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# Bulgaria

## Tobacco and Products

### Annual

### 2001

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**Report Highlights:**

**Bulgaria expects higher tobacco production in CY2001 and increased exports of oriental tobacco. Exports are promoted by the new GOB policy of production price supports. The country will continue to import 6,000 MT -7,000 MT of flue-cured and burley tobacco to meet the demand of the domestic cigarette industry.**

**No tobacco imports from the U.S. are likely.**

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Includes PSD changes: Yes  
Includes Trade Matrix: Yes  
Annual Report  
Bulgaria [BU1], BU

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## Summary

In CY1999 and CY2000, the Bulgarian tobacco industry continued to struggle with lower production, tough competition on the international markets and delayed privatization of the state monopoly Bulgartabac. Some investment was undertaken in the cigarette industry. The GOB managed to improve and implement respective industry legislation such as gradually increasing farm-gate prices and additional support for production and traders (starting in CY2001). Liberalization of cigarette prices is expected in late CY2001. These changes are projected to lead to higher production and trade in CY2001.

In CY2001, production of virginia and burley type tobacco are likely to increase to meet the demand for production of American blend cigarettes. Imports of these tobacco types should stabilize at about 6,000 MT to 7,000 MT per year. Bulgaria is importing price competitive tobacco, so no imports from the U.S. were registered in the last two years or are likely in CY2001.

Oriental tobacco production is also likely to be higher in CY2001 which, along with the price support for traders, is expected to increase Oriental tobacco exports by 3,000 MT to 22,000 MT. Major export destinations are likely to remain the traditional markets - the U.S., Russia, Egypt and Germany. Legal exports of cigarettes will likely remain in the range of 5,000 MT-6,000 MT.

Traditionally, tobacco and cigarettes have been a top foreign exchange earner for Bulgaria. However, since 1996, with the decline in cigarette exports to Russia, the total value of these earnings has dropped dramatically. In 1996, according to official data, the total value of tobacco and tobacco products exports equaled US\$256 million. Currently, official statistics are not available. However, in 2000, tobacco and cigarette exports are estimated to be about US\$200 million in value. Despite this significant decline, Bulgaria continues to be a net exporter of tobacco and tobacco products due to hard currency revenue and in an effort to avoid domestic stocks as a result of oversupply (for oriental tobacco).

The GOB continues to be the major player in the tobacco industry via its ownership in "Bulgartabac", the major oriental tobacco purchaser and cigarette producer. Bulgartabac also has control of farm-gate tobacco prices. According to Bulgarian agreements with the International Monetary Fund and the World Bank, the GOB can not delay the privatization of Bulgartabac which should be finalized by 2001/2002. However, a recent change in government has called into question this policy of privatization and Bulgartabac's status is in limbo.

## PSD Table, Tobacco, Total

|                        |                        |         |             |         |          |         |
|------------------------|------------------------|---------|-------------|---------|----------|---------|
| PSD Table              |                        |         |             |         |          |         |
| Country                | Bulgaria               |         |             |         |          |         |
| Commodity              | Tobacco, Unmfg., Total |         |             |         | (HA)(MT) |         |
|                        | Revised                | 1999    | Preliminary | 2000    | Forecast | 2001    |
|                        | Old                    | New     | Old         | New     | Old      | New     |
| Market Year Begin      |                        | 01/1999 |             | 01/2000 |          | 01/2001 |
| Area Planted           | 33800                  | 26860   | 33800       | 28210   | 0        | 34720   |
| Beginning Stocks       | 41529                  | 41529   | 40689       | 32089   | 40689    | 23081   |
| Farm Sales Weight Prod | 48912                  | 38530   | 48912       | 32225   | 0        | 46600   |
| Dry Weight Production  | 45100                  | 34934   | 45100       | 29249   | 0        | 42232   |
| U.S. Leaf Imports      | 0                      | 0       | 0           | 0       | 0        | 0       |
| Other Foreign Imports  | 12200                  | 6025    | 12200       | 6900    | 0        | 6070    |
| TOTAL Imports          | 12200                  | 6025    | 12200       | 6900    | 0        | 6070    |
| TOTAL SUPPLY           | 98829                  | 82488   | 97989       | 68238   | 40689    | 71383   |
| Exports                | 20540                  | 21399   | 20540       | 18429   | 0        | 20400   |
| Dom. Leaf Consumption  | 32800                  | 26500   | 31960       | 24228   | 0        | 23300   |
| U.S. Leaf Dom. Consum. | 0                      | 0       | 0           | 0       | 0        | 0       |
| Other Foreign Consump. | 4800                   | 2500    | 4800        | 2500    | 0        | 2300    |
| TOTAL Dom. Consumption | 37600                  | 29000   | 36760       | 26728   | 0        | 25600   |
| TOTAL Disappearance    | 58140                  | 50399   | 57300       | 45157   | 0        | 46000   |
| Ending Stocks          | 40689                  | 32089   | 40689       | 23081   | 0        | 25383   |
| TOTAL DISTRIBUTION     | 98829                  | 82488   | 97989       | 68238   | 0        | 71383   |

**1999 and 2000 Import Trade Matrix, Tobacco Total**

|                     |                        |        |      |
|---------------------|------------------------|--------|------|
| Import Trade Matrix |                        |        |      |
| Country             | Bulgaria               |        |      |
| Commodity           | Tobacco, Unmfg., Total |        |      |
| Time period         | 1999                   | Units: | 2000 |
| Imports for:        |                        |        | 1    |
| U.S.                |                        | U.S.   |      |
| Others              |                        | Others |      |
| Zimbabwe            | 2312                   |        | 2598 |
| Brazil              | 2076                   |        | 2546 |
| India               | 1126                   |        | 877  |
| Italy               | 104                    |        | 402  |
| China               | 324                    |        | 506  |
| Argentina           | 177                    |        | 238  |
| Greece              | 726                    |        | 191  |
| Cuba                | 284                    |        | 210  |
| Malawi              | 79                     |        | 20   |
| South Africa        | 0                      |        | 208  |
| Total for Others    | 7208                   |        | 7796 |
| Others not Listed   | 253                    |        | 445  |
| Grand Total         | 7461                   |        | 8241 |

