

## STATE AND DYNAMICS OF LAND RELATIONS IN BULGARIA - A REVIEW

**Teodora STOEVA, Violeta DIRIMANOVA**

Agricultural University -Plovdiv, „Mendeleev”12, str., Plovdiv, 4000, Bulgaria,  
Emails: teodorastoeva@gmail.com, violeta\_dirimanova@yahoo.com

**Corresponding author:** teodorastoeva@gmail.com

### **Abstract**

*The institutional environment in Bulgarian agricultural sector is a complex system of relationships, dynamically changing under the influence of national and sectoral legislation. Over the last 16 years, was characterized as a difficult period for agriculture and land relations in Bulgaria – because of insufficient legislation the Ownership and Use of Agricultural Land Act about 34 changes have been made to the Act, which are directed in the interest of agricultural users. The changes made concern the concluded contracts for the use and lease of the agricultural land. The dynamics and future changes in land relations are inextricably linked to changes in European and national policy. Receiving European subsidies and financial support to the income of Bulgarian farmers deforms the economic environment in our country. The European subsidies are a key motive and priority for farmers. The purpose of this paper is to describe the state in Bulgarian agricultural sector which is characterized by intensity and dynamics, more complexity and instability. The value of the gross agricultural output had declined during the last years. This research work is based on the following methodological approaches: complex, structural and comparative. The theoretical framework of this article provides a summary overview of the main institutional changes in the agricultural policy and the structure of land relations in Bulgaria. For the purposes of the research different information sources have been used - scientific journals, as well as the author's own research.*

**Key words:** land relations, state, agriculture

### **INTRODUCTION**

The issues related to the analysis of land relations are of continuing relevance and importance. The relevance of the issue results from the structural changes that have taken place in Bulgaria after our country's accession to the Common European Economic Area. The importance of an analysis of this issue is also derived from the need to handle certain problems that have emerged as early as during the land reform, as well as issues that have arisen as a result of the implementation of the Community Agricultural Policy. Obtaining financial means to support income and incentives to comply with other European policies distorts the business environment in Bulgaria [1].

Payment per unit of area triggers processes of a number of imbalances in the sector. Fewer and fewer farms cultivate more and more land. Accordingly, they receive an increasing part of the financial flows intended to support income, which is in dissonance with the

philosophy of the Community agricultural policy and the main idea of the founding documents of the EU [2].

In today's increasingly digitized world, economic and social processes in agriculture are in a dynamic relation with the state of land relations.

In this context, the purpose of this article is to analyze the dynamics in the state and development of land relations in Bulgaria which is characterized by great intensity related to the context of the Common agricultural policy [4].

### **MATERIALS AND METHODS**

A number of contemporary scientific quantitative and qualitative methods are used to achieve the intended objectives set in this research: system and comparative analysis.

The purpose of this paper is to describe the state in Bulgarian agricultural sector which is characterized by intensity and dynamics, more complexity and instability. The value of the

gross agricultural output had declined during the last years.

For the research analysis we shall apply the scientific approach as well as the following methodological approaches, such as: complex, structural and value-measuring. In order to achieve the intended purpose a number of contemporary scientific quantitative and qualitative methods will be used in this analysis, such as: systematic and comparative. The diversity of approaches makes it possible to identify the factors that determine the processes in land relations in Bulgaria [11].

## RESULTS AND DISCUSSIONS

The dynamics and future changes in land relations are inextricably linked to changes in European and national policy [12]. Receiving European subsidies as financial support for the income of Bulgarian farmers deforms the economic environment in our country. The European subsidies are a key motive and priority for farmers [12]. The institutional environment in Bulgarian agricultural sector is a complex system of relationships, dynamically changing under the influence of national and sectoral legislation. [3]. The institutional framework is a key factor. The elements of the institutional framework are:

- Legal framework;

- Transferability of properties, transaction costs;

- Land taxation systems;

- The financial markets; especially, access to credit.

- Land Registry.

The relevance of the issue related to land relations is accompanied by a number of challenges, measuring the transaction costs resulting from the fragmentation and consolidation of agricultural land rights.

As one of the new EU Member States, by the end of 2020 Bulgaria will apply a simplified system for allocating direct payments to farmers - known as the Single Area Payment Scheme [9].

