

## CBI MARKET SURVEY

THE VEGETABLE OILS AND FATS (INCLUDING OIL SEEDS)  
MARKET IN BULGARIA

Publication date: July, 2007

**Introduction**

This CBI market survey gives exporters in developing countries information on some main developments in the vegetable oils & fats and oil seeds market in Bulgaria. The information is complementary to the information provided in the CBI market survey 'The vegetable oils and fats (including oil seeds) market in the EU', which covers the EU in general. That survey also contains an overview and explanation of the selected products dealt with, some general remarks on the statistics used, as well as information on other available documents for this sector. It can be downloaded from <http://www.cbi.eu/marketinfo>.

**1 Market description: consumption and production****Consumption*****Vegetable oils and fats***

- Neither Fediol nor the International Olive Oil Council provide information about vegetable oil consumption in Bulgaria.
- Trends characterising the overall EU market for vegetable oils and fats, including oil seeds, but also influencing the Bulgarian market, are health concerns (causing, among others, a shift away from fatty acids and hydrogenated fats towards more unsaturated fats), increasing demand for bio fuels and a growing interest in sustainably produced (i.e. organic) vegetable oils and fats. All these factors are expected to further boost future demand for the products discussed. For more information on trends in vegetable oils & fats and oil seeds, please refer to the CBI survey covering the EU market.

***Oil seeds***

- According to FAOSTAT (2007), in 2005, Bulgaria consumed 213.8 thousand tonnes of sunflower seed, sesame seed and palm kernel together, representing an average annual decrease of 2% since 2001.
- Sunflower seed is, by far, the most favourite oil seed consumed in Bulgaria, reaching 210.8 thousand tonnes in 2005. Between 2001 and 2005, consumption of this product decreased by an average annual rate of 2%.
- Palm kernels and sesame seed are less important products, amounting to 2.2 thousand tonnes and 0.8 thousand tonnes respectively in 2005. Between 2001 and 2005, consumption of sesame seed and palm kernels increased by average annual rates of 5% and 56% respectively.

**Production*****Vegetable oils and fats***

- Of the selected vegetable oils, sunflower oil is the main oil produced in Bulgaria. However, Bunge International, one of Bulgaria's leading sunflower oil producers, is planning to move its production to Hungary.

***Oil seeds***

- According to FAOSTAT data, a significant production of oil seeds takes place in Bulgaria. After France, Romania and Hungary, Bulgaria represents an important EU27 producer of sunflower seeds, accounting for 16% of total EU27 sunflower seed production in 2005.
- In the same year, Bulgarian production amounted to 935 thousand tonnes, representing an impressive average annual increase of 23% since 2001.

### Opportunities and threats

- Due to limited data availability, particularly with respect to vegetable oil seed consumption, not much can be said about opportunities and threats for developing country suppliers to Bulgaria.
- It is, however, clear that production of sunflower seeds is substantial in this country, which is a threat to developing country producers.
- Please refer to Chapter 7 of the survey covering the EU market for general opportunities and threats in the EU.

## 2 Trade channels for market entry

The distribution of vegetable oils & fats and oil seeds imported into Bulgaria does not differ substantially from the distribution as described in the CBI survey covering the EU market for vegetable oil and fats (including oil seeds). A relatively large part of Bulgarian imports of vegetable oils & fats and oil seeds is sourced directly in developing countries. Please refer to the EU survey for a more comprehensive explanation of the main trade channels in the EU.

Vegetable oils and their raw materials can be traded directly from the source to the European processing industry or through one or more traders (agents, exporters, importers etc.). In general, large volumes go straight from producer to processor, while suppliers of smaller volumes may opt to use agents, brokers or importers.

The margins charged by the different intermediaries in the vegetable oil and oil seed trade are influenced by many different factors like the type of product, current and expected prices, cost of refining, availability, processing possibilities, etc. All these factors make it extremely difficult to provide information on typical margins in the trade of vegetable oils and fats and oil seeds.

