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TOBACCO COOPERATIVES IN BULGARIA

The first tobacco cooperatives in Bulgaria were established in the years following World War I when Bulgarian tobacco began to be in demand on the world market. At the time middlemen were obtaining a large portion of the profits, and it was decided to establish tobacco cooperatives for the purpose of completely eliminating the middleman in tobacco trade and confining all profits to tobacco producers. The first tobacco cooperative was established in 1915 in Asenovgrad (Stanimaka). By 1933 76 more cooperatives were established. However, many of these have now merged or have suspended activity because they were in areas not suited to growing tobacco. In 1944 the number of cooperatives financed by the Bulgarian Agriculture and Cooperatives Bank was 19.

The chief aims followed in the establishment of tobacco cooperatives are the following:

1. To unite tobacco producers in the area where the cooperative has been established, to assemble the tobacco produced by them in exchange for advances up to a maximum of 80 percent of current market prices, to collect this tobacco in cooperative depots, to process it and maintain its good qualities, and to sell it in a processed or nonprocessed state on foreign and internal markets on behalf of the producers.
2. To aid in procurement of the necessary means for fighting tobacco diseases and field insects.
3. To improve and spread tobacco culture and to support materially and morally state and other institutions which are endeavoring to ensure a demand for Bulgarian tobacco on the foreign market.
4. To establish and help experimental tobacco nurseries.
5. To attempt to develop tobacco production in the country by means of publications, conferences, and demonstrations (exhibitions, fairs, etc.)

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6. To insure the members' tobacco crops against natural disasters such as floods and hail.

7. To give courses on proper harvesting, drying, and processing of tobacco, or to participate in these operations with the members and to secure the sacks, nails, and other materials necessary in these operations.

8. To participate in the establishment of cooperative cigarette and other tobacco product factories.

9. To create bureaus which will aid members in the event of accident, disaster, old age, and other similar situations.

10. To endeavor to aid the intellectual and cultural development of the members.

Tobacco growers who are members of the tobacco cooperatives are obliged to turn over to the cooperative warehouse all of their yearly crop. The cooperative cannot accept poor-quality tobacco; accordingly, it attempts to have every member grow good-quality tobacco. Only farmers concerned with growing tobacco in the area of the cooperative can become members. Growers who do not plant tobacco for 3 successive years or who do not turn over to the cooperative warehouse the tobacco they have obtained from 2 year's crops are expelled from the membership.

The administrative organs of the tobacco cooperative are the general assembly, the board of directors, and a director who administers cooperative affairs within the framework of the decisions and directives of these councils. There are also comptrollers who supervise the board of directors.

Of the annual net profits of the cooperatives, 50 percent is set aside for a reserve fund, 10 percent for a fund for enterprises to serve the common interest, and 20 percent for a cooperative warehouse fund. The remaining 20 percent is returned to members who have fulfilled their commitments, depending upon the amount and quality of the tobacco they have delivered to the cooperative warehouse.

In 1937 the active tobacco cooperatives had 13,668 members. In the same year the assets of these cooperatives were: subscription capital 34,950,459 leva, funds on hand, 63,926,731 leva, fixed assets 87,339,060 leva, total 185,816,250 leva. (At that time 66 leva equalled one Turkish lira.)

In 1945 the tobacco cooperatives were organized into a union of tobacco cooperatives with headquarters in Sofia. This union has established two tobacco factories, one in Sofia and the other in Asenovgrad. The daily capacity of these factories is about 500 kilograms. In 1944 the tobacco cooperatives belonging to this union collected and processed 7,691,690 kilograms of tobacco.

All credit needs of the tobacco cooperatives are met by the Bulgarian Agriculture and Cooperatives Bank. Advances are given to producers while the tobacco is still in the curing stage, and final credits are distributed after the crop has been delivered to the cooperative warehouse. These bank loans are calculated on the price which will be obtained from the tobacco sales on the domestic and foreign markets. The remainder is distributed to the producers after warehouse, processing, and other expenses have been deducted. The bank also makes loans for the purchase of necessary equipment. In 1943 the bank advanced 103,800,000 leva for the tobacco crop and in 1944 115,500,000 leva. On the basis of these figures, tobacco is second only to grain in respect to agricultural indebtedness.

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The tobacco cooperatives which are rather wealthy, are under the supervision and control of the Agriculture and Cooperatives Banks. This control is accomplished by means of the bank's inspectors and, since 1925, by members of a staff of tobacco experts which was created in the office of the director general of the bank. The tobacco experts constantly supervise the tobacco crop from the time it is planted to its cutting, drying, storage, processing, packaging and inspection. They are also charged with working to develop tobacco culture, and with following the tobacco markets. As a result of the work of these tobacco experts, who have gradually been appointed to all tobacco cooperatives, the cooperatives have made important gains from a technical standpoint.

In tobacco-growing areas where, for financial or other reasons, tobacco cooperatives have not yet been established, the Bulgarian Agriculture and Cooperatives Bank has established bank tobacco warehouses. These warehouses also collect tobacco from producers in exchange for advances, and process, store, and sell it. One percent of the money obtained from these tobacco sales is set aside for a tobacco fund. The purpose of this fund is to improve tobacco culture and to find suitable markets. Although the warehouses are administered by the bank's tobacco experts, their salaries and the salaries of technical and administrative personnel appointed by the bank are paid by the tobacco producers. In 1944 there were 15 of these bank tobacco warehouses, the chief one being in the Rhodope area. Bank warehouses are abolished whenever a tobacco cooperative is established in a given area.

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