by 48%; farms in the second category (meeting EU hygiene and health norms but producing non-compliant milk) dropped from 1,089 to 804 since many of them moved to the first group. Accordingly, the milk quota of the dairy farms in the first category increased from 342,000 MT in June 2008 to 454,000 MT by August, 2010 (by 33%). As of August 1, 2010, 46% of the milk produced under the national quota was produced at the first category farms or was EU compliant milk. Correspondingly, the number of cows increased in the first category farms to 102,000 cows or 34% of all cows in the country. Due to the EU requirement for quality compliant milk, it is believed that this market segment should be the pioneer of the dairy reform and lead the market development in the future.

At this point, there is only one outlined policy targeted at support of these more efficient dairy farms. A program was approved in September 2010 and focused at those dairy farmers which have to upgrade their farms to meet EU requirements for compliant milk. Farmers who apply for such investment under the EU-Rural Development Program (so called measure 121), will be able to access a preferential soft term credit. Thus, the MinAg allocated 60 million Euro for investment credits; and 11.2 million Euro as additional subsidy under the rural program. This decision was done mainly to support farmers who have difficult access to commercial credit which limits their ability to use EU rural program investment funds. The new additional subsidy will increase the current investment subsidy from 50% to 60% -75% depending on the region, type of investment and farmers' age, however, farmers can't use this support to expand their production capacity.

### **Graph 3. Dairy quota production development, 2007-2010**



## Dairy processing sector

In September 07, Brussels approved Bulgarian request to extend the grace period for local meat and dairy establishments to meet the EU sanitary and hygiene standards until end-2009. Total 585 meat and dairy establishments which were not in compliance with the EU norms were able to sell their products on the domestic market until January 1, 2010. While the meat establishments were able to meet the deadline, dairy establishments were not so successful. The GOB was granted extended derogation until the end of 2011 (see milk quality section). By that time, all dairy farms and dairy processors have to produce and process only EU quality/safety compliant milk, and non-compliant milk can be used only for own on-farm use.

In early 2009, 29% of establishments (65 plants) met EC sanitary requirements and processed 64% of all milk. The remaining 159 plants or 71% of establishments were expected to meet the sanitary standards by end-2009/2010, and they processed 36% of milk. The extension of the derogation did not seem to motivate dairies to search for complaint milk and upgrade further since they still had the ability to import the necessary raw materials, often at more competitive terms.

The quantity of processed milk in 2009 was 11.5% less compared to 2008, following another decline of 7.6% in 2008 vs. 2007. The major reason behind this development was the drop in cow milk for processing (-13.1%). Out of total collected and processed milk (635.333 million liters), 93.6% was cow milk, 5.1% sheep milk and less than one percent was goat and buffalo milk. Output of milk for other, non-delivery use, in 2009 was flat at 2008 level. See Tables 7 and 8.

In 2009, total number of dairies on the market was 227 or 1.3% more than in 2008. Lower quantity of processed milk in 2009 did not affect significantly production volume of processed dairy products, mainly due to supplementary imports of raw milk or milk powder. Thus, cheese production was 1% down while yogurt output was 6% upward and that of fresh milk 3% higher. The decline in yellow cheese production was the most considerable, -12.4%.

Due to the MinAg new policy against the cheese containing plant oils (mainly palm oil) as of “inferior” quality, the retailers were forced to separate dairy products with such oils from the others, and have a special warning display. Products with such plant oils had to be re-named and not called “dairy” products. Some manufacturers’ failure to comply with product integrity in order to achieve competitive prices, caused media noise and criticism about adding vegetable oils to dairy products, thus resulting in a crisis in consumer confidence and lower purchases.

In its latest statistical bulletin, the MinAg collected data which shows that production of cheese with plant oils in 2009 was 12,516 MT or 43.3% more than in 2008, and accounted for 27.7% of total white cheese production in 2009. See also BU1004 and Table 9.

## **Consumption**

The latest industry reports about consumption of dairy products (first half of 2010) shows lower purchases as a result of declining consumer spending. Selected dairy companies reported sales reduction of 11%-12% both in volume and in value. The most significant was reportedly the drop in sales of cheese and yogurt. According to the Association of dairy processors, the decline in consumption for various dairy products was in the range of over 10%. For comparison, the year 2009 had mixed results for various dairy companies, some registered 5% to 15% lower sales in value but others had higher sales in volume, up to 7%. At the same time, the largest dairy leader on the market had its most successful year (2009) for its 15 years market life and witnessed 5% growth in revenue.

