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Food Processing Ingredients Bulgaria

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Food Processing Ingredients

Approved By:
Russ Nicely, Agricultural Attaché
Prepared By:
Alexander Todorov, Marketing Specialist

Report Highlights:
This report contains information about Bulgaria’s food processing industry and food ingredients market.

The food industry in Bulgaria accounts for about 20% of the country’s industrial output. The following products have good sales potential on the Bulgarian market: distilled spirits, tree nuts, peanuts, dried fruits, snack/cereal foods, pulses, beef, prepared food, wine, seafood products, and soft drinks/juices.

General Information:
Section I. Market Summary

Recent political changes in Bulgaria have led to more stable relations with EU member partners. Trade is expected to move upwards as a result. Bulgaria is broadly recognized as an excellent gateway into the wider EU market for agricultural products due to its political and financial stability as well as its developing agriculture and infrastructure.

EU membership has had a significant impact on trade in food and agricultural products in Bulgaria. Certain opportunities for U.S. exporters have all but disappeared (poultry) while others have expanded (see report highlights). There are also market opportunities for new food products. In general, Bulgarian agricultural and food imports from the U.S. will increasingly resemble the profile of U.S. exports to other EU member states that are heavily weighted toward consumer-oriented and high-value products.

According to the U.S. Census Bureau trade data (BICO), for Calendar Year 2015, U.S. exports of consumer oriented and agricultural related products categories accounted for 47% and 33% respectively, and for 80% of total agricultural exports to Bulgaria, compared to 34% and 20% in CY 2014. The category of intermediate products registered 13%, followed by bulk products at 7%. These statistics show that demand for high-quality products has been growing and this trend is expected to continue as the economy strengthens in the following years.

Prior to CY 2015 there was a visible shift in trade and consumption trends within certain product groups toward more expensive, higher-quality products, including distilled spirits, snack foods, tree nuts, beef, seafood, and soft drinks. The trend has slowed down a bit in 2015, but yet remained stable considering Europe's economic and financial turmoil. U.S. agricultural exports to Bulgaria in several product categories, such as distilled spirits, tree nuts and dried fruits, pulses, and fish products remained at high levels after notable increases the past few years. U.S. exports of peanuts increased by 80% in 2015 as compared to 2014. It is expected that the volume of the exports of these and other products will remain stable in 2016 despite the appreciation of the U.S. Dollar against the Euro in the last year.

Although improvement in the country's general economic situation is projected for 2016, lower-than-average consumer income will continue to be a factor limiting imports of U.S. products.
In 2016 the business environment for trade should reflect more efficiencies as it converges further with EU norms. Trade practices are showing a shift from direct to indirect imports through wholesalers/importers within the EU which have longstanding links with U.S. suppliers. This practical shift reflects efficiencies sought by importers who can source small lot/partial containers quantities at a more affordable price than by direct importation.

U.S. food products' major competition remains products from other EU member states and from the increasing output of local products resulting from rising foreign direct investment in this sector.

The Food Processing Industry in Bulgaria

According to Bulgarian Ministry of Economy's sector analysis, the food and beverage production sectors account for about 20% of total industrial production in the country. The sectors provide employment to about 100,000 people (19% of all employees in manufacturing). In 2015 the Bulgarian food industry was valued at about U.S. $5 billion.

Bulgaria produces meat and meat products, fish, fruits and vegetables, dairy products, bakery products etc. About 5800 companies are operating on the market, nearly half of them located in the South Central and South Western regions. Companies in the sector include Nestle Bulgaria, Mondelez Bulgaria, Coca-Cola Hellenic Bottling Company, Bella Bulgaria, Chipita Bulgaria, Danone Bulgaria, and others. More detailed information can be found in Section II, subsection C of this report.

The leading Bulgarian agricultural trade partners today are EU Member States, neighboring countries, and Russia. Over 72% of Bulgaria's total ag trade is with other EU countries. Top EU ag trade partners are Greece (20.3% of total ag trade), Romania (18.8 %), Germany (8.5 %), and Spain (8.1%). The top ag trade partners outside of the EU are Turkey, the United States, China, Macedonia, and Serbia. The ag trade with the so called Commonwealth of Independent States (some of the former Soviet Republics, including Russia) decreased by 10.4% on an annual basis to U.S. $121 million in 2014. One of the main factors for the decrease is the crisis in Ukraine and the ban on import of agricultural products imposed by Russia. (*Source: Ministry of Agriculture's Agrarian Report*)

According to the latest Eurostat statistics on comparative price levels of consumer goods and services for food, non-alcoholic beverages, alcoholic beverages, and tobacco, Bulgaria is among the EU-28 countries with the lowest food prices in Europe. However, according to the data of the Bulgarian National Statistical Institute (NSI), the average Bulgarian household spends almost 35% their income on food and beverages. For comparison, the percentage in Germany is about 12%. Among the EU Member States Poland is the least expensive country for food and non-alcoholic beverages, while Bulgaria is lowest for alcoholic beverages and tobacco. Low food prices result from high competition between discounters and the grocery retail sale segment.