**1999 and 2000 Export Trade Matrix, Tobacco Total**

|                     |                        |           |       |
|---------------------|------------------------|-----------|-------|
| Export Trade Matrix |                        |           |       |
| Country             | Bulgaria               |           |       |
| Commodity           | Tobacco, Unmfg., Total |           |       |
| Time period         | 1999                   | Units:    | 2000  |
| Exports for:        |                        |           | 1     |
| U.S.                | 5977                   | U.S.      | 2795  |
| Others              |                        | Others    |       |
| Russia              | 5323                   |           | 4310  |
| Egypt               | 3069                   |           | 4282  |
| Germany             | 3329                   |           | 1335  |
| Switzerland         | 1231                   |           | 548   |
| Greece              | 490                    |           | 1300  |
| Austria             | 644                    |           | 471   |
| Turkey              | 1231                   | Italy     | 217   |
| Algeria             | 1345                   | Hong Kong | 231   |
| Japan               | 111                    |           | 257   |
| Indonesia           | 266                    |           | 221   |
| Total for Others    | 17039                  |           | 13172 |
| Others not Listed   | 1988                   |           | 4438  |
| Grand Total         | 25004                  |           | 20405 |

**PSD Table, Oriental Tobacco**

| PSD Table              |                                 |         |             |         |          |         |
|------------------------|---------------------------------|---------|-------------|---------|----------|---------|
| Country                | Bulgaria                        |         |             |         |          |         |
| Commodity              | Tobacco,<br>Unmfg.,<br>Oriental |         |             |         | (HA)(MT) |         |
|                        | Revised                         | 1999    | Preliminary | 2000    | Forecast | 2001    |
|                        | Old                             | New     | Old         | New     | Old      | New     |
| Market Year Begin      |                                 | 01/1999 |             | 01/2000 |          | 01/2001 |
| Area Planted           | 25000                           | 18070   | 19370       | 19370   | 0        | 24620   |
| Beginning Stocks       | 27501                           | 32768   | 18614       | 18614   | 5064     | 5064    |
| Farm Sales Weight Prod | 35869                           | 25660   | 19823       | 19823   | 0        | 32000   |
| Dry Weight Production  | 33000                           | 23094   | 17840       | 17840   | 0        | 28800   |
| U.S. Leaf Imports      | 0                               | 0       | 0           | 0       | 0        | 0       |
| Other Foreign Imports  | 1800                            | 64      | 49          | 49      | 0        | 70      |
| TOTAL Imports          | 1800                            | 64      | 49          | 49      | 0        | 70      |
| TOTAL SUPPLY           | 62301                           | 55926   | 36503       | 36503   | 5064     | 33934   |
| Exports                | 20000                           | 21362   | 18075       | 18075   | 0        | 20000   |
| Dom. Leaf Consumption  | 22000                           | 14650   | 12164       | 12164   | 0        | 11800   |
| U.S. Leaf Dom. Consum. | 0                               | 0       | 0           | 0       | 0        | 0       |
| Other Foreign Consump. | 1300                            | 1300    | 1200        | 1200    | 0        | 1000    |
| TOTAL Dom. Consumption | 23300                           | 15950   | 13364       | 13364   | 0        | 12800   |
| TOTAL Disappearance    | 43300                           | 37312   | 31439       | 31439   | 0        | 32800   |
| Ending Stocks          | 19001                           | 18614   | 5064        | 5064    | 0        | 1134    |
| TOTAL DISTRIBUTION     | 62301                           | 55926   | 36503       | 36503   | 0        | 33934   |

**1999 and 2000 Import Trade Matrix, Oriental Tobacco**

|                     |                           |        |      |
|---------------------|---------------------------|--------|------|
| Import Trade Matrix |                           |        |      |
| Country             | Bulgaria                  |        |      |
| Commodity           | Tobacco, Unmfg., Oriental |        |      |
| Time period         | 1999                      | Units: | 2000 |
| Imports for:        |                           |        | 1    |
| U.S.                |                           | U.S.   |      |
| Others              |                           | Others |      |
|                     | 64                        |        | 49   |
|                     |                           |        |      |
|                     |                           |        |      |
|                     |                           |        |      |
|                     |                           |        |      |
|                     |                           |        |      |
|                     |                           |        |      |
|                     |                           |        |      |
|                     |                           |        |      |
|                     |                           |        |      |
| Total for Others    | 64                        |        | 49   |
| Others not Listed   |                           |        |      |
| Grand Total         | 64                        |        | 49   |

**1999 and 2000 Export Trade Matrix, Oriental Tobacco**

|                     |                           |        |       |
|---------------------|---------------------------|--------|-------|
| Export Trade Matrix |                           |        |       |
| Country             | Bulgaria                  |        |       |
| Commodity           | Tobacco, Unmfg., Oriental |        |       |
| Time period         | 1999                      | Units: | 2000  |
| Exports for:        |                           |        | 1     |
| U.S.                | 5255                      | U.S.   | 2717  |
| Others              |                           | Others |       |
| Russia              | 2730                      |        | 3060  |
| Egypt               | 3069                      |        | 4282  |
| Germany             | 3329                      |        | 1335  |
| Switzerland         | 1231                      |        | 548   |
| Algeria             | 1345                      | Italy  | 217   |
| Greece              | 490                       |        | 1300  |
| Japan               | 111                       |        | 257   |
| Hungary             | 110                       |        | 205   |
| Austria             | 644                       |        | 471   |
| Hong Kong           | 190                       |        | 231   |
| Total for Others    | 13249                     |        | 11906 |
| Others not Listed   | 2858                      |        | 3452  |
| Grand Total         | 21362                     |        | 18075 |

**PSD Table, Flue Cures Tobacco**

| PSD Table              |                                    |         |             |         |          |         |
|------------------------|------------------------------------|---------|-------------|---------|----------|---------|
| Country                | Bulgaria                           |         |             |         |          |         |
| Commodity              | Tobacco, U<br>nmfg., Flue<br>Cured |         |             |         | (HA)(MT) |         |
|                        | Revised                            | 1999    | Preliminary | 2000    | Forecast | 2001    |
|                        | Old                                | New     | Old         | New     | Old      | New     |
| Market Year Begin      |                                    | 01/1999 |             | 01/2000 |          | 01/2001 |
| Area Planted           | 7500                               | 7330    | 7500        | 6320    | 0        | 7000    |
| Beginning Stocks       | 13983                              | 5761    | 21583       | 11164   | 29183    | 15410   |
| Farm Sales Weight Prod | 11413                              | 10770   | 11413       | 9896    | 0        | 10500   |
| Dry Weight Production  | 10500                              | 9908    | 10500       | 9104    | 0        | 9660    |
| U.S. Leaf Imports      | 0                                  | 0       | 0           | 0       | 0        | 0       |
| Other Foreign Imports  | 8500                               | 4232    | 8500        | 5496    | 0        | 5000    |
| TOTAL Imports          | 8500                               | 4232    | 8500        | 5496    | 0        | 5000    |
| TOTAL SUPPLY           | 32983                              | 19901   | 40583       | 25764   | 29183    | 30070   |
| Exports                | 500                                | 37      | 500         | 354     | 0        | 400     |
| Dom. Leaf Consumption  | 8900                               | 7700    | 8900        | 9000    | 0        | 9240    |
| U.S. Leaf Dom. Consum. | 0                                  | 0       | 0           | 0       | 0        | 0       |
| Other Foreign Consump. | 2000                               | 1000    | 2000        | 1000    | 0        | 1000    |
| TOTAL Dom. Consumption | 10900                              | 8700    | 10900       | 10000   | 0        | 10240   |
| TOTAL Disappearance    | 11400                              | 8737    | 11400       | 10354   | 0        | 10640   |
| Ending Stocks          | 21583                              | 11164   | 29183       | 15410   | 0        | 19430   |
| TOTAL DISTRIBUTION     | 32983                              | 19901   | 40583       | 25764   | 0        | 30070   |

