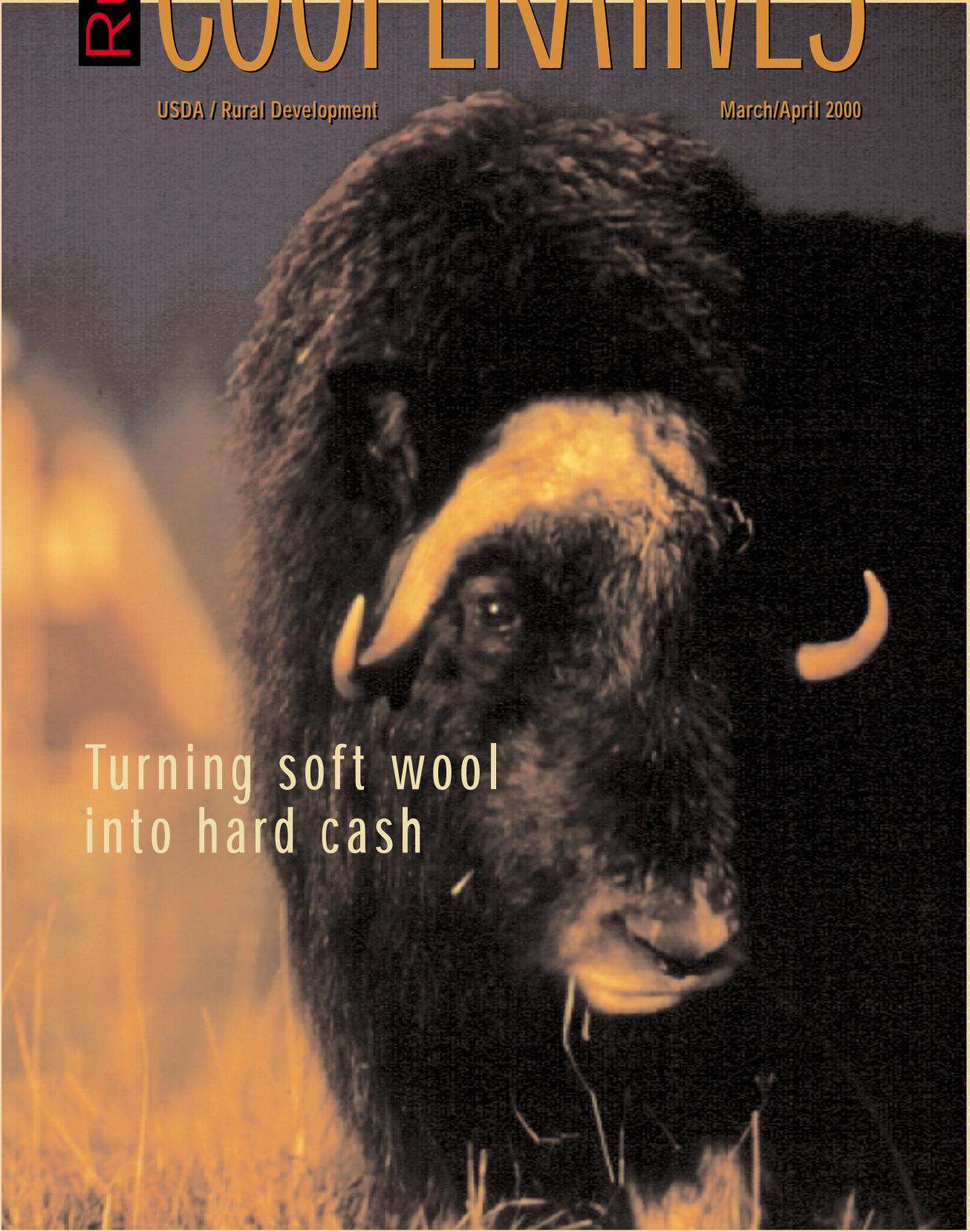


Rural

COOPERATIVES

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Turning soft wool
into hard cash

Strength through unity

Bulgarian honey producers sweeten their future through cooperation

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Sons of a medieval Bulgarian king debated who would rule after their father's death. The king requested that a quiver of arrows be brought to him. He removed a single arrow and causally snapped it in half. Then he removed the remaining arrows from the quiver, held them out to his sons, and requested they break them. The sons tried to break the bundle of arrows without success. The king then told his sons that, individually, people, like the arrows, are easily broken, but there is strength through unity.

Today, that lesson "Strength Through Unity" is engraved in the Cyrillic alphabet above the entrance to the Bulgarian National Assembly in Sofia. It's become a time-tested phrase from Bulgarian history and one that's applicable across the cooperative world.

Bulgarian beekeepers, following this example, formed cooperatives to purchase supplies and to market their honey production. In a country still undergoing its transition to a market-driven economy, individual producers work together to coordinate their efforts to create a better situation for all the beekeeper-members. They're learning the age-old lesson of strength through unity.

A traditional product

Honey is a traditional Bulgarian product. It has been produced in Bulgaria for more than 3,000 years. Honey marketing cooperatives were created

early last century, but were converted to collectives in the Soviet era. Traditionally, Bulgaria has a strong domestic honey market. Foreign visitors to Bulgaria's popular Black Sea resorts supplemented domestic demand, which has aided in the development of international markets.

The 35,000 beekeepers throughout Bulgaria make up the Bulgarian Beekeepers Union, which tries to rectify deficiencies in the country's beekeeping system. The Union functions as a trade association, similar to America's Beekeeper Federation or National Corn Growers Association. The Beekeepers Union is headquartered in the capital of Sofia, with regional representatives for its 1,700 local beekeeping societies.