Imports of U.S. agricultural and fish products, Bulgaria, 2015 figures

Bulk Agricultural Products, total imports	**U.S. $**	419 million (m)
Bulk Agricultural Products, imports from U.S.A.	**U.S. $**	3.4 m *(0.8%)*
Intermediate Agricultural Products, total imports	**U.S. $**	638 m
Intermediate Agricultural Products, imports from U.S.A.	**U.S. $**	2.52 m *(0.4%)*
Consumer-Oriented Agricultural Products, total imports	**U.S. $**	1,651 m
Consumer-Oriented Agricultural Products, imports from U.S.A.	**U.S. $**	13.07 m *(0.8%)*
Fish and Seafood Products, total imports	**U.S. $**	89 m
Fish and Seafood Products, imports from U.S.A.	**U.S. $**	0.5 m *(0.5%)*

Source: Global Trade Atlas

Key market drivers and consumption trends

The most important sectors of the food industry in 2015 were bakery and confectionery, dairy production and processing, meat products, poultry & eggs, sweets & chocolate products, fruits &

vegetables processing, and wine production.

Organic products have become more important for Bulgarian consumers. With prospects of economic improvement in 2016 and 2017, and stabilization of consumer incomes, it is expected that the interest in consumption of organic and health food products will be sustained and developed. For more information about the Bulgarian organic products market please refer to FAS Sofia's latest Organic Food Market Update GAIN report.

The latest official statistical data on food and beverage consumption in 2015 shows that it has slightly increased by 0.4% compared to 2014. This has not deterred new investment since the country still has a moderate number of outlets per capita when compared to other EU countries. The potential for growth of the modern trade, as well as for food/drinks consumption in more medium term, is substantial. Please refer to FAS Sofia's Retail Market GAIN report for more information about Bulgaria's retail food and beverage market.

Advantages and Challenges

Advantages	Challenges
Increase in consumption of food and edible fishery products is creating demand for more imports.	Strong competition from EU exporters which are able to provide commodities in smaller volumes, thus reducing pressure of high stocks on the buyers' cash-flow.
The Bulgarian retail market is expanding, offering more consumers access to modern retail options.	Lower purchasing power of the average Bulgarian and the size of the local market limit U.S. exports of higher-value products.
Growing food processing industry at a rate of 5-6% annually is looking for new imported food ingredients.	EU regulation and tariffs give preferential access to products from EU countries. U.S. exporters face competition from tariff-free products from other EU countries.
The U.S. offers a broad range of food ingredients and products, effectively capable of satisfying demand across different consumer income levels. Brand recognition, particularly with consumer-ready products, is a particular strength in the Bulgarian market.	Non-tariff barriers such as phytosanitary restrictions and traceability requirements can make exporting to Bulgaria complicated.
The U.S. has a reputation as a reliable supplier of food inputs in terms of availability, delivery and quality.	Preference of U.S. companies to work with EU distributors responsible for a certain region of Europe, and to exclude local importers who would like to engage in direct import from United States.
Bulgarian consumer confidence in U.S. products due to the very well-established U.S. food safety regulatory system.	Differences between US and EU production systems for beef, pork and poultry keep some products out of the EU market. Some products of modern biotechnology

	are prohibited.
Marketing costs to increase consumer awareness are low.	U.S. exporters opt not to advertise products to increase awareness of their products due to perceived high costs.

Source: FAS Sofia

Section II. Road Map for Market Entry

A. Entry Strategy

U.S. companies seeking to export their goods to Bulgaria are advised to research the market. USDA's Foreign Agricultural Service offers USA suppliers a number of valuable services to support them with market entry. Please see the FAS Attaché Reports in the USDA Global Agricultural Information Network (GAIN) and contact FAS Sofia for clarification on specific questions. Once U.S. companies have acquired this background information, they have several choices on how to enter the market. They may consider attending or visiting one of Europe's many USDA endorsed trade shows and other trade shows in Europe as well as some of the food trade shows in Bulgaria. They serve as a springboard into the market, helping companies to establish new trade contacts and gauge product interests.