Under this scheme, the amount of the basic income support for Bulgarian farmers is linked to the area of land declared by the farmer.

The results of the institutional changes are that Bulgaria is still in a period of dynamic changes that are actively affecting the state of land relations. The Ownership and Use of Agricultural Land Act, logically, has undergone the most changes (more than 76 changes by 2022). This dynamic of the Ownership and Use of Agricultural Land Act reveals the existence of real issues in the socio-economic system of agriculture and the need to solve them [8].

Table 1. Cultivable land, used agricultural area in Bulgaria in the period 2018-2021, ha

Land with crops	2018	2019	2020	2021	2021/2018 %
Wheat	1,237,736	1,250,478	1,203,964	1,247,453	100.78
Barley	115,773	112,264	131,340	139,109	120.15
Rye	29,767	28,163	25,875	35,053	117.75
Oats	16,886	13,866	11,386	10,421	61.71
Corn	478,357	641,555	642,373	633,735	132.48
Sunflower	859,910	789,604	888,200	840,185	97.70
Tobacco	8,668	4,849	5,440	3,015	34.78
Industrial oil crops	203,397	158,305	120,055	142,838	70.22
Potatoes	14,611	11,177	11,524	12,363	84.61

Source: Annual report on the condition and development of agriculture, 2022, Use of the areas for agricultural purposes, pp.15, Ministry of Agriculture, agraren doklad 2022.pdf [6].

The area with agricultural purpose in 2021 is 5,227,350 ha, which represents about 47% of the country's territory.

The utilized agricultural area is formed by the arable land, the permanent plantations,

nurseries, permanent grass areas and family gardens. In 2021, its size was 5,046,597 ha - without significant change compared to the previous year, representing 45.5% of the country's territory.

Cultivated land includes the areas where crop rotation is applied, the temporary ones meadows with wheat and leguminous grasses, fallows and greenhouses. In 2021, the arable land grows by 0.3% on an annual basis, up to 3,486,748 ha or 69.1% of the used agricultural area.

Table 1 presents the situation of utilized agricultural area by crop in Bulgaria in the period 2018-2021.

The figures show that in 2021, wheat remained cultivated on a relatively similar surface, while maize, barley and rye were cultivated on a larger area by +31.28%, +20.15% and, Respectively by + 17.75%.

At the same time, in the same interval, the cultivated land with oats, sunflower, potatoes and tobacco decreased by: - 38.29%, -2.30%, -15.39%, and, respectively, by - 65.22%.

As a result the structure of the utilized agricultural area by crop in 2021 compared to 2018 is completely different.

Over the last 16 years after the accession of the country to the European Union, the Ownership and Use of Agricultural Land Act about 34 changes have been made to the Act, which are directed in the interest of agricultural users. The changes made concern the concluded contracts for the use and lease of the agricultural land. One-year leases contracts are signed by only one of the co-owners with more than 25 percent of the land, limiting the other co-owners from participating in the deal. Mass lease contracts have a long term - more than 10 years, and the main problem is their unification, which makes it difficult to change the clauses of the contract.

Everything listed so far is in the interest of the land user to benefit from direct payments and European programs. This clearly shows that the Ownership and Use of Agricultural Land Act and other regulations have been changing in recent years in the interest and benefit of agricultural producers. Very often the owners are harmed, which led to the creation of the Bulgarian Association of Agricultural Land Owners, which takes care of their legal interests, as well as the proper use of agricultural land.

## CONCLUSIONS

After the transition from one political ideology to another, more than 10 years were necessary for the Bulgarian government to complete the land reform. The value of the gross agricultural output had declined during the last years.

The present article and the analysis carried out would provide a good opportunity to use the new models, which would allow the construction of an effective agricultural farm management strategy, as well as the construction of a strong bond between science, practice and business in Bulgaria [6]. The results presented will provide an opportunity to redirect part of the scientific potential in the field of agricultural sciences in Bulgaria to topical and significant issues not only in the agricultural sector, but also in the national economy [10].

This will contribute to a general improvement of the situation in the industry, as well as to a more efficient disbursement of financial assistance for the period 2020+, taking into account the national priorities and achievement of results [7].

For the period 2021-2027, in the provision of European funds to support Bulgarian farmers, it is brought out in compliance with national priorities and the achievement of results by the EU member states [12].

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