Other independent sources are more optimistic. According to a Euromonitor report about the cheese market, total sales of cheese in 2010 are increasing by 0.55% percent in volume while in value the sales are 2.3% higher (2010 vs 2009). Sales of drinking milk products and yogurt in 2010 are forecast at 3.95% and 2.5%, respectively, higher (in value). See Table 12

## **Trade**

### **Cheese**

The main Bulgarian export product remains cheese. In 2009, exports were slightly lower 20,458 MT (compared to 21,612 MT in 2008) of which 7,000 MT for non- EU members. For the first 6 months of 2010, exports were 11,243 MT of which 2,500 MT for non-EU. It is expected that stagnant production in 2010 will lead to flat or reduced exports, about 19,000 MT. Major export markets for cheese are Romania, Greece, United States, Lebanon and Australia. In terms of value, 2009 exports were significantly lower at USD 71 million compared to USD 92 million in 2008. For the first half of 2010, cheese exports were at USD 35 million. See Table 10

Imports of cheese have grown steadily over the past years to about 7,400 MT in 2009 at a value of USD 29 million. This is an annual positive growth of 39% in volume and 11% in value. Due to economic challenges and reduced consumer spending, imports in 2010 may remain stagnant. For the first half of 2010, imports were at USD 12 million.

### **Fresh milk and powder milk**

According to the MinAg data, preliminary 2009 statistics show that exports in tonnage in 2009

increased 8% while imports were 18% higher which illustrates the deepening raw materials crisis in the sector. See Table 11.

Due to lower raw milk output, dairy processors began to import fresh milk. In 2009, these imports, HS#040120, reached 17,000 MT, mainly from Croatia, Hungary, Germany and Greece, double than imports in 2008. In the first 6 months of 2010, imports were at 5,995 MT of which 65% came from Hungary. In 2010, annual imports are likely to be the same or higher than in 2009 due to local shortages.

Imports of NFDM, HS#040210, reached 17,500 MT, from Poland, Holland, Germany and Hungary, which was 17% more than in 2008. In the first 6 months of 2010, imports were 10,400 MT or 23% more than for the same period in 2009. It is expected that the annual imports will reach 18,000 MT.

Imports of DWMC, HS#040221, another widely used ingredient, were 7,000 MT or slightly lower than in 2009 when imports were 9,000 MT. In the first 6 months of 2010, however, imports were already 6,600 MT or 53% more than imports in the same period a year before. It is expected that the annual imports in 2010 will be close to 9,000 MT.

A counter factor for higher imports of both NFDM and DWMC is introduced limitation in use of powder milk in dairy products. In July, the Ministry of Agriculture sent a letter to the dairy processors in which ordered them to apply an old, issued in 1995 regulation which limits the amount of powder milk in yogurt up to 20%, in white cheese up to 30% and in yellow cheese up to 25%. It is not known based on what EU or international rule this regulation was approved since it is not based on safety norms. The Ag Minister referred to the public appeals for restoration of “traditional” taste of dairy products. It believed that currently there is not technical capacity to execute efficient control of this regulation.

## **Milk Prices**

The table below (source: MinAg) shows the development of average milk prices in Bulgaria (blue) over the last 3 years compared to the average prices in new EU member states (EU-10 in dark red) and with average prices in EU-27 (light red). While in 2007 and 2008, local prices remained below average in EU-27 and EU-10, in 2009 prices increased slightly above EU-10 but they still remained below EU-27.

