Advantages and vision for the Bulgarian economy in rural areas after 2021

Martin Banov¹, Keranka Nedeva², Nanyo Nanev³
NAA¹, MAFF² AU3 – Plovdiv, IAE - Sofia, MAFF³

Abstract: The purpose of this study is to indicate the competitive side of the Bulgarian rural areas and municipalities until 2021 and in the long run and in parallel to derive their real competitive advantages within the EU after the pandemic of COVID-19.

Keywords: Agriculture, of the Rural Action Plan, Rural Areas, Sustainable Rural Areas, Prosperous Rural Areas, COVID-19 Pandemic

Scientific studies of the perspectives for the development of rural areas in Bulgaria after overcoming the pandemic of COVID-19 are important for the national economy. The results will allow the competent institutions in the field of agricultural policy for effective and rational decisions, while developing a scientifically sound strategy and establishing the sustainable agricultural advantages of the Bulgarian economy after 2021. This would become an initial stage for the preparation of a unified national doctrine for the development of agriculture in rural areas and the country as a whole.

According to the results of a Eurobarometer¹ survey conducted in April 2021 to assess the priorities in the long-term outlook for rural areas, it is established that:
• 79% of EU citizens support the idea of the EU taking rural areas into account in public spending decisions;
• 65% of all EU citizens believe that the local area or province should be able to decide how to spend EU investment in rural areas;
• 44% point out transportation infrastructure and transport interchanges as a basic need of rural areas.

The agricultural sector has been declining more and more in recent years as part of EU’s gross domestic product (GDP), but remains a major export source and an important generator of employment in the Union. It also remains one of the EU sectors with the most significant level of regulation and financial support. Since the establishment of the European Economic Community (EEC) to support and regulate the agricultural sector of the member states, a single policy has been developed, including a system of measures, mechanisms and tools for influencing agricultural production, namely the CAP.

A different segment of the EU agricultural legislation, which has recently become particularly relevant, is related to consumer protection and food safety. Structurally, this part of the agricultural legislation also includes veterinary and phytosanitary issues².

The institutional provision of the implementation of the CAP in Bulgaria is no less challenging. This requires the establishment of a Payment and Intervention agency, an integrated system of administration and control, the creation of a land cadaster, the establishment of a body for registration and control of geographical indications and foods with traditional characteristics, as well as others, some of which are currently established and functioning.

The most important thing, is the challenge that poses even bigger problems and it is to show what will be the results of the implementation of the CAP for Bulgarian agriculture - from optimistic to denying the benefits of implementing this type of policy for Bulgarian agriculture. Carrying out economic research on the advantages of Bulgarian agribusiness in the period immediately after our acceptance in the EU will allow to establish as reliably as possible the potential and real results of the implementation of CAP measures after the COVID-19 pandemic. Establishing the results of the implementation of the CAP measures to Bulgarian agriculture and rural areas requires both a qualitative assessment of the national conditions under which this policy will be applied and a quantitative measurement of the potential results.

The most significant qualitative factors that influence the possibilities for implementation of the CAP and the potential results of its implementation are:
• the level and dynamics of development of the agricultural sector and rural areas in the country;
• the influence of the existing production structures;
• the applied national agricultural policy, based on the group of national laws in this area: law for support of agricultural producers; law on rent in agriculture; food chain management law; law on property, land relations and protection of agricultural land.

The purpose of this study is to indicate the competitive side of the Bulgarian rural areas and municipalities until 2021 and in the long run and in parallel to derive their real competitive advantages within the EU after the pandemic of COVID-19.

The objective of the study covers the competitive side of the Bulgarian rural areas and municipalities until 2021 and in the long run, and the objectives of the study address the following issues:

1. What will be the main sectoral proportions after overcoming the economic crisis of the COVID 19 pandemic in the EU and worldwide. What are the local opportunities for increasing the competitiveness of farms by sectors, as prerequisites for entering and obtaining market shares in new markets (including agricultural, regional and global) for the period 2021 – 2027.

2. The new common agricultural policy 2023 - 2027

2. Identifying some of the perspective directions for development, the needs and the national priorities of the Bulgarian agribusiness.

On one hand, it is necessary to find an answer to the question whether Bulgarian agricultural exports are competitive on the world and European post-crisis market and if not - what are the reasons and how can its competitiveness be improved?