Bunge International, which is an important sunflower oil producer in Bulgaria, decided to move its Bulgarian-based production to Hungary. Other interesting companies in Bulgaria are:

- Bella Bulgaria S.A. (<http://www.bella.bg/en/about/default.htm>)
- Bisser-Oliva plc, [mailto:boliva\\_m@stz.orbitel.bg](mailto:boliva_m@stz.orbitel.bg)

Good sources for finding companies working in the vegetable oils and fats (including oil seeds) market are:

- Members list of the Oilseed Oil Producers Association in Bulgaria: <http://www.sunoil-bg.org/members1.html>
- Europages: <http://www.europages.com> (online business directory, with full EU coverage. Oils and fats, edible' are a separate product group, falling under the category of 'Food & related products.)

Online market places such as the below are also useful:

- Agronetwork.com: <http://www.agronetwork.com/global>
- Organic Trade Services: <http://www.organicts.com> (also offering organic industry news)
- Ingridnet: <http://www.ingridnet.com> (for ingredient suppliers)

## 3 Trade: imports and exports

For trade information on the EU25, Eurostat data are used to indicate the trade flows for the EU25 and its individual member states. For Bulgaria, which is one of the two newest EU member states, Comtrade data are used to indicate imports and exports. However, with respect to trade data on oil seeds, please note that data for Bulgaria may be overstated compared to the EU25, since Comtrade provides data only up to six-digit codes, whereas Eurostat gives data up to eight-digit codes. This implies that the oil seeds data for Bulgaria contain more aggregated subgroups (i.e. oil seeds for human consumption as well as for sowing) than the data for the EU25. For Bulgaria, the following CN codes for oil seeds are taken into account: 1203, 120600, 120710, 120740 and 120760.

## Imports

### *Vegetable oils and fats*

- Bulgaria is a relatively small importer of vegetable oils and fats compared to the other EU member countries. Imports are about the size of Slovakia's imports, which accounted for 0.3% of total EU25 import value in 2005 (Eurostat 2007).
- In 2005, Bulgarian imports of vegetable oils and fats amounted to 18.3 million / 18.9 thousand tonnes, representing an average annual increase of 12% in terms of value and 3% in terms of volume since 2001.
- The Netherlands is the leading supplier to Bulgaria, accounting for 36% of the import value in 2005, followed by Malaysia (20%), Turkey (14%) and Indonesia (12%).
- Developing countries play a relatively important role, supplying 46% of total value imports in 2005. In terms of volume, the share even amounted to about 75%.
- Of the selected vegetable oils and fats, cocoa butter is the most popular product imported by Bulgaria. In 2005, almost half of Bulgarian import value consisted of this product. Since 2001, imports of cocoa butter, increased by almost 30% in value and 18% in volume, amounting to € 8.6 million / 2.5 thousand tonnes in 2005.
- With a share of almost 40% of the total import value, palm oil is another important product imported into Bulgaria, followed by olive oil (11%), sunflower oil (3%), and coconut oil (1%).

### *Oil seeds*

- Imports of oil seeds by Bulgaria are relatively low compared to import by the other EU member countries. Imports are about the size of Sweden's imports, which accounted for 1.1% of total EU25 import value in 2005 (Eurostat 2007).
- In 2005, Bulgarian oil seed imports amounted to 9.2 million / 6.2 thousand tonnes, representing an average annual increase of 15% in terms of value, but an average annual decrease of 7% in terms of volume since 2001.
- The USA and Spain are the leading suppliers of oil seeds to Bulgaria, each accounting for 22% of the import value in 2005, followed by Turkey (13%), France (13%) and Moldova (6%).
- Developing countries together supplied somewhat more than 30% of total value imports in 2005. In terms of volume, the share amounted to about 75%, indicating that particularly low-value oil seeds are imported from developing countries.
- Of the selected vegetable oils and fats, sunflower seed is by far the most-imported oil seed into Bulgaria, accounting for 93% of the total import value in 2005.
- Sesame seed imports are relatively low (accounting for 7% of the import value), but strongly on the increase. Between 2001 and 2005, imports increased from € 251.6 thousand / 298.9 tonnes in 2001 to € 617.2 million / 843.7 tonnes in 2005. Sesame seed is almost entirely supplied by developing countries.