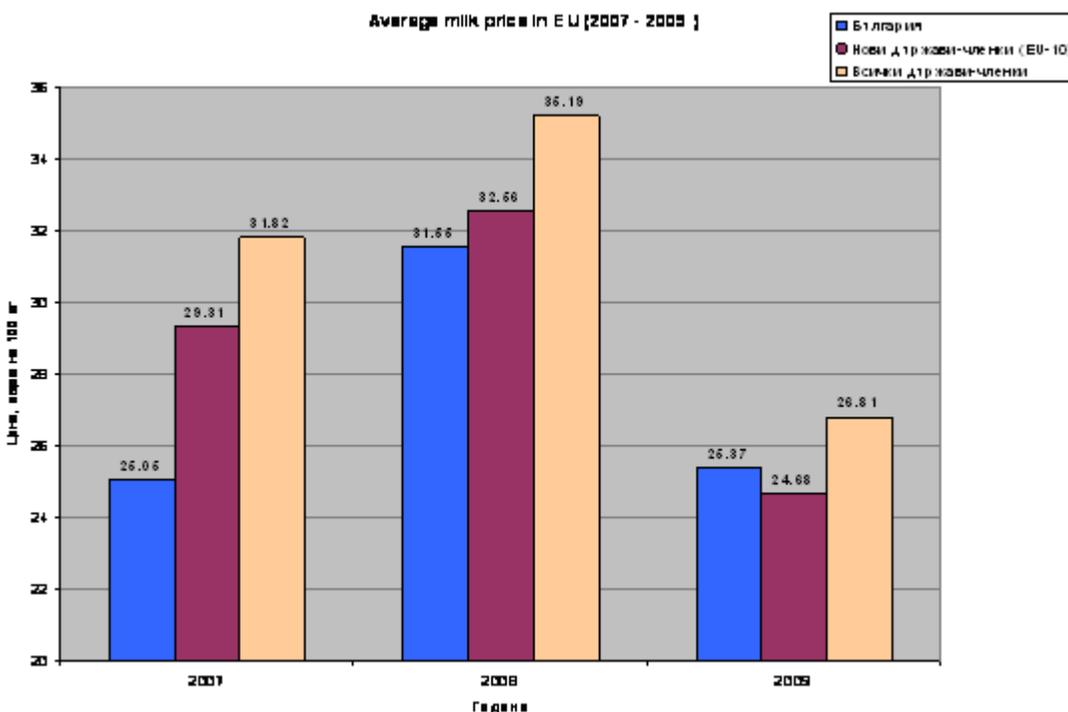
In the second half of 2010 prices were higher than in 2009. In June 2010, the average milk price in Bulgaria was 254.9 Euro/MT or 6.7% more than in June 2009. As of August 2010, it was 268.3 Euro/MT or 9.8 % higher than a year earlier. These prices were higher than in Romania (211.7 Euro/MT), Hungary (253.1 Euro/MT), Latvia (244.2 Euro/MT) and Lithuania (228.7 Euro/MT). The average price in Bulgaria for the period June-August 2010 was 259.3 Euro/MT or 7% higher on an annual basis.

Later in September, milk prices began to increase faster to reflect more expensive feed. Reportedly, as of October/November 2010, the average raw milk prices are already above 350 Euro/MT and in some cases reach 400 Euro/MT. According to industry representatives, the milk deficit, and especially the shortage of EU complaint milk, contributed to higher milk prices. At certain country regions, farmers

talk about “price wars”. In November, some dairies forecasted up to 30% increase in cheese prices in the next 6 months due to higher feed cost.

It is expected that the trend of local milk prices approaching closer to the EU average will be motivating for dairy farmers. At the same time, it will establish competitive challenges to dairy processors since local products will lose its price competitiveness compared to imports. This may start to affect exports and to favor imports of more price-competitive processed dairy products.

For example, in 2009/2010 some imported cheese products, especially from Hungary, Denmark and Poland have challenged Bulgarian cheese in terms of price. According to a forecast made by Euromonitor, traditional cheese will continue to be the most popular on the market but some local brands may lose sales to better quality importer alternatives. This is expected to occur in the medium term as price differences narrow as a result of leveling out of production costs in Bulgaria and other EU member states.



## Policy

Direct sales: In October 2010, the GOB approved and published a regulation for direct sales (Regulation 326 of October 14, 2010, published in Official Gazette #84, October 26) of small amounts of farm products directly from farms. The regulation has been subject of public and industry discussions for more than a year. NGOs which participated in its development were pushing to increase as maximum as possible the size of direct sales (up to 50% of farm production), often not fully considering food safety norms, public capacity and public cost for control and/or economic and market conditions. The regulation is considered to be more liberal compared to similar regulations in other member states. Dairy farms can sell directly raw milk up to 35% of monthly milk production volume for sheep, goat,

and buffalo farms with up to 50 animals in lactation; up to 30% for the same farms with 50-100 animals in lactation period and up to 20% for large farms with more than 100 animals. Dairy cow farms can sell directly if they have own milk quota for direct sales up to 73 MT per year (about 205 liters daily); direct sales should not exceed own quota size.

First farmers' reactions indicate that they were pessimistic about the effect – most wish to see higher direct sales at softer food safety norms, and ability to sell beyond their local area.