On 06.06.2021, the European Commission presented a long-term vision for the EU’s rural areas, outlining the challenges and concerns they face, and at the same time highlighting some of the most promising opportunities facing these regions. Based on a forecast assessment and extensive consultations with citizens and other participants from rural areas with today’s vision are offered:
• Pact for the rural areas:
• An action plan for rural areas that aims to make our rural areas stronger, more connected, sustainable and prosperous.

¹ Since 1973, the European institutions have commissioned regular opinion polls, from the so-called Eurobarometer, in all EU Member States. In 2007, the European Parliament launched its own series of Eurobarometer surveys. These surveys cover a wide range of issues, focusing on citizens’ perceptions and expectations of EU action and on the main challenges it is facing.
² The main laws in the agricultural legislation of Bulgaria during the past Program period 2014 -2020 are: Amendments to the Law on Implementation of the Common Organization of the Markets of Agricultural Products of the EU, Law on Food, Law on Excess Stocks of Agricultural and Sugar Products, Amendments to the Law on animal husbandry, Law on fodder, Law on sowing and planting material, Law on fisheries and aquaculture, Amendments to the Law on Veterinary Medicine, Law on Oil Rose, Law on Genetically Modified Organisms, Amendments to the Law on Wine and Spirits, Law on the Bulgarian Food Safety Agency, Law on the Center for Risk Assessment in the Food Chain, Law on Management of the food chain and the accompanying regulations.)
This pact for the rural areas aims to mobilize the efforts of entities at EU, national, regional and local levels, in order to support the common goals of the vision, to promote economic, social and territorial development, cohesion and to proactively respond to the common aspirations of rural communities. The Commission will facilitate this framework through existing networks and encourage the exchange of ideas and best practices at all levels.

In order to successfully respond to the leading trends and challenges posed by globalization, urbanization and population aging, and to reap the corresponding benefits of the environmental and digital transformations, local policies and measures are needed, which will take into account the EU diversity, their specific needs and relative strengths.

The population in rural areas of the EU is on average older than in urban areas, and will slowly begin to decline over the next decade. Combined with a lack of connectivity, underdeveloped infrastructure, and lack of diverse employment opportunities and limited access to services, this makes rural areas less attractive to live and work in. At the same time, rural areas are also active participants in the ecological and digital transformation. Achieving the EU's ambitious digital targets for 2030 can provide more opportunities for sustainable rural development in sectors other than agriculture, farming and forestry, thus opening up new growth opportunities for the manufacturing sector and especially for the services sector, which in turn will contribute to improving the geographical distribution of services and the various industries.

This long-term vision for EU rural areas aims to address these challenges and concerns by exploiting new opportunities resulting from EU's environmental and digital transformation and the lessons learned from the COVID-19 pandemic, and identifying ways to improve the quality of life in rural areas, achieving balanced territorial development and stimulating economic growth in rural areas.

The Action Plan proposed by the European Commission (EC) aims to promote sustainable, coherent and integrated rural development. Several EU policies already support rural areas and contribute to their balanced, equitable, environmentally friendly and innovative development. Among them, the Common Agricultural Policy (CAP) and cohesion policy will play a key role in supporting and implementing the current action plan. Some other EU policy areas will be added, which together will make this vision a reality.

EU’s Long-Term Rural Vision\(^1\) \(^2\) and Action Plan\(^3\) identify the following four key areas, supported by flagship initiatives:

**Stronger:** focus on empowering rural communities, improving access to services and facilitating social innovation;

**Connected:** improving connectivity both in terms of transport and in terms of digital access;

**Sustainable:** conservation of natural resources and greening of agricultural activities in order to combat climate change, while ensuring social sustainability by offering access to training courses and a variety of opportunities for quality jobs;

**Prosperous:** diversification of economic activities and improvement of the added value of agricultural and agro-food activities and agricultural tourism.

The Commission will support and monitor the implementation of the EU Rural Action Plan and will update it regularly to ensure that it continues to be tailored to their needs. It will also continue to liaise with Member States and local rural players in order to engage in dialogue on rural issues. In addition, a "rural impact assessment" will be introduced, in which EU policies are reviewed through the prism of rural areas. The aim is to better identify and take into account the potential impact and possible consequences of a Commission policy initiative on jobs, growth and sustainable development in rural areas.

Finally, an observatory for rural areas will be set up within the Commission to further improve the collection and analysis of rural data. It will provide factual data to guide the development of rural development policies and will support the implementation of the Rural Action Plan.