**1999 and 2000 Import Trade Matrix, Flue Cured Tobacco**

|                     |                             |              |      |
|---------------------|-----------------------------|--------------|------|
| Import Trade Matrix |                             |              |      |
| Country             | Bulgaria                    |              |      |
| Commodity           | Tobacco, Unmfg., Flue Cured |              |      |
| Time period         | 1999                        | Units:       | 2000 |
| Imports for:        |                             |              | 1    |
| U.S.                |                             | U.S.         |      |
| Others              |                             | Others       |      |
| Italy               | 10                          |              | 18   |
| India               | 662                         |              | 619  |
| China               | 201                         | South Africa | 90   |
| Zimbabwe            | 1879                        |              | 2301 |
| Brazil              | 1394                        |              | 2388 |
|                     |                             | Germany      | 40   |
|                     |                             |              |      |
|                     |                             |              |      |
|                     |                             |              |      |
| Total for Others    | 4146                        |              | 5456 |
| Others not Listed   | 86                          |              | 40   |
| Grand Total         | 4232                        |              | 5496 |

**1999 and 2000 Export Trade Matrix, Flue Cured Tobacco**

|                     |                             |        |      |
|---------------------|-----------------------------|--------|------|
| Export Trade Matrix |                             |        |      |
| Country             | Bulgaria                    |        |      |
| Commodity           | Tobacco, Unmfg., Flue Cured |        |      |
| Time period         | 1999                        | Units: | 2000 |
| Exports for:        |                             |        | 1    |
| U.S.                |                             | U.S.   |      |
| Others              |                             | Others |      |
| Russia              | 20                          |        | 315  |
| Romania             | 17                          |        | 0    |
|                     |                             |        |      |
|                     |                             |        |      |
|                     |                             |        |      |
|                     |                             |        |      |
|                     |                             |        |      |
|                     |                             |        |      |
|                     |                             |        |      |
|                     |                             |        |      |
| Total for Others    | 37                          |        | 315  |
| Others not Listed   |                             |        |      |

|             |    |  |     |
|-------------|----|--|-----|
| Grand Total | 37 |  | 315 |
|-------------|----|--|-----|

**PSD Table, Burley Tobacco**

| PSD Table              |                               |         |             |         |          |         |
|------------------------|-------------------------------|---------|-------------|---------|----------|---------|
| Country                | Bulgaria                      |         |             |         |          |         |
| Commodity              | Tobacco,<br>Unmfg.,<br>Burley |         |             |         | (HA)(MT) |         |
|                        | Revised                       | 1999    | Preliminary | 2000    | Forecast | 2001    |
|                        | Old                           | New     | Old         | New     | Old      | New     |
| Market Year Begin      |                               | 01/1999 |             | 01/2000 |          | 01/2001 |
| Area Planted           | 1300                          | 1460    | 1300        | 2515    | 0        | 3100    |
| Beginning Stocks       | 45                            | 3000    | 105         | 2311    | 165      | 2607    |
| Farm Sales Weight Prod | 1630                          | 2100    | 1630        | 2506    | 0        | 4100    |
| Dry Weight Production  | 1600                          | 1932    | 1600        | 2305    | 0        | 3772    |
| U.S. Leaf Imports      | 0                             | 0       | 0           | 0       | 0        | 0       |
| Other Foreign Imports  | 1900                          | 1729    | 1900        | 1355    | 0        | 1000    |
| TOTAL Imports          | 1900                          | 1729    | 1900        | 1355    | 0        | 1000    |
| TOTAL SUPPLY           | 3545                          | 6661    | 3605        | 5971    | 165      | 7379    |
| Exports                | 40                            | 0       | 40          | 0       | 0        | 0       |
| Dom. Leaf Consumption  | 1900                          | 2850    | 1900        | 1864    | 0        | 1260    |

|                        |      |      |      |      |   |      |
|------------------------|------|------|------|------|---|------|
| U.S. Leaf Dom. Consum. | 0    | 0    | 0    | 0    | 0 | 0    |
| Other Foreign Consump. | 1500 | 1500 | 1500 | 1500 | 0 | 1300 |
| TOTAL Dom. Consumption | 3400 | 4350 | 3400 | 3364 | 0 | 2560 |
| TOTAL Disappearance    | 3440 | 4350 | 3440 | 3364 | 0 | 2560 |
| Ending Stocks          | 105  | 2311 | 165  | 2607 | 0 | 4819 |
| TOTAL DISTRIBUTION     | 3545 | 6661 | 3605 | 5971 | 0 | 7379 |

### 1999 and 2000 Import Trade Matrix, Burley Tobacco

|                     |                         |        |      |
|---------------------|-------------------------|--------|------|
| Import Trade Matrix |                         |        |      |
| Country             | Bulgaria                |        |      |
| Commodity           | Tobacco, Unmfg., Burley |        |      |
| Time period         | 1999                    | Units: | 2000 |
| Imports for:        |                         |        | 1    |
| U.S.                |                         | U.S.   |      |
| Others              |                         | Others |      |
| India               | 464                     |        | 258  |
| Brazil              | 289                     |        | 158  |
| Malawi              | 79                      |        | 20   |
| Argentina           | 177                     |        | 238  |
| Greece              | 406                     |        | 155  |

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|                   |      |  |      |
|-------------------|------|--|------|
| Cuba              | 260  |  | 210  |
| Spain             | 0    |  | 113  |
| Mexico            | 0    |  | 184  |
|                   |      |  |      |
|                   |      |  |      |
| Total for Others  | 1675 |  | 1336 |
| Others not Listed | 54   |  | 19   |
| Grand Total       | 1729 |  | 1355 |

## **Tobacco**

### **Production**

Production in CY1999 was 10 percent lower than in 1998, mainly due to a 27 decrease in crop area. The reduction occurred in the major Oriental tobacco areas while flue-cured and burley production increased, both as a result of higher area and yields. Producers were reluctant to plant tobacco due to the prolonged purchasing campaign and significant delay in payments for farm-gate prices in 1998. The favorable weather conditions, however, helped 1999 yields to be much higher than in 1998.