Dairy products containing plant oils: The regulation to segregate dairy product containing plant oils from those without plant oils caused some turmoil and was interpreted as controversial. Some experts commented that this policy was a discrimination against locally produced dairy products since imported products were not subject to similar labeling and display rules. In addition, the demand for more raw milk to produce such dairy products did not lead to higher milk output in all cases. Contrary to that, in order to meet the demand of the day, some dairies began to import raw milk from Hungary, Germany or Croatia instead of expanding their herd and improving the productivity. The new initiative coincided with better demand during the tourist season and later in the fall with the higher feed cost, which all together contributed to higher raw milk prices. As a result, since August retail prices of dairy products have increased 10%-12%. According to milk producers the real issue remains shortage of milk and insufficient domestic support, substantially below the average for the EU-27.

Expected amendments to the Vet Act: Over the past year, there has been a tension between the private vets and MinAg Vet Office. Several times private vets professional organizations had public protests. Issues of concern were non-performance of the Vet Office on contracts related to the mandatory health surveillance program – lack of payments for already performed services, lack of testing kits, vaccines, etc. Labs which perform livestock health monitoring programs unofficially reported lack of lab test kits resulting in serious weaknesses in implementation of disease control programs. Private vets also protested against inefficient or lacking control on trade in vet drugs.

Following the vets' pressure, the Vet Office has decided to accept an established practice in the EU. According to a current legislative proposal, starting from 2011, each registered livestock farm has to close a service contract with a veterinarian in order to be included in the mandatory health surveillance programs. Small farms (up to 10 cows and up to 50 sheep) will also pay for the service but the contract will be closed between the local mayor and the vets. These changes are planned to be discussed and approved in the vet legislation by the Parliament by the end of 2010/early 2011. While these changes will lead to higher personal and professional responsibility of private vets and better animal health care at larger farms, some vets are concerned that small farmers will not be able to afford to pay for this service which so far has been fully covered by the GOB.

This expectation, along with the expiring derogation for EU complaint quality milk in 2011, is likely to accelerate the process of concentration and may create some social tension in rural areas. Independent sources already forecast possible weaker control on milk quality and vet contracts in order to soften local social issues.

### **Domestic support**

According to the MinAg, the total amount of support for the dairy sector in 2010 is

48 million Euro which includes:

- subsidies per head of livestock: 75 Euro/cow, 15 Euro/sheep, as these amounts are higher for farms in economically vulnerable and less favored areas. The MinAg committed to pay subsidies per head until end-year.

- 10.2 million Euro emergency aid. This aid was for agricultural producers and processors with priority to the dairy sector. Total 6,833 dairy farmers were granted such aid. About 7 million Euro were allocated for dairy cattle farms and the rest for dairy sheep and goats. The aid was distributed depending on the number of animals per farm.

-1.84 million Euro under for EU milk quota aid (EC) № 1233/2009. This aid was paid to 3,200 farmers at a rate of 4.5 Euro/MT under the milk quotas for 397,000 MT.

In August 2010, the MinAg approved 10 million Euro to be extended as short term soft credits for purchases of feedstuffs for all dairy livestock. The interest rates vary from 3% to 6% compared to commercial interest of 8% - 12%. The credit rates are 40 Euro/ewe or she-goat and 250 Euro/cow or female buffalo.

In October 2010 a temporary national program (state aid) for buffalo farms was approved for 2010. Depending on the farm size (from small, up to 20 animals, to larger, above 100 animals), the subsidy per farm will range from 800 Euro to 5,500 Euro.

In mid-November, 2010, the MinAg made a statement that the domestic support for the dairy sector in 2011 will be at 100 million Euro included in the Rural Development Program. These funds are allocated under the measure 121 for upgrading of dairy farms to meet EU norms; for implementation of Directive 91/676/EC (nitrate vulnerable zones); and investments in organic dairy farms. In addition, the GOB will provide soft terms credits for dairy farmers.