The years since the breakup of the communist system in the early 1990s have been tempestuous for Eastern Europe. The Bulgarian agricultural sector is no exception to this turmoil.

During the communist era, collective farms, often larger than 20,000 acres, produced the majority of the country's food. Commercialization and costs of production were not considered. Instead, central planners determined what would be produced and where it would be shipped. In recent years, the collective farms were divided into smaller holdings, and private land ownership is being slowly re-established.

Bulgaria is characterized by micro-climates — from warm Mediterranean



zones in the south, to broad internal valleys, and then to mountainous terrain that covers 35 percent of the country. As a result, farmers in different regions produce many crops including fruits, vegetables and forest products. This agricultural diversity results in many varieties of honey. This range includes many specialty honeys, such as

one produced from oak trees, that has a dark, rich flavor, to other honey that comes from bees that pollinate acacia and lime trees.

Small-scale marketing

Bulgarian beekeepers fall into two general groups. Most producers manage a small number of hives, though there are a few large producers.

A typical small producer is more than 65 years old, and usually a retired white-collar professional such as a schoolteacher or bookkeeper. Most of these smaller producers have been beekeepers since their youth. Many recount how their first hive was given to them as a wedding present or how they helped their parents with their own bee management.

These producers live in smaller rural communities and have hives at their

homes or in the neighboring countryside. Family members assist them with production activities. No standard production practice or hive type is used, which leads to a wide range of quality and volume differences. In addition, a single small producer could have three different styles of hives in the same field.

These small-scale producers market honey through personal contacts, home sales, and uncoordinated interaction with brokers. However, in rural communities, more honey is produced than is demanded by local consumers. The excess honey is stored, sometimes for years, in whatever containers the beekeeper has available until a broker shows up to buy it.



The Riga monastery is one of many architectural treasures found in Bulgaria.

Honey generates a substantial part of their income because inflation has eroded the value of their pensions. The number of hives managed by each producer is small, often 30 or less. The few thousand dollars a small honey producer can earn, however, has a large economic impact in rural areas where annual income is even less than the national average of \$4,000.

Commercial-scale beekeepers

Large-scale or commercial producers typically manage between 150 and 200 hives and production techniques are more standardized. They tend to know international production techniques and prices. On average, these large-scale producers are younger than small producers.

Though production is more standardized among large producers, marketing practices vary. A few producers have developed markets and value-added products. Some are even trying to export their production. Yet, the majority of large-scale producers use the more informal marketing techniques practiced by small-scale producers.

Differences between the two groups complicate the marketing situation for all producers. Key issues confronting the Bulgarian honey market are perceived differently by each group. On one hand, small producers are concerned with receiving a "fair" price and having access to markets outside their local communities. On the other hand, large-scale pro-



Many specialty honeys are produced in Bulgaria because of the country's agricultural diversity, which ranges from warm Mediterranean zones to cool mountain ranges.

Photos by James Matson.



The typical Bulgarian beekeeper is usually a retired, white-collar professional.

ducers complain of a lack of credit, a lack of quality standards and a lack of markets for their larger volumes.

Regulatory and credit systems hamper business

Nonetheless, all producers face the issues of low prices, the theft of hives, access to more markets opportunities, accurate and timely market information, bear control, and an inadequate legal framework. Bulgaria as an emerging market-oriented economy is still creating the legal structure needed to foster business transactions. In addition, regulations only establish a minimum quality for honey, but do not distinguish between quality grades. There are no mechanisms to financially punish producers or brokers that deliberately adulterate honey, which negatively impacts the whole honey industry.

Another challenge facing beekeepers — especially large-scale producers — is access to adequate credit. Agricultural enterprises are regarded as old-fashioned by urban Bulgarian lenders. A farm credit system, where lenders are familiar with production practices, does not exist. The few producers who can obtain credit pay back more than 150 percent of the amount borrowed annually.

Seeking international expertise

Against this backdrop, the Bulgarian Beekeepers Union has sought the assistance of international agencies such as the USDA or ACDI/VOCA (a non-profit development organization). Representatives of these agencies have provided advice on ways to improve the Bulgarian legal and financial framework. And they coordinate their work with the Bulgarian government officials to implement necessary local and national changes.

The producers recognize that an improvement in the institutional framework represents only a partial solution. The margin between the farmgate price and the price paid by the final honey consumer is quite wide. Consumer prices often are as much as five times higher than the farmgate price.

In an attempt to retain more income for producers, the Beekeepers Union assisted in the formation of the cooperative Agropchel SA. It is a separate commercial entity that operates on behalf of its 700 members across the country. This supply and marketing cooperative for producers of honey and related products was organized in 1997 and was capitalized with 50,000 stock shares. Agropchel sells production

inputs and then markets the honey products.

As with many start-up businesses, the cooperative has worked hard to improve its bookkeeping systems. It has also instituted production and quality standards.

But designing a marketing plan that generates sufficient income for members and the capital necessary for future expansion is a major problem it confronts. Other issues management faces include the guarantee of a consistent, quality production and a focus on the right value-added products.

Some producers also view the cooperative as a purchaser of last resort. To confront this problem, Agropchel is instituting marketing agreements with producers. In addition, a regional warehouse collection system and market segmentation for certifiable organic honey are being considered.

Bulgarian beekeepers face many challenges in their transition to a consumer-driven market system. In their response, they are heeding the wisdom of their medieval king. By uniting to improve the situation for the industry as a whole and joining together to form commercial cooperatives, they are creating for themselves a sweeter future. ■