Major food and drink trade shows in Bulgaria

Venue: International Fair, Plovdiv
Date: February 24-28, 2016
Foodtech: international exhibition of foods, drinks, packaging, machines, and technologies. Since 1995 it is one of the most representative food industry forums in Bulgaria with the attendance of all food industry related professional associations. Major categories: food products; materials, raw materials, consumables for food industry; machinery and equipment for food industry; packaging industry.
Vinaria: international exhibition of vine growing and wine producing. Since 1993 it presents the entire panorama of the vine-growing and wine-making industry. Ranked among the leading exhibitions in the sector in Southeastern Europe.
Venue: Inter Expo Center, Sofia
Date: November 9 -12, 2016.
Interfood & Drink - Food, beverage, packaging, machinery, and technology.
Meatmania – meat and meat products.
The World of Milk – milk and dairy products.
Bulpec – bread, bakery, confectionary, raw materials, additives, machinery, equipment, packaging.
Salon de Vin – wines, spirits, and accessories.

U.S. exporters can also contact their respective U.S. State Regional Trade Groups (SRTG), commodity Cooperator Groups and State Departments of Agriculture to obtain additional market entry support. The cooperators regularly organize Reverse Trade Missions, often organized around trade shows or other events, which are excellent platforms for U.S. suppliers of food ingredients to meet with foreign buyers.

FAS Attaché Reports

Excellent FAS Attaché reports for new-to-market exporters to Bulgaria are:

- The Exporter Guide which contains a general overview of the macro-economic situation, discusses demographic trends, food trends, offers exporter business tips and shares overviews of the food retail and HRI sectors (please see Exporter Guide);
- The Import Regulations and Standards (FAIRS) reports provide an overview of import regulation standards and required health and origin certificates (please see FAIRS Country Report and FAIRS Export Certificate Report);
- The Retail Market Report gives an overview of the Bulgarian food retail market (please see Retail Report);
- The Hospitality Restaurant Institutional Food Service (HRI) in Bulgaria report provides an overview of market opportunities and key channels of distribution for U.S. food and beverage products destined for the food service market in Bulgaria;
- The Organic Food Market Report gives an overview of the organic food market in Bulgaria (please see Organic Food Report);
- Please use the GAIN search engine to also find various product briefs published by FAS/Sofia as well as a complete selection of online FAS reports.

Foreign Agricultural Services Sofia

In order to obtain further information on the Bulgarian market, trade shows, and other marketing sales opportunities in Bulgaria, contact the USDA Foreign Agricultural Service Office in Sofia. Further contact information is provided at the end of this report.

State Regional Trade Groups

State Regional Trade Groups (SRTG), regionally located in the United States, are non-profit trade development organizations that help U.S. food producers and processors to enter overseas markets. They are funded by USDA's Foreign Agricultural Service (FAS), the State Departments of Agriculture, and private industry. They carry out promotional activities that increase exports of U.S. high-value food and agricultural products.

Activities range from participation at international trade exhibitions, overseas trade missions, reverse trade missions, and export education to in-country research and point-of-sale promotions in foreign food chains or restaurants worldwide.

The SRTGs also administer a cost-share funding program called the 'Brand program' which supports the promotion of brand name food and agricultural products in overseas markets. For more information, contact the state regional trade group responsible for your state:

The four State Regional Trade Groups

Food Export Northeast	**Southern United States Trade Association**
Member states: Connecticut, Delaware, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont	Member states: Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, Puerto Rico, South Carolina, Tennessee, Texas, Virginia,

E-Mail: info@foodexport.org Web site: www.foodexportusa.org	West Virginia E-Mail: susta@susta.org Web site: www.susta.org
Food Export Association of the Midwestern USA Member states: Indiana, Illinois, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, Wisconsin E-Mail: info@foodexport.org Web site: www.foodexport.org	**Western U.S. Agricultural Trade Association** Member states: Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, Wyoming E-Mail: export@wusata.org Web site: www.wusata.org