**Table 1. Dairy cattle farms and dairy herd, 2009 and 2008**

<b>Changes in the number of dairy cattle farms and dairy herd, 2009 vs. 2008</b>				
Number of animals (dairy	Number of	Change	Dairy cows,	Change

cows) per farms	farms as of end-2009	2009/2008	1000 head	2009/2008
1-2	72,120	-14.3%	89.3	-15.3%
3-9	13,253	-20.7%	59.3	-19.0%
10-19	2,977	4.5%	40.3	8.6%
20 and more	2,211	6.1%	107.9	9.0%
Total	90,561	-14.4%	296.8	-5.7%

Source: Statistical Office, MinAg, Bulletin 154, March 2010

**Table 2. Buffalo farms and herd, 2009 an 2008**

<b>Changes in the number of buffalo farms and buffalo herd, 2009 vs. 2008</b>				
Number of animals (dairy buffalo) per farms	Number of farms as of end-2009	Change 2009/2008	Dairy buffalo, 1000 head	Change 2009/2008
1-2	439	-33.2%	573	-34.9%
3-9	149	-26.2%	577	-37.4%
10-19	55	- 34.5%	825	-11.3%
20 and more	48	4.3%	3,055	18.4%
Total	691	-30.1%	5,053	-5.3%

Source: Statistical Office, MinAg, Bulletin 154, March 2010

**Table 3. Sheep farms and herd, 2009 an 2008**

<b>Changes in the number of sheep farms and sheep herd, 2009 vs. 2008</b>				
Number of animals (dairy sheep) per farms	Number of farms as of end-2009	Change 2009/2008	Dairy sheep, 1000 head	Change 2009/2008
1-9	94,218	-14.6%	351.6	-14.0%
10-19	9,938	-10.3%	122.7	-10.1%
20-49	5,071	-10.4%	143.5	-12.0%
50-99	2,541	2.5%	169.1	1.5%
100 and more	1,986	4.0%	391.2	5.7%
Total	149,224	-13.4%	1,178.1	-5.4%

Source: Statistical Office, MinAg, Bulletin 154, March 2010

**Table 4. Goat farms and herd, 2009 an 2008**

<b>Changes in the number of goat farms and goat herd, 2009 vs. 2008</b>				
Number of animals	Number of farms as	Change	Dairy goats,	Change

(dairy goats) per farms	of end-2009	2009/2008	1000 head	2009/2008
1-9	99,373	-18.3%	216.7	-17.8%
10-19	1,965	-3.9%	24.3	-2.0%
20-49	1,452	-4.5%	40.5	-7.1%
50-99	360	-7.9%	24.5	-7.9%
100 and more	102	0.0%	16.0	-1.8%
Total	153,029	-17.8%	322.0	-14.1%

Source: Statistical Office, MinAg, Bulletin 154, March 2010

**Table 5. Milk production, 2003-2009, MT**

Milk production, 2003-2009, MT					
Years	Cows milk	Buffalo milk	Sheep milk	Goat milk	Total milk
2003	1,308,525	5,276	88,679	101,530	1,504,010
2004	1,344,750	6,229	117,682	129,381	1,598,042
2005	1,286,909	6,989	105,057	109,114	1,508,069
2006	1,298,709	7,132	107,535	102,297	1,515,673
2007	1,148,328	7,052	84,907	87,174	1,327,461
2008	1,143,190	7,173	88,243	77,465	1,316,071
<b>2009</b>	<b>1,073,401</b>	<b>7,022</b>	<b>87,247</b>	<b>64,090</b>	<b>1,231,760</b>
Change 2009/2008	-6.1%	-2.1%	-1.1%	-17.8%	-6.4%

Source: Source: Statistical Office, MinAg

**Table 6. Dairy farms and milk quota development in 2007-2010**

Dairy farms and milk quota development in 2007-2008			
	April 1, 2007	April 1, 2008	June, 1, 2008
Number of farms in the first category	1,125	1,695	1,745

Number of farms in the second category	1238	1,102	1,089
Milk quota, first category	202,646	337,446	342,694
Milk quota, second category	100,813	63,728	61,245
Cows, first category farms	46,541	80,503	82,178
Cows, second category farms	29,393	20,016	19,542
<b>Dairy farms and milk quota development in 2009-2010</b>			
	December 1, 2009	August 1, 2010	
Number of farms in the first category	2,486	2,589	
Number of farms in the second category	903	844	
Milk quota, first category	431,751	453,992	
Milk quota, second category	46,023	41,729	
Cows, first category farms	100,004	102,438	
Cows, second category farms	14,971	14,171	
Source: Bulgarian MinAg			