In CY2000, areas for oriental and especially burley tobacco (almost twice compared to CY1999) increased, mainly as a result of price stimulation. However, the severe drought and pests negatively affected yields. Nevertheless, burley production in CY2000 was a record high for the last 10 years (due to higher areas). In CY2001, new changes in the price

policy and purchasing campaign are expected to stimulate production and exports, especially for oriental tobacco.

According to the MinAg, the goal is to reach a production level of total 70,000 MT of all types of tobacco in the near future which will allow Bulgaria to use an enlarged export quota for the EU market at the time when the country becomes a full EU member.

All production data in PS&D's are revised based on final data for CY1999 and preliminary statistical data for 2000 (Note: Data used in these tables is not official, the source is the government Tobacco Fund which includes producers, traders and processors and has more detailed information if compared to official statistics)

| <b>Production of Total Tobacco and By Types in CY1999 and CY2000</b> |               |        |                       |      |                             |        |
|--|---------------|--------|-----------------------|------|-----------------------------|--------|
|  | Crop Area, HA |        | Average Yields, MT/HA |      | Production, MT (farm sales) |        |
|  | 1999          | 2000   | 1999                  | 2000 | 1999                        | 2000   |
| Oriental   | 18,070        | 19,370 | 1,42                  | 1,02 | 25,660                      | 19,823 |
| Virginia   | 7,330         | 6,320  | 1,47                  | 1,56 | 10,770                      | 9,896  |
| Burley   | 1,460         | 2,515  | 1,44                  | 0,99 | 2,100                       | 2,506  |
| Total  | 26,860        | 28,210 | 1,43                  | 1,14 | 38,530                      | 32,225 |

### **Crop Quality**

Generally, the quality of the CY1999 tobacco crop was much better compared to CY1998 due to favorable climate conditions. The percent of first class of tobacco was, reportedly, about 30 percent. In CY2000, the drought and pests negatively affected quality and first class tobacco was, reportedly, not more than 10 percent of total production.

### **Production Policy**

The nation policy on production in 1999/2000 had several major elements: input policy (planting seeds), tobacco purchase quotas, organization of the purchasing campaign, fixed farm-gate prices, bonuses, additional financial support, credits and technical assistance.

**Purchase Quotas (state quota)** - Every year in January, the MinAg determines the total quantities, varieties and origins of domestic tobacco available for purchasing by traders and consumers. The quota for CY2001 is 12,000 MT higher compared to CY2000, with a large increase for oriental tobacco. The goal of this policy is to stimulate tobacco production in certain areas and of certain varieties for social reasons. The actual purchases are expected to reach 74 percent of the quota. In CY2000 and CY1999, the quotas were not filled due to lower production and difficulties with tobacco exports.

| <b>Purchase Quotas in MT and Actual Purchased Quantities (in percentage) in CY1999, CY2000 and forecast for CY2001</b> |          |         |          |         |        |         |        |         |
|--|----------|---------|----------|---------|--------|---------|--------|---------|
|  | Oriental |         | Virginia |         | Burley |         | Total  |         |
|  | Quota    | Percent | Quota    | Percent | Quota  | Percent | Quota  | Percent |
| 1999   | 36,735   | 69.8    | 12,790   | 84.2    | 2,660  | 78.9    | 52,185 | 73.8    |
| 2000   | 30,577   | 64.84   | 12,500   | 79.16   | 7,543  | 33.22   | 50,620 | 63.65   |
| 2001   | 42,866   | 74.65   | 12,682   | 82.79   | 7,291  | 56.23   | 62,839 | 74.16   |

### Prices and Bonuses (see the Tables #1,2,3,4)

The minimum farm-gate prices in CY1999 were higher in hard currency compared to CY2000 but were lower in local currency. Bonuses paid for the CY2000 harvest were two to three times higher (in local currency) as the total amount of paid bonuses increased 68 percent to 34 million Bulgarian leva/BL. For example, 20 million BL were paid to oriental tobacco growers. This resulted in 20 to 40 percent higher final farm gate prices compared to CY1999. Thus, final farm-gate price received by farmers varied in 1999 from BL3.1/kilo to BL5.65/kilo for oriental tobacco, BL3.48/kilo for virginia and BL2.46/kilo for burley (for first quality class). In 2000, the respective prices were from BL4.10/kilo - BL7.15/kilo for oriental tobacco, BL4.68/kilo for virginia and BL3.46/kilo for burley. These higher prices stimulated growers to plant larger areas in the spring of CY2001.

At the beginning of CY2001, traders had to pay advance payments to growers equal to 20 percent of minimum farm-gate prices (based on an amendment to the Tobacco Law introduced in CY2000). The Tobacco Fund distributed (free of charge) planting seeds for CY2001 harvest at the cost of 270,000 BL or 14 percent higher if compared to CY2000. The minimum farm-gate prices for the CY2001 harvest (determined in Decree #62 of March 13, 2001) were higher (in local currency) compared to CY2000. Bonuses for the CY2001 harvest (Decree #148 of March 23, 2001) are the same as for CY2000 harvest.

In CY2001, the GOB introduced a target financial support (TFS) scheme for purchasing of CY2000 tobacco harvest (see Table #4 - Decree #156 of March 27, 2001 based on the Tobacco Law art.19/2). The TFS is a part of minimum farm-gate price scheme and leads to a reduction in expenses for traders upon purchasing tobacco. The estimated amount used for purchasing all the CY2000 harvest is 92 million BL. Thus, the TFS finances about 26 percent of total purchases. The total amount of TFS for CY2001 is 24 million BL of which 20 million BL are allocated for only oriental tobacco. According to the MinAg, the TFS covers about 30 percent of expenses for purchasing (production costs and service) of oriental tobacco, 12 percent for Virginia and 16 percent for Burley. Along with the allocation for bonuses (35 million BL) in CY2001, the GOB will dedicate about 60 million BL for tobacco industry support.

This support is expected to result in greater competitiveness of Bulgarian oriental tobacco in export markets and to have positive social effect in the tobacco growing areas. The TFS for

virginia (total 3.9 million BL) aims to increase use of this tobacco type in the cigarette industry. The TFS is paid to traders and they can export at lower prices. Therefore, the TFS payments often play a role of a hidden export subsidy.