With the announcement of the long-term vision for rural areas, the EC marks the first step towards achieving the goals of stronger, better connected, sustainable and prosperous rural areas by 2040. The Rural Pact and the EU Rural Action Plan will be the main components that will make it possible to achieve these goals.

By the end of 2021, the Commission will liaise with the Committee of the Regions to explore how to achieve the goals set out in the vision. By mid-2023, the Commission will review actions funded by the EU and Member States that have been implemented and planned for rural areas. A public report, to be published in early 2024, will identify areas where increased support and funding is needed, as well as future actions, based on the EU Rural Action Plan. Discussions on the report will serve as a basis for the preparation of proposals for the programming period 2028-2034. Recently, on 30th of June 2021, a Long-Term Vision for EU's rural areas until 2040\(^2\) was announced. It is estimated that over the next 20 years, the attractiveness of rural areas will depend to a large extent on the availability of digital connectivity (93%), services and e-services (94%) and by improving the climate and environmental performance of agriculture (92%).

As for Bulgaria, we can note that:

- The rural areas and their invaluable natural resources present opportunity for many jobs related to agriculture. Farmers need machinery, buildings, fuel, fertilizers and animal health care, i.e. activities of sectors higher in the hierarchy.
- There are also those engaged in downstream activities, such as food preparation, processing and packaging, as well as in the field of food storage, transportation and retail. Agriculture and the food industry provide a total of nearly 40 million jobs in the EU.
- In order to work efficiently and productively and in line with the current trends, farmers, as well as upstream and downstream sectors need direct access to up-to-date information on issues related to agriculture, agricultural practices and market development. In the period 2014-2020, the CAP funded the provision of high-speed technologies and better internet services and infrastructure for 18 million people in rural areas - 6.4% of the population in rural areas of the EU.

The European Commission, in its long-term vision for EU's rural areas, outlines the challenges and concerns they face and, at the same time, highlights some of the most promising opportunities facing these regions.

EU's long-term vision for rural areas is an initiative of the European Commission to develop a common European vision for 2040. In shaping this vision, the Commission has gathered the views of rural communities and businesses through public consultations and stakeholder events. Through this process of cooperation, the Commission is creating a broad vision and a comprehensive action plan for rural areas to help rural communities and businesses reach their full potential in the coming decades.

The Commission envisages the emergence of four complementary areas of action by 2040, including a long-term vision through stronger, connected, sustainable and prosperous rural areas.

**Stronger rural areas**

Rural areas should be home to empowered and viable local communities. Empowering both women and men to participate actively in policy-making and decision-making processes involving

---

3 A vision for rural areas towards 2040. EC
4 The Easy Guide to Developing an Effective Action Plan Updated on: EC, 26 July 2021
5 Long-Term Vision for EU’s rural areas until 2040, 30th of June 2021
a wide range of stakeholders and networks, as well as all levels of government, is key to developing specific conditions oriented to local specifics and integrated policy decisions and investments. Innovative service delivery solutions should be developed, making the most of the opportunities offered by digital tools, and strongly promoting social innovation.

**Connected rural areas**

The further development of rural areas depends on them being well connected to each other and to suburban and urban areas. This makes them easier to reach, while improving access to a wider range of services for local communities. Maintaining or improving public transport services and connections, as well as further developing digital infrastructures, are essential to ensure better connectivity in EU rural areas.

More sustainable rural areas, encouraging wealth

The conservation of natural resources, the restoration of the landscape, including cultural landmarks, the greening of agricultural activities and the shortening of supply chains will make rural areas more resilient to climate change, natural hazards and economic crises.

As service providers that protect ecosystems and carbon neutrality solutions, rural areas will play a key role in a sustainable bio- and circular economy.

**Prosperous rural areas**

Rural areas can become more prosperous by diversifying economic activities in new sectors with a positive impact on employment and improving the added value of agriculture and food industries. The diversification of economic activities should be based on sustainable local economic strategies, including measures that make their environment attractive to businesses and expand digital literacy. This will help maintain a fair share of the value generated by agriculture in rural areas.

**Literature:**

1. A vision for rural areas towards 2040. EC
2. Long-Term Vision for EU’s rural areas until 2040, 30th of June 2021
3. The Easy Guide to Developing an Effective Action Plan
   Updated on: EC, 26 July, 2021