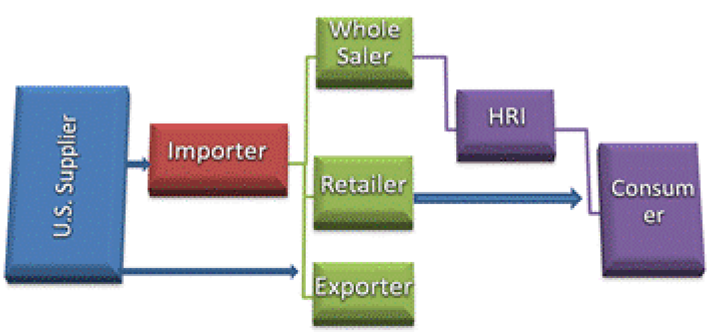
The U.S. Agricultural Export Development Council is composed of U.S. trade associations and other organizations, in addition to the SRTGs, with an interest in promoting U.S. agricultural exports. For an overview and additional information on the various Commodity Groups, you can go to www.usaedc.org.

B. Market Structure

The Bulgarian food ingredient market has various supply channels, depending on the type of food products. Most of the small and medium size processors use local products, while the bigger ones buy from both local producers and from foreign suppliers. Retailers usually purchase directly from the processor or the buying organization. Many of them also work directly with foreign suppliers. The Hotel Restaurant and Institution (HRI) sector may purchase directly from a wholesaler whereas smaller HRI outlets generally purchase products from cash and carry operations.

U.S. exporters of food ingredients usually enter the Bulgarian market through local specialized ingredients importers, who would be engaged also in promoting the product to the customers. U.S. products that have successfully entered the Bulgarian market are known for their higher quality, but since some of them are positioned in the high-end segment, the competition from local and products from other EU countries on the price driven Bulgarian market is very strong.

Supply Chain Chart



In 2015 the foodservice channel accounts for 19% average market share in volume in sales of eight major food categories: alcohol; confectionery/sweets; salty snacks; coffee; cocoa drinks; soft drinks, bottled water, while the market share in value reaches 30%. See more market data about growth of sales of packaged food by category (in volume and value), company brand shares – global brand owner (GBO) and national brand owner (NBO), and forecast sales of packaged food by category (in volume and value) in Exhibit I at the end of this report.

Over the last two years consumption of alcohol, beer and soft drinks kept moving more towards home consumption while that of coffee from home to foodservice consumption. There is also a strong tradition of home production of food in Bulgarian households, which still strongly affects multiple categories such as pickled products, chilled meat and fish, canned fruits and vegetables, nuts and fruits snacks. Bulgarians still consider homemade food healthier and of better quality than processed food. However, the in-home production tradition is fading among younger generations who value the convenience and trust the quality of packaged food offered by grocery retailers. Young people are following the trend for healthy food and are more careful about the products they buy.

The changes in consumer habits represent serious challenges to foodservice suppliers and in Bulgaria. Companies are looking for winning concepts, such as low and affordable prices, good service, and/or organic products. Suppliers and retailers are trying to provide large and varied portfolios, attractive prices, promotions, new products, gift packages and communication. The industry is dynamic and very competitive.

Foodservice sales of packaged food are projected to record growth of 1% in 2016. Food producers are expected to adapt to new trends and offer foodservice operators a variety of new products that are convenient and easy to prepare. It is anticipated that most operators will adapt to the health and wellness trend and fast-changing consumer tastes by searching for innovations.

Manufacturers and foodservice providers recognize the importance of customer satisfaction. The development of foodservice is associated with the predicted growth of tourism in the country. This implies the upgrading of hotels and restaurants, improved services and better quality food. The activities of packaged food companies are motivated by increased requirements in terms of the quality of food and beverages.

The competition in foodservice is expected to intensify over the forecast period. Both local and imported brands and products will compete for sales and shares. Competition is likely to focus on the quality of products and services (regular daily supplies, variety in pack sizes, frequent price promotions and the renewal of portfolios). It is anticipated that foreign companies will concentrate on higher added-value product types, such as dairy-based and ice cream desserts, soup, ready meals and sauces, while domestic companies will compete effectively in dairy, bakery, processed meat and oils and fats.

C. Company Profiles

Meat Processing – Annual production of processed meat in Bulgaria has been estimated at U.S. $463 million. The major share is taken by salami products (U.S. $315 million), followed by salted, dried, and smoked meat (U.S. $87 million), and prepared food from meat (U.S. $61 million). There are 24 companies with annual turnover of more than BGN 10 million (U.S. $6.7 million), which makes the competition quite fierce.