### **Purchasing Campaign**

Bulgartabac, Daemon, Sokotab, and the Greek company “Mihailidis” were the major players in the 1999/00 purchasing campaigns. By March 2001, all of the CY2000 tobacco harvest was purchased. Over the last two years, traders usually pay in time to growers, from 10 days up to one month.

### **Tobacco Fund**

Starting January 1, 2001, the Tobacco Fund will be funded by a higher portion of the excise taxes (30 percent compared to 10 percent). In addition, the Tobacco Fund will be funded by a continue to receive 2 percent of all tobacco export sales proceeds, 10 percent of proceeds from rent of state land, 5 percent from duties and taxes on imports of cigarettes, and proceeds from fines on violations of the Tobacco Law. An important change in the function of the Tobacco Fund was the cancellation of its responsibility to purchase all unsold tobacco as was required in CY1997 and CY1998 (for a total of 10 million BL). According to the new change, the Tobacco Fund will only have the right to organize purchasing tenders for unsold tobacco and to provide credit to potential buyers. For instance, in CY2000, the Tobacco Fund provided credit to three companies of 1.1 million BL for purchasing of 634 MT of the CY1999 tobacco harvest. As of May 2001, the Tobacco Fund has the right the pay bonuses, TFS, supply tobacco planting seeds, and pay additional bonuses for better tobacco quality. The new changes will positively affect the financial status of the Tobacco Fund and will allow stronger government support in the near future for the domestic tobacco industry.

### **Consumption**

Consumption in the PS&D table was revised based on actual cigarette production and tobacco exports in CY1999 and CY2000. The industry demand for big leaf and semi-oriental (certain varieties) of tobacco continued to increase to meet the growing local demand for American and Virginia blend cigarettes. It was estimated that the share of oriental tobacco in cigarettes is declining. In CY1999, it was an average 55 percent vs. 30 percent for virginia and 15 percent for burley. In CY2000, these shares changed slightly to 50 percent for oriental tobacco vs. 37 percent for virginia and 13 percent for burley.

Domestic consumption in CY2001 should decrease slightly to 25,600 MT due to an expected slight decrease in cigarette production.

### **Trade**

Note: Data provided in the trade matrixes for CY1999 and CY2000 are based on final official data and is in metric tons. Trade data for total tobacco in the trade matrixes includes

also "other tobacco and tobacco stems" which is higher than the total of oriental, virginia and burley trade and is not shown in the PSD table for total tobacco (since the PSD table should be a sum of the three major types of tobacco only). The difference is shown in the table below:

| <b>Export of Import of "Other Tobacco and Tobacco Stems" in 1999 and 2000 in MT</b> |        |        |
|---|--------|--------|
|   | 1999   | 2000   |
| Export, MT  | 3,605  | 1,973  |
| Import, MT  | 1,436  | 1,341  |
| Total Tobacco Export incl. Oriental, Virginia, Burley and "other"/1                 | 25,004 | 20,402 |
| Total Tobacco Import incl. Oriental, Virginia, Burley and "other"/1                 | 7,461  | 8,241  |
| Total Tobacco Export excl. Oriental, Virginia, Burley and "other"/2                 | 21,399 | 18,429 |
| Total Tobacco Export excl. Oriental, Virginia, Burley and "other"/2                 | 6,025  | 6,900  |
| Note: 1* data is in trade matrixes and 2* data is in the PSD total tobacco table    |        |        |

## Exports

Tobacco exports in CY1999 were at the usual level of 20,000 MT-22,000 MT. In CY2000, exports declined (about 18 percent) due to the lower quality of oriental tobacco. Traditional markets for Bulgarian tobacco continued to be the U.S., Russia, and Egypt. A negative trend continues in the reduction of exports to the U.S. and Russia. This is related to lower demand for oriental tobacco on the world markets, high stocks and lack of price competitiveness of Bulgarian oriental tobacco. Average export prices in CY2000 were \$2.2/kilo or about 20 percent lower compared to CY1999. The highest export price for oriental tobacco was registered in November 2000 - \$2.75/kilo for origin Djebel followed by Nevrokop, Krumovgrad and Iztochen Balkan. The higher export price was paid in the EU markets: Germany - \$3.43/kilo, Italy - \$3.25/kilo, followed by Indonesia - \$3.07/kilo and the U.S. - \$3.06/kilo. The lowest export price was seen in May and July - \$1.86/kilo and \$1.83/kilo, respectively. The lowest price was paid by Korea - \$0.52/kilo and Algeria - \$0.53/kilo.

Bulgaria was granted an export quota of 7,200 MT of tobacco to the EU between July 1, 1999 and June 30, 2000. However, only 50 percent of this quota was used. From July 1, 2000 to June 30, 2001, the quota was increased to 7,500 MT. As of April, 2001, about 2,500 MT or 32 percent of this quota was used. The major reason for this trend is the keen competition on the EU market from Turkey and Greece. Turkey is granted a zero percent import duty and Greek average export prices are about \$2.40/kilo and thus lower than

Bulgarian export prices. According to the MinAg, average farm-gate prices in Bulgaria are about \$1.75/kilo of oriental tobacco compared to \$1.00/kilo in Greece which makes local exports difficult. The other reason is the diminishing demand for oriental tobacco due to increased production of American blend cigarettes.

In CY2001, exports of tobacco are expected to increase from 18,429 MT to 20,400 MT. The optimistic forecast is based on the MinAg expectations for the positive impact of the TFS scheme on export prices which will make oriental tobacco more price competitive. It is expected that Bulgaria may take advantage of recently signed EU trade agreements.

### **Imports**

Traditionally, Bulgaria imports between 6,000 MT and 9,000 MT of virginia and burley tobacco. No changes in this pattern are expected in CY2001. Virginia continues to be the major imported tobacco followed by burley. Major exporters of virginia tobacco to Bulgaria are Brazil, Zimbabwe and India; and for burley - India, Argentina and Cuba.

It is interesting to note that locally produced Virginia tobacco does not have the quality of imported Virginia in terms of use for American blend cigarettes. In addition, the price of local tobacco as compared to similar imported tobacco from India, Greece, Italy and Spain is significantly higher. For instance, the minimum farm-gate local price is BL3.71/kilo (first class) compared to BL2.55/kilo of imported virginia. The percentage of first quality class Virginia is small, the yield is low, and expenses for fuel upon drying are high (in very outdated drying premises). Therefore, cigarette producers prefer to import virginia rather than using local supplies for better quality cigarettes.