## Exports

### *Vegetable oils and fats*

- Bulgaria is a relatively small exporter of vegetable oils and fats by EU standards. Exports are about the size of Austria's exports, which accounted for 0.4% of total EU25 export value in 2005 (Eurostat 2007).
- Bulgarian exports of vegetable oils and fats amounted to € 24.1 million / 48.9 thousand tonnes in 2005, representing an average annual increase of about 20% in both value and volume since 2001.
- The only vegetable oil exported by Bulgaria is sunflower oil.

### ***Oil seeds***

- Bulgaria is, by far, a net exporter of oil seeds.
- In 2005, Bulgarian exports of oil seeds amounted to € 128.5 million / 526 thousand tonnes, representing an average annual increase of about 45% in both value and volume since 2001.
- Exports of oil seeds consisted almost completely of sunflower seed (99.9%).

### **Opportunities and threats**

- Bulgaria is a net exporter of vegetable oils & fats and oil seeds. Particularly with respect to sunflower seed and sunflower oil, there seem to be limited opportunities for developing countries exporters to Bulgaria.
- Palm oil is very popular in Bulgaria, which could offer interesting opportunities for developing country suppliers.
- Imports of sesame seed are small but strongly increasing.
- Please refer to Chapter 7 of the survey covering the EU market for general opportunities and threats in the EU.

### **Useful sources**

- EU Expanding Exports Helpdesk - <http://export-help.cec.eu.int/>
- Eurostat – official statistical office of the EU - <http://epp.eurostat.cec.eu.int>

## **4 Price developments**

The Chicago Board of Trade is the most important market for several vegetable oils and oil seeds. Prices established at this exchange largely determine prices for these and related products all over the world.

Due to improved technology, different vegetable oil products are substitutable: this has a major impact on price settings. For example, as mentioned in Chapter 3 of this survey, palm oil is becoming increasingly popular in Bulgaria and, consequently, the price rises.

Some other factors also influence prices of vegetable oils and oil seeds:

- The climatic conditions.
- Increasing demand for bio-fuels.
- Increased demand for vegetable oils and fats, due to improved welfare world wide.
- Driven by health concerns, the substitution of animal fat to the advantage of vegetable oils and fats.

With regard to oil seeds, in general, the prices of large volumes of oil seeds depend on exchange rates, in which the value of the dollar is a dominant factor. Prices of most products are not fixed and may fluctuate strongly, depending on season and global yields. Furthermore, the price of the oil seeds is heavily dependent on their quality. Oil seeds are traded by standard contracts, in which the price for a particular quality is stated.

For information on prices for vegetable oils & fats and oil seeds, please refer to the CBI survey covering the EU market for vegetable oils and fats (including oil seeds).

## **5 Market access requirements**

As a manufacturer in a developing country preparing to access Bulgaria, you should be aware of the market access requirements of your trading partners and the Bulgarian government. For information on legislative and non-legislative requirements, go to 'Search CBI database' at <http://www.cbi.eu/marketinfo>, select vegetable oils and fats (including oil seeds) and Bulgaria in the category search, click on the search button and click on market access requirements.

Detailed information on packaging can be found at the website of ITC on export packaging: <http://www.intracen.org/ep/packaging/packit.htm>

Information on tariffs and quota can be found at <http://export-help.cec.eu.int/>

## 6 Doing business

Information on doing business like approaching potential business partners, building up a relationship, drawing up an offer, handling the contract (methods of payment, and terms of delivery) and cultural differences can be found in CBI's export manuals 'Export Planner', 'Your image builder' and 'Exporting to the EU'. These can be downloaded from <http://www.cbi.eu/marketinfo> - go to search publications. For more information on doing business in Bulgaria, visit the following websites:

### Trade associations

- Oil Seed Oil Producers Association of Bulgaria: <http://www.sunoil-bg.org>

### Trade fairs

- Foodtech Plovdiv: <http://www.fair.bg/en/>
- Balkan Food& Drinks Sofia: [http://www.viaexpo.com/index\\_en.html](http://www.viaexpo.com/index_en.html)
- Interfood & Drink Bulgaria: <http://www.bulgarreklama.com/>

### Other

- A possible source of cultural specifics in Bulgaria:  
<http://www.kwintessential.co.uk/resources/global-etiquette/bulgaria.html>

There is no trade press encountered relevant for this sector in Bulgaria.

This survey was compiled for CBI by ProFound – Advisers In Development

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