

GENERAL AGREEMENT ON

RESTRICTED

IMC/INV/4/Rev.1

16 July 1991

TARIFFS AND TRADE

Arrangement Regarding Bovine Meat

INTERNATIONAL MEAT COUNCIL

Inventory of Domestic Policies and Trade Measures and Information on Bilateral, Plurilateral or Multilateral Commitments

Reply to Parts G and H of the Questionnaire

BULGARIA

Revision

The participants have agreed to provide information concerning their domestic policies and trade measures including bilateral and plurilateral commitments on the basis of Parts G and H of the Questionnaire (Rule 16 of the Procedure). The documents containing replies to these parts of the Questionnaire are circulated under the symbol IMC/INV; they are revised as and when changes are notified.

This set of documents constitutes the inventory of all measures affecting trade in bovine meat, including commitments resulting from bilateral, plurilateral and multilateral negotiations, which the Council has instructed the secretariat to draw up and keep up to date, under the provisions of Article III of the Arrangement (Note to Article III of the Arrangement and Rule 18 of the Rules of Procedure).

PART G

Part G.1. Information on Domestic Policies and Trade Measures

Introduction

Since the end of 1989 Bulgaria is undergoing deep systematic changes towards the establishment of a market economy and democracy. These steps are undertaken at a most difficult time, characterized by deep overall imbalances, disruption on internal markets, increasing internal and external debt (which reached US\$10 billion, compared to US\$3.2 billion in 1985), severe deterioration in the terms of trade, rapid breakdown on traditional trading relationships, uncertainty about the future of oil supplies and last, but not least, the negative impact of the Gulf crisis - the direct losses of which are estimated to have hit our economy with US\$1.4 billion for 1990 only.

Price reform

Against this background, a radical and comprehensive economic programme has been introduced by the government in the beginning of 1991, addressing macroeconomic imbalances and thus initiating major structural reforms. From February 1991, a comprehensive price reform, which eliminated almost all restrictions on producer and consumer prices has been implemented. For essential foodstuffs (in particular, bread, flour, meat and meat products, milk and dairy products, vegetable oil and sugar), as well as passenger fares, the government has assessed new market prices, involving on average, a six-fold increase from the previous administered levels. The government will monitor developments in these prices and intends to intervene only if they exceed the projected levels. The intervention will be mainly indirect, relying on market instruments.

Land reform

By the end of February 1991, a bill on land reform has been adopted, which, among other things, enacts the removal of all restrictions on the sale of land, except sales to foreigners and is expected to have a positive effect on the development of Bulgarian agriculture. With this bill, the land will be transferred back to its former owners and the return of one-third to one-half of the eligible land is intended within a period of one year. The leasing of the land on market terms is also being allowed.

The previous monopoly organization in all the agricultural sectors has been dismantled, except in the wheat, grain, tobacco and veterinary services.

A joint stock agricultural bank was also established last year, which mainly services private agricultural farmers.

Trade reform

In running their pricing policy for exported and imported goods, the companies are now guided by the usual commercial considerations, such as duties and taxes, production, transportation and insurance costs, etc. However, in connection with acute domestic shortages, the government temporarily introduced with an ordinance dated 8 February 1991, an export tax of 30 per cent on the export price of live cattle, meat and meat products, as well as on poultry meat. Exports of turkey, duck and geese, as well as their sub-products were excluded from the provisions of this ordinance. In the week of 10 June 1991, a new ordinance has been adopted, which temporarily fixes minimum export prices for the export of live cattle, meat and dairy products, to avoid export at prices below the international ones. The intention of the government is to gradually eliminate these restrictions during the year.

The Bulgarian foreign trade régime has been substantially liberalized. State monopoly on foreign trade is completely abolished and all economic operators, including private ones, are free to engage in foreign trade activities. All import bans and quotas are eliminated. Export quotas are replaced by export taxes.

New fiscal and tax policies, which will play a crucial part in the stabilization and restructuring process are implemented. A comprehensive reform of the exchange system based on an interbank foreign exchange market has also been introduced.

A far-reaching privatization programme is being developed, which also affects monopoly structures in the production and trade of agricultural products, including meat products.