### **Stocks**

The data in the PSD tables for stocks was revised based on latest MinAg data and industry information. Total tobacco stocks are not changed. However, their distribution by tobacco types are revised. Beginning stocks in CY1999 for Burley and Oriental tobacco are revised downwards and for Virginia tobacco upwards. Ending stocks in CY2000 are about 23,000 MT (24,000 MT according to the MinAg).

### **Policy**

Except for the Tobacco Fund, no specific GOB programs existed for the tobacco sector in CY1999 and CY2000 (see production policy). Most GOB efforts in CY1999 and CY2000 were directed to support exports of tobacco and to assist farmers in their claims for unpurchased tobacco and to improve low farm-gate prices.

### **Privatization**

In CY2000, Bulgartabac registered a net profit of 45 million BL which was 80 percent higher than in CY1999. The company also registered 5 percent higher local sales and 36 percent higher export sales. Currently, Bulgartabac has 6 joint ventures in Russia, FSU countries and Romania which produced, reportedly, roughly 4,900 MT of cigarettes in

CY2000.

Privatization of Bulgartabac is still pending. An intermediary agent for privatization was selected in CY1998 (Dresdner Kleinwork Benson, London, CAIB, Vienna). According to the latest GOB statements in the press, privatization is postponed. The problem is that GOB wants to sell Bulgartabac as a holding company producing both tobacco and cigarettes. Most foreign companies, however, prefer to invest in just one of the two subsectors. The more attractive is investment in the local cigarette industry. Potential investors have claimed that Bulgartabac does not reveal data about its financial status, therefore, it does not allow for financial planning. Political reasons related to ethnic Turks who are the majority of tobacco growers and their support are also an element in this privatization (about 55,000 families). So far, the government has not recorded any offers for participation in Bulgartabac privatization.

### **Tariff Changes and Non Tariff Barriers**

Since CY1999, trade in tobacco and tobacco products was liberalized and no registrations or permits are required. There are no import preferences, duty free quotas (except for those in trade agreements with EU, CEFTA and Turkey), etc. No export taxes are levied on tobacco and cigarettes.

### **BULGARIAN TRQ FOR TOBACCO IMPORTED FROM THE EU IN CY2001:**

| <b>Commodities</b>               | <b>Import Duty</b> |
|----------------------------------|--------------------|
| HS# 2401 10 10 0 to 2401 10 30 0 | 7%                 |
| HS# 2401 10 49 0 to 2401 10 90 0 | 28%                |
| HS# 2401 20 10 0 to 2401 20 41 0 | 7%                 |
| HS# 2401 20 49 0 to 2401 20 90 0 | 28%                |
| Total 6,000 MT                   |                    |

Note: Lower duty is for big leaf tobacco and higher duty is for Oriental tobacco

According to CEFTA agreements, there is a TRQ for big leaf tobacco imported from Hungary - HS#2401 10 10 0 to 2401 20 20 0 - 1,000 MT at 5% duty. Since Hungary is not a traditional exporter of tobacco to Bulgaria, it is not expected that this quota will be used.

According to the free trade agreement with Turkey implemented in January 1999, the following preferences are granted for imports of tobacco products:

TRQ of 100 MT for the following products and duties:

HS#2401 10 10,20,30,41 and HS#2401 20 10,20,30,41 - 7% (big-leaf tobacco)

HS#2401 10 49,50,70,80,90 - 28%

HS# 2401 10 60 and HS# 2401 20 60 - 40% (Oriental)

This quota is also not expected to be used since Turkey is exporting tobacco mainly to the Eu countries where it enjoys a zero import duty.

2001 Tariff Codes:

| Commodity              | Import Duty                        |
|------------------------|------------------------------------|
| HS#2401 10 10 0 - 41 0 | 10% (7% for developing countries)  |
| HS#2401 10 49 0 - 50 0 | 40% (30% for developing countries) |
| HS# 2401 10 0 0        | 60% (45% for developing countries) |
| HS#2401 10 70 0 - 90 0 | 40% (30% for developing countries) |
| HS#2401 20 10 0 - 49 0 | 10% (7% for developing countries)  |
| HS#2401 20 49 0 - 50 0 | 40% (30% for developing countries) |
| HS#2401 20 60 0        | 60% (45% for developing countries) |
| HS#2401 20 70 0 - 90 0 | 40% (30% for developing countries) |

### PSD Table, Cigarettes

| PSD Table             |                           |         |             |         |           |         |
|-----------------------|---------------------------|---------|-------------|---------|-----------|---------|
| Country               | Bulgaria                  |         |             |         |           |         |
| Commodity             | Tobacco, Mfg., Cigarettes |         |             |         | (MIL PCS) |         |
|                       | Revised                   | 1999    | Preliminary | 2000    | Forecast  | 2001    |
|                       | Old                       | New     | Old         | New     | Old       | New     |
| Market Year Begin     |                           | 01/1999 |             | 01/2000 |           | 01/2001 |
| Filter Production     | 35000                     | 26000   | 35000       | 23728   | 0         | 22600   |
| Non-Filter Production | 3000                      | 3000    | 3000        | 3000    | 0         | 3000    |

|                      |       |       |       |       |   |       |
|----------------------|-------|-------|-------|-------|---|-------|
| TOTAL Production     | 38000 | 29000 | 38000 | 26728 | 0 | 25600 |
| Imports              | 1000  | 1000  | 1000  | 1000  | 0 | 1000  |
| TOTAL SUPPLY         | 39000 | 30000 | 39000 | 27728 | 0 | 26600 |
| Exports              | 20000 | 11000 | 20000 | 8728  | 0 | 7600  |
| Domestic Consumption | 19000 | 19000 | 19000 | 19000 | 0 | 19000 |
| TOTAL DISTRIBUTION   | 39000 | 30000 | 39000 | 27728 | 0 | 26600 |

### 2000 Import Trade Matrix, Cigarettes

|                     |                           |        |             |
|---------------------|---------------------------|--------|-------------|
| Import Trade Matrix |                           |        |             |
| Country             | Bulgaria                  |        |             |
| Commodity           | Tobacco, Mfg., Cigarettes |        |             |
| Time period         | 2000                      | Units: | metric tons |
| Imports for:        |                           |        | 1           |

|                   |     |        |   |
|-------------------|-----|--------|---|
| U.S.              | 31  | U.S.   |   |
| Others            |     | Others |   |
| Germany           | 43  |        |   |
| Switzerland       | 42  |        |   |
| United Kingdom    | 56  |        |   |
|                   |     |        |   |
|                   |     |        |   |
|                   |     |        |   |
|                   |     |        |   |
|                   |     |        |   |
| Total for Others  | 141 |        | 0 |
| Others not Listed |     |        |   |
| Grand Total       | 172 |        | 0 |

