

CHALLENGES AND PROBLEMS IN THE DEVELOPMENT OF LAND RELATIONS IN BULGARIA

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Abstract

The implementation of the Common Agricultural Policy after 2007 has brought new dynamic changes to the business environment where this primary Bulgarian industry functions. Getting financial incentives to support income as well as incentives to comply with other European policies distorts the business environment in Bulgaria. The land reform has been a key element of the agricultural transformation during the long-term transition in Bulgaria, which aims to create favourable conditions for the establishment of market economy by decentralizing the process and restoring the right of ownership to all owners and their heirs. The problems related to the study of land relations are of eternal relevance and significance. The importance of land relations is much more essential for the sustainable development of the viable rural regions in Bulgaria, having in mind the favourable natural conditions and the traditions inextricably interwoven with the agricultural sector in the country. The comprehensive research of land relations is a key condition for studying their impact on the socio-economic processes and relations, thus focusing on certain synergistic opportunities for the agricultural sector in Bulgaria. The purpose of this article is to describe, present and analyze the role and challenges of land relations, as well as the related issues that are fundamental for the state of agriculture and the place of the sector in Bulgarian economy as a whole. The study also has a narrow focus on achieving the key goal of intensifying the links between education, business and public authorities in general. For the research analysis we will apply the scientific approach as well as the following methodological framework such as complex and structural analysis. The study focuses on the challenges and problems in the development of land relations in Bulgaria, as well as the range of land relations related to the social, economic, management and legal environment in Bulgaria. The institutional environment in Bulgarian agriculture is a complex system of symbiotic relationships, dynamically changing under the influence of national and sectoral legislation. The challenges and issues of land relations are an extremely complex social phenomenon. The economic, social and environmental influences involved in it has a two-way impact on the agricultural sector. The harmonization and improvement of institutional framework in compliance with the requirements of the EU - development of sectoral legislation, re-structuring of agricultural farms, as well as various aspects of the implementation of the CAP, competitiveness and development of rural regions, are part of the issues and challenges related to the sustainable development of land relations and the agricultural sector in Bulgaria.

Key words: land relations, land reform, challenges, Bulgaria

INTRODUCTION

Contemporary challenges in the world and global crises require new economic thinking to predict and propose different management solutions [14].

Getting financial incentives to support income as well as incentives to comply with other European policies distorts the business environment in Bulgaria [1].

The importance of land relations is much more significant for the sustainable development of the viable rural regions in Bulgaria, having in mind the favourable natural and climatic conditions and the

traditions inextricably interwoven with the agriculture in the country [2].

The comprehensive research of land relations is an essential condition for studying their impact on the socio-economic processes and relations, thus focusing on certain synergistic opportunities for the agricultural sector in Bulgaria [2]. The land reform has been a key element of the agricultural transformation during the long-term transition in Bulgaria, which aims to create favourable conditions for the establishment of market economy by decentralizing the process and restoring the right of ownership to all owners and their heirs [3].

Ever since the crucial 1989 the agricultural sector has experienced some serious changes, the most important of them being the implementation of the land reform and restitution of land in its real borders, and it has also faced some serious issues such as destruction of the old production structures, privatization, as well as the lack of purposeful government policy or support for Bulgarian agriculture [4].

European subsidies are an attractive reason for a large number of farmers. Unfortunately, they are not always reinvested in business activity, and the payment per unit of area provokes a number of imbalances in the industry [14].

In some cases, the new owners are not available for working the land and in this case land rent is a good solution practiced by the commercial agricultural holdings.

Land price has changed across the time increasing its level and between rent and land price is a close relationship [5, 6].

Land relationships have changed in various ways and the recent research studies have proved this aspect [8, 9, 10, 11].

When providing European financial means to support the income of agricultural producers, priority is given to the consideration and synchronization of national priorities and the achievement of results in all EU Member States [13].

The purpose of this article is to analyze the role and challenges of land relations, as well as the related issues that are fundamental for the state of agriculture and the place of the sector in Bulgarian economy as a whole.

This article continues our research in the field within the project “Land Relations and European Policy: Synergy and Prospects for Bulgarian Agriculture” - KP-06–H35/2.

MATERIALS AND METHODS

The relevance and need for development of a methodology related to the study of land relations in Bulgaria is derived from the link between the land management and the increasingly dynamic regional and national processes related to circular economy policies, bio-economy and food security. The research guidelines are harmonized not only

with the Bulgarian strategic objectives, but with the latest and most up-to-date policies for European society. The study also has a narrow focus on achieving the key goal of intensifying the links between education, business and public authorities in general.

For the research analysis we will apply the scientific approach as well as the following methodological framework such as complex and structural analysis.

RESULTS AND DISCUSSIONS

The processes in land relations, as public relations, are dominated by the constant changes in the institutional environment and socio-cultural traditions. The research of land relations does not focus only on a single issue, but on many issues related to the social, economic and legal environment in Bulgaria [12].