**Table 7. Produced and processed milk in 2008**

<b>Produced and processed milk in 2008</b>		
	Total milk, million liters	Including cow milk
Processed at dairies	718,018	684,263
Other use: direct sales, on-farm and feed use	559,366	425,630
<b>Total milk</b>	<b>1,277,384</b>	<b>1,109,893</b>
<b>Produced and processed milk in 2009</b>		
	Total milk, thousand liters	Including cow milk
Processed at dairies	635,333	594,415
Other use: direct sales, on-farm and feed use	560,189	447,722
<b>Total milk</b>	<b>1,195,522</b>	<b>1,042,137</b>
Source: Bulletin 161, 2010, Statistical Office, MinAg		

**Table 8. Production and processing on milk, 2006-2009**

<b>Production and processing on milk, 2006-2009</b>							
Type of milk	2007		2008		2009		Change 2009/2008
	000 liters	% of total processed milk	000 liters	% of total processed milk	000 liters	% of total processed milk	
Cow milk	723,799	93.1%	684,263	95.3%	594,415	93.6%	-13.1%
Sheep	48,121	6.2%	28,020	3.9%	32,477	5.1%	15.9%
Goat	4,140	0.5%	4,458	0.6%	6,335	1.0%	39%
Buffalo	1,352	0.2%	1,277	0.2%	2,106	0.3%	42%
<b>Total</b>	<b>777,412</b>	<b>100%</b>	<b>718,018</b>	<b>100.0%</b>	<b>718,018</b>	<b>100.0%</b>	<b>-11.5%</b>
Source: Source: Bulletin 161,2010, Statistical Office, MinAg							

**Table 9. Production of processed dairy products in 2008 and 2009**

<b>Production of processed dairy products in 2008 and 2009</b>			
	2008	2009	Change 2009 vs.2008
Packaged fresh milk, thousand liters	54,307	55,950	3.0%
Packaged cream, MT	1,944	2,224	14.4%
Yogurt made from different types of milk	123,557	131,044	6.0%
Flavored yogurt or milk desserts	23,054	23,745	3.0%
Cheese, total	73,026	72,326	-1.0%
-White cheese	44,935	45,153	0%
--incl. cheese with plant fats	8,733	12,516	43.3%
-Yellow cheese	23,172	20,313	-12.4%
-Other cheeses (fresh, soft)	4,919	6,860	39%
Source: Source: Bulletin 161,2010, Statistical Office, MinAg			

**Table 10. Cheese Trade, 2007-2010**

<b>Cheese Trade, 2007-2010, MT</b>				
<b>Imports</b>				
	2007	2008	2009	January-June 2010
Total	4,096	5,301	7,368	3,015
Germany	1,161	1,557	2,275	1,001
Poland	735	1,351	1,558	727
Denmark	500	452	1,041	270
<b>Exports</b>				
Total	16,040	21,612	20,458	11,243
Romania	2,252	5,133	6,133	3,687
Greece	5,390	6,563	6,133	3,687
USA	2,761	3,154	2,772	980
Lebanon	1,502	1,571	1,532	712
Australia	1,367	1,466	1,260	750

**Table 11. Imports of milk and dairy products in Bulgaria 2005 - 2009**

**Imports of milk and dairy products in Bulgaria 2005 - 2009 tons**

Years	2005	2006	2007	2008	2009*
<b>Milk and milk products, total</b>	<b>20 944</b>	<b>20 902</b>	<b>29 805</b>	<b>60 696</b>	<b>71 592</b>
- EU	14 441	16 192	25 606	55 439	67 792
- Third countries	6 503	4 710	4 199	5 257	3 799
Source: Bulgarian MinAg, 2009* Not final data					

**Table 12. Consumption of dairy products per capita in Bulgaria 2005-2009**

Dairy Product	2005	2006	2007	2008	2009
<b>Fresh milk (l)</b>	<b>24.0</b>	<b>20.8</b>	<b>19.6</b>	<b>19.1</b>	<b>19.9</b>
<b>Yoghurt (kg)</b>	<b>26.1</b>	<b>26.0</b>	<b>27.3</b>	<b>26.6</b>	<b>26.8</b>
<b>Cheese (kg)</b>	<b>10.0</b>	<b>10.7</b>	<b>10.6</b>	<b>10.7</b>	<b>11.0</b>
<b>Yellow cheese (kg)</b>	<b>2.4</b>	<b>2.9</b>	<b>3.0</b>	<b>2.9</b>	<b>3.3</b>
<b>Other dairy products (kg)</b>	<b>1.3</b>	<b>1.4</b>	<b>1.7</b>	<b>1.7</b>	<b>1.8</b>
<b>Butter (kg)</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>	<b>0.6</b>