### 2000 Export Trade Matrix, Cigarettes

|                     |                           |        |             |
|---------------------|---------------------------|--------|-------------|
| Export Trade Matrix |                           |        |             |
| Country             | Bulgaria                  |        |             |
| Commodity           | Tobacco, Mfg., Cigarettes |        |             |
| Time period         | 2000                      | Units: | metric tons |

|                   |     |        |   |
|-------------------|-----|--------|---|
| Exports for:      |     |        | 1 |
| U.S.              | 98  | U.S.   |   |
| Others            |     | Others |   |
| Georgia           | 58  |        |   |
| Israel            | 25  |        |   |
| Mongolia          | 45  |        |   |
| Turkey            | 229 |        |   |
| Turkmenistan      | 106 |        |   |
| Cyprus            | 19  |        |   |
| Czech Republic    | 12  |        |   |
| South Africa      | 12  |        |   |
| Venezuela         | 56  |        |   |
| Uruguay           | 35  |        |   |
| Total for Others  | 597 |        | 0 |
| Others not Listed | 24  |        |   |
| Grand Total       | 719 |        | 0 |

## CIGARETTES

### Production

#### General

Production in the PSD table for CY1999 and CY2000 was revised based on final official figures provided by the government. Prospects for CY2001 are for slightly lower production based on expected lower cigarette exports to Russia, Ukraine and other export markets.

Production estimates for cigarettes in CY1999 vary from 29,000 to 33,000 MT and for CY2000 from 26,000 MT to 32,000 MT. The AgOffice estimates are supported by the MinAg and industry data and are shown in PSD table. In the past, the cigarette production was about 33,000 MT of which 10,000 MT to 15,000 MT were exported, and the remaining 18,000 MT to 19,000 MT were sold locally. In the last 3-4 years, production declined to 25,000 MT-30,000 MT, and exports to 5,000 MT-6,000 MT (export figures are highly variable).

With the exception of three major factories (in Sofia, Blagoevgrad and Stara Zagora), other factories worked at only 10 - 22 percent of their capacity and many workers were released. As of CY2001, 6 Bulgarian joint ventures (JV) in Russia, FSU and Romania now produce cigarettes. These facilities work with the goal to avoid prohibitive customs duties. Bulgartabac plans to produce about 25,000 MT of cigarettes in the near future with these JVs as 10,000 MT - 15,000 MT are planned to be produced in the next five years. In the long-term, this JV production should reach 45,000 MT. Other JVs are intended to be opened also in Serbia, Czech Republic, Slovenia and some countries in Latin America.

### Price Regulations

Prices of cigarettes in CY1999 and CY2000 were fixed by the GOB. In addition, the GOB imposed excise duties (see the table below for CY2001). The latest changes in the cigarette prices were done in January 2001 when the GOB set prices for 55 different cigarette brands, 130 brands of cigars and three brands of chewing tobacco.

In CY2001, the GOB started working on liberalization of cigarette prices. The idea is that these prices will be set by their importers and producers based on local market supply and demand. Cigarettes are one of the few commodities which continued to be regulated in Bulgaria.

| <b>Excise Duties in CY2001</b> |   |
|--------------------------------|---|
| <b>Products</b>                | <b>Excise Duty</b>  |
| <b>Filter Cigarettes</b>       | <b>0.002 leva (US\$0.0011) per piece plus 30% of the sale price</b> |
| <b>Non-filter cigarettes</b>   | <b>0.001 leva (US\$0.0004) per piece plus 10% of the sale price</b> |

|                               |  |
|-------------------------------|--|
| <b>Cigars and Cigarillos</b>  | <b>2.0 leva per piece plus 10% of sale price</b>               |
| <b>Tobacco for Cigarettes</b> | <b>4.5 leva (US\$2.6) per 100 grams plus 10% of sale price</b> |

## Consumption

### General

In the last three years, Bulgartabac claimed to sell 22,000 MT-23,000 MT of cigarettes to the local market which is 5,000 MT - 6,000 MT higher than the traditional consumption level. Higher consumption is explained by Bulgartabac and GOB officials as a result of terminated smuggling. It is highly unlikely that such an increase is possible given the constant number of smokers. According to most industry experts, local consumption does not exceed 19,000 MT (in the PSD table).

The data in the PSD Table is revised based on official figures for cigarette production in CY1999 and CY2000 and estimated cigarettes exports. Consumption level is estimated at 19,000 MT and unknown stocks or illegal exports are included in the exports line since there is not a separate category for stocks.

The latest marketing studies have shown that the total number of smokers in the country is between 3 million and 4 million. It is considered that 60 percent of population are active smokers and 30 percent used to be smokers. The average Bulgarian smokes for 15 years and consumes 11.2 cigarettes per day. According to the Ministry of Health Care, about 3,000 smokers die every year from cancer. The average increase in cigarette consumption in the country is 7 percent per year.

## Trade

### Exports

The official data for cigarettes exports in CY1999 and CY2000 are unreliable. According to Bulgartabac, exports of cigarettes in CY2000 were 4,100 MT and in CY1999, 4500 MT. The AgOffice estimates actual exports at 5,000 MT-6,000 MT. Reportedly, exports of cigarettes to Russia declined considerably and Bulgarian cigarettes were replaced by competitive exports from Turkey, Greece and China. Data used in the trade matrixes is the official data for CY2000.

### Imports

Official data for imports of cigarettes is in the trade matrixes. Reportedly, smuggling of imported cigarettes declined in CY1999 and CY2000, so illegal imports are estimated to be about 800 MT.

## Policy

### General

Since 1999, Bulgaria is a full member of the Central European Free Trade Agreement. The following preferences are granted to CEFTA countries for imports of tobacco products: Slovenia - HS# 2402 20 Cigarettes - TRQ of 30 MT at 50% reduction of the basic duty.

According to the free trade agreement with Turkey implemented in January 1999, the following preferences are granted for imports of tobacco products: HS#2402 Cigarettes - 200 MT at 28% or minimum 5.39 ECU/1,000 PCE/pieces.

### Tariff Changes and Non-Tariff Barriers

The tariff rates were revised in December 2000 and are valid throughout 2001. The import duties were decreased. The import duty currently is 50 percent or minimum 9.6 EURO/1,000 pieces (CY2001) compared to 68 percent or minimum 13.1 ECU/1,000 pieces in CY2000. The excise duties were changed in December 2000 (see the table in the price section).