The large number of small-scale agricultural farmers is typical for Bulgaria and the main reason for this is the land reform carried out in the 1990s, when the land was returned in real borders to its owners and their heirs. The small-scale agricultural production is result not only of the land reform, it has also its traditional roots in Bulgaria. In the past, before the process of collectivization, landowners cultivated small plots of land that were sufficient to produce enough agricultural produce and food to satisfy their own needs. Nowadays, Bulgaria is characterized by a number of small-scale farmers who use 203 930 ha of agricultural land, or 5% of the total agricultural land in the country. The average size of small-scale farms is 2.4 ha compared to 12.1 ha for all agricultural producers [2].

The institutional environment in Bulgarian agriculture is a complex system of symbiotic relationships, dynamically changing under the influence of national and sectoral legislation. The administration of land relations, land use in particular, often sets important boundary conditions for land markets. The institutional framework is a decisive factor. The social environment of development has the longest and lasting influence on all other processes.

These elements of the institutional framework constitute the system that ensures the functioning of the market, its impact on the maturity of land relations and the importance of economic results in the sector for creating a value chain in the national economy.

In 2021 the agricultural land in Bulgaria was 5,227,350 ha, which represented about 47% of the territory of the country. The utilized agricultural area (UAA) is formed from arable land, perennials, nurseries, permanent grassland and kitchen gardens. In 2021, it was 5,046,597 ha - without significant change compared to the previous year, representing 45.5% of the country's territory. The arable land includes areas where crop rotation is

applied, as well as temporary wheat and legume fields, fallows and greenhouses. In 2021, the arable land increased by 0.3% on an annual basis, to 3 486 748 ha or 69.1% of the used agricultural area.

The utilized agricultural area (UAA) is formed from arable land, perennials, nurseries, permanent grassland and kitchen gardens. In 2021, it was 5,046,597 ha - without significant change compared to the previous year, representing 45.5% of the country's territory.

In 2021, the uncultivated land occupied 180,753 ha (about 1.6% of the country's area) - an insignificant increase of 0.06% above the previous year's level (Table 1).

Table 1. Arable land, used agricultural area and agricultural area for the period 2017-2021 (ha)

Land destination	2017	2018	2019	2020	2021
wheat	1,197,768	1,237,736	1,250,478	1,203,964	1,247,453
barley	138,122	115,773	112,264	131,340	139,109
rye and triticale	30,639	29,767	28,163	25,875	35,053
oat	19,730	16,886	13,866	11,386	10,421
maize	461,085	478,357	641,555	642,373	633,735
other cereals	19,600	24,641	26,352	22,757	21,903
sunflower	934,715	859,910	789,604	888,200	840,185
tobacco	10,506	8,668	4,849	5,440	3,015
industrial oil crops	181,067	203,397	158,305	120,055	142,838
other industrial crops	58,848	46,640	57,878	65,209	64,261
potatoes	12,909	14,611	11,177	11,524	12,363
peas, beans, broad beans, lentils and other pulses	78,389	103,445	42,167	24,989	30,584
ARABLE LAND:	3,473,825	3,463,370	3,461,615	3,477,514	3,486,748
Kitchen gardens	15,258	14,836	14,636	14,231	13,728
Total permanent crops:	148,094	153,029	152,738	151,518	149,042
Permanent grasslands and meadows - orchards	1,392,352	1,399,041	1,408,481	1,403,988	1,397,079
UTILIZED AGRICULTURAL AREA:	5,029,529	5,030,276	5,037,470	5,047,252	5,046,597
AGRICULTURAL AREA	5,224,402	5,226,194	5,222,925	5,227,902	5,227,350

Source: Ministry of Agriculture, Agrostistics Department, Bulgaria [7].

CONCLUSIONS

In the context of a global economic and food crisis, Bulgarian agricultural policy needs an efficient approach that will guarantee sustainable development and competitiveness of Bulgarian agriculture [1].

A main factor for the dynamic changes in Bulgarian agriculture and land relations are the historical changes in the social model of society. The subsequent changes in the implementation of Community policy and the accompanying mandatory provisions trigger new changes in the industry. The institutional

environment in Bulgarian agriculture is a complex system of symbiotic relationships, dynamically changing under the influence of national and sectoral legislation. The administration of land relations, land use in particular, often sets important boundary conditions for land markets. The institutional framework is a decisive factor.

The challenges and issues of land relations are an extremely complex social phenomenon. The economic, social and environmental influences involved in it has a two-way impact on the agricultural sector. Property rights have the potential to be a theoretical basis for overcoming a number of imbalances, they also have the potential to ensure market efficiency and social justice.

The relevance and the key role of building a social environment revealing the importance of land relations in the implementation of the Common Agricultural Policy is also determined by the changes envisaged to be introduced during the new program and budget period. After the crucial 1989 the agricultural sector has experienced some serious changes, the most important of them being the implementation of a compulsory land reform and restitution of land in its real borders; the sector has also faced some serious issues such as destruction of the old production structures and lack of new ones to replace them, privatization, absolute abdication of the state from agriculture as well as lack of purposeful government policy or support for Bulgarian agriculture. The overall study and analysis of land relations represent a constant condition for studying and presenting their impact on the socio-economic processes in Bulgaria.

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