## Marketing

### Local market

In CY1999 and CY2000, the brand "Victory" continued to hold the major share (26 percent) on the local market. In CY2001, Bulgartabac plans to release 20 new brands. Another 20 foreign brands were approved for sales in the country. Bulgartabac policy is to produce lower tar and nicotine content in the new brands. Currently, the tar content in Bulgarian cigarettes is between 3 and 15 mg. In CY2001, the GOB plans to introduce the EU norm which, reportedly, is for 10 mg. Some new brands will have a tar content of 1-3 mg. Currently Bulgartabac has about 100 cigarette brands.

In CY1999, Bulgartabac signed a contract with RJ Reynolds International B.V. for production of "Camel" brand cigarettes in the tobacco factory in Sofia. The contract provides the right to manufacture and sell in Bulgaria a 84 mm carton pack of "Camel" filter cigarettes for a period of three years. About 75 percent of tobacco content is provided from RJR, and 25 percent from Bulgartabac of which 15% are local Oriental tobacco. According to experts, if the quality of Bulgarian-made "Camel" meets the requirements, Bulgartabac will likely obtain licenses for production of other brands from RJR's list (most likely for "Winston").

**Table #1 . Minimum Farm-Gate Prices for the 1999 and 2000 harvest**

| <b>Table #1 . Minimum Farm-Gate Prices for the 1999 and 2000 harvest</b> |                   |      |                    |      |                     |      |
|--|-------------------|------|--------------------|------|---------------------|------|
|  | I class in USD/kg |      | II class in USD/kg |      | III class in USD/kg |      |
|  | 1999              | 2000 | 1999               | 2000 | 1999                | 2000 |
| <b>Oriental by region</b>  |                   |      |                    |      |                     |      |
| Djebel   | 3.14              | 2.83 | 2.78               | 2.50 | 1.19                | 1.07 |
| Nevrokop   | 2.64              | 2.38 | 2.0                | 1.80 | 0.92                | 0.83 |
| Dupnitsa   | 2.57              | 2.32 | 1.84               | 1.66 | 0.92                | 0.83 |
| Melnik   | 2.48              | 2.23 | 1.84               | 1.66 | 0.92                | 0.83 |
| Ustina   | 2.43              | 2.19 | 1.81               | 1.63 | 0.92                | 0.83 |
| Harmanli   | 2.49              | 2.24 | 1.84               | 1.66 | 0.92                | 0.83 |
| Krumovgrad   | 3.04              | 2.74 | 2.12               | 1.91 | 0.92                | 0.83 |
| Tekne  | 2.38              | 2.15 | 1.78               | 1.60 | 0.92                | 0.83 |
| Iztochen Balkan  | 2.55              | 2.30 | 1.96               | 1.77 | 0.92                | 0.83 |
| Topolovgrad  | 2.49              | 2.24 | 1.84               | 1.66 | 0.92                | 0.83 |
| Severna Bulgaria   | 1.72              | 1.55 | 1.31               | 1.18 | 0.92                | 0.83 |
| Svilengrad   | 2.58              | 2.33 | 1.96               | 1.77 | 0.92                | 0.83 |
| Srednogorska Iaka  | 2.43              | 2.19 | 1.84               | 1.66 | 0.92                | 0.83 |
| <b>Virginia</b>  | 1.93              | 1.74 | 1.28               | 1.15 | 0.74                | 0.67 |
| <b>Burley</b>  | 1.37              | 1.23 | 0.94               | 0.85 | 0.74                | 0.67 |

Note: The prices in USD are calculated on the exchange rate of 1.8 Bleva for one U.S. dollar for CY1999 and 2.0 Bleva for one U.S. dollar for CY2000.

**Table #2 . Bonuses to Farm-Gate Prices in 1999**

| <b>Table #3 . Bonuses to Farm-Gate Prices in 1999</b> |                            |                             |                              |
|---|----------------------------|-----------------------------|------------------------------|
|   | <b>I class in Bleva/kg</b> | <b>II class in Bleva/kg</b> | <b>III class in Bleva/kg</b> |
| <b>Oriental by region</b>                             |                            |                             |                              |
| <b>For all origins and regions</b>                    | <b>0.36 - 0.65</b>         | <b>0.27 - 0.58</b>          | <b>0.19 - 0.25</b>           |
| <b>Virginia</b>                                       | <b>0.74</b>                | <b>0.49</b>                 | <b>0.28</b>                  |
| <b>Burley</b>   | <b>0.51</b>                | <b>0.35</b>                 | <b>0.27</b>                  |

**Table #3 . Minimum Farm-Gate Prices for the 2001 Harvest**

| <b>Table #2 . Minimum Farm-Gate Prices for the 2001 Harvest</b> |                          |                           |                            |
|---|--------------------------|---------------------------|----------------------------|
|   | <b>I class in USD/kg</b> | <b>II class in USD/kg</b> | <b>III class in USD/kg</b> |
| <b>Oriental by region</b>                                       |                          |                           |                            |
| <b>For all origins and regions</b>                              | <b>1.65 - 3.01</b>       | <b>1.26 - 2.66</b>        | <b>0.89 - 1.14</b>         |
| <b>Virginia</b>   | <b>1.86</b>              | <b>1.23</b>               | <b>0.71</b>                |
| <b>Burley</b>   | <b>1.37</b>              | <b>0.94</b>               | <b>0.71</b>                |

**Table #4. Target Financial Support/TFS and Bonuses to Farm-Gate Prices for the 2000 Harvest**

| <b>Table #4. Target Financial Support/TFS and Bonuses to Farm-Gate Prices for the 2000 Harvest</b> |                            |                 |                             |                 |                              |                 |
|--|----------------------------|-----------------|-----------------------------|-----------------|------------------------------|-----------------|
|  | <b>I class in Bleva/kg</b> |                 | <b>II class in Bleva/kg</b> |                 | <b>III class in Bleva/kg</b> |                 |
|  | <b>TFS</b>                 | <b>Bonus</b>    | <b>TFS</b>                  | <b>Bonus</b>    | <b>TFS</b>                   | <b>Bonus</b>    |
| <b>Oriental, for all origins and regions</b>   | <b>1.43 - 2.13</b>         | <b>1.0- 1.5</b> | <b>1.07 - 1.89</b>          | <b>1.0- 1.5</b> | <b>0.51 - 0.81</b>           | <b>1.0- 1.5</b> |
| <b>Virginia</b>  | <b>0.41</b>                | <b>1.2</b>      | <b>0.28</b>                 | <b>1.2</b>      | <b>0.16</b>                  | <b>1.2</b>      |
| <b>Burley</b>  | <b>0.39</b>                | <b>1.0</b>      | <b>0.26</b>                 | <b>1.0</b>      | <b>0.21</b>                  | <b>1.0</b>      |