Top 10 Meat Processing Companies in Bulgaria

Company	Annual Turnover Million U.S. $
Mesokombinat Lovech (Boni Holding)	83.8
Fermata AD (owned by Bella Bulgaria)	72
Ken AD	42.2
Delikates 2 Ltd	25.5
Dimitar Madzharov -2 EOOD	23.9
Merkez Ltd	22.7
Cheh Ltd	22.6
KFM Ltd	19.7
Lotos Ltd	15.3
Sami-M EOOD	14.6

Source: Regal Magazine based on official annual reports

Milk Processing – Annual turnover is estimated at U.S. $605 million. The biggest companies in this food industry sector are owned by foreign companies. The four largest companies' turnovers go beyond BGN 50 million (U.S. $33.3 million) and the minimum turnover to get into top 20 is about U.S. $10 million. The biggest company in the sector is Nestle Bulgaria, which falls in this rating because of its ice cream production, which accounts for U.S. $31.5 million. The biggest specialized milk processing company in the sector remains Danone Serdika. In 2013 the U.S. company Schreiber Foods acquired from Danone plants in Bulgaria, Czech Republic, Portugal, and Spain. The third biggest player is OMK AD with annual turnover of U.S. $41.8 million. It is part of the Greek company Vivartia since 2007. In 2014 all the big companies in the milk processing sector reached an increase between 4-5% and this growing trend continues since 2011.

Top 10 Milk Processing Companies in Bulgaria

Company	Annual Turnover Million U.S. $
Nestle Bulgaria AD	191.9
Danone Serdika	61.7
OMK AD	41.8
Tirbul EAD	38.1
Megle Bulgaria EOOD	27
Dimitar Madzharov-2 EOOD	24
Kodap EOOD	18.9
Mandra Riltsi EOOD	15.4
BCC Handel OOD	12.9
Bor Chvor EOOD	12.4

Source: Regal Magazine based on official annual reports

Brewing Industry – Three multinational and three local companies dominate the market. For the last five years more than U.S. $190 million have been invested in the Bulgarian brewing industry. In 2013 about 5.5 million Hectoliters, worth more than U.S. $300 million, have been sold on the local market, 96% of which is locally produced beer. This places Bulgaria 14th in the EU beer sales chart. The leader in sales is Zagorka, a property of Heineken Group. Second place is taken by Kamenitza, which in 2012 was acquired by the U.S. – Canadian giant Molson Coors. The third biggest producer is Carlsberg Bulgaria, a part of the Danish concern Carlsberg Group. The three local breweries are Bolyarka, Britos, and Lomsko Pivo.

Top 6 Brewing Companies in Bulgaria

Company	Annual Turnover Million U.S. $
Zagorka AD	96
Kamenitza AD	94.3
Carlsberg Buglaria AD	65.9
Bolyarka AD	18.8
Britos EOOD	7.6
Lomsko Pivo	7

Source: Regal Magazine based on official annual reports

Chocolate and Sugar Confectionery – Two multinational and strong local companies run the industry. With almost U.S. $192 million annual turnover, Nestle Bulgaria became the leader in this category. Its production is situated in two plants – chocolate and biscuits in Sofia and ice cream in Varna. The second biggest company is Mondelez Bulgaria (former Kraft Foods) with U.S. $157 million annual turnover. The chocolate and sugar confectionery categories are expected grew by 2.5% in 2015 as compared to the previous year. In chocolate confectionery the penetration of private label lines in retail, most notably of Lidl and Kaufland, will bring additional price pressures and consumers are expected to make more purchases at lower price points. The better expected volume performance in sugar confectionery is seen to be a result of interest in new products launched in 2014 and continuing new product development. More producers are expected to follow in the steps of Zaharni Zavodi and Haribo GmbH & Co and launch products with natural ingredients, such as fruit juice and pectin.

Top 10 Confectionery Companies in Bulgaria

Company	Annual Turnover Million U.S. $
Nestle Bulgaria AD	191.9
Mondelez Bulgaria Production EOOD	157.3
Zaharni Zavodi AD	105.6
Zaharen Kombinat Plovdiv AD	54.9
Prestige 96 AD	44.8
Zaharni Izdelia Varna EOOD	33.7
Den I Nosht Ltd	21.1
Pobeda AD	18.3
SI Commercial 7 EOOD	14.5
Karmela 2000 Ltd	7.9

Source: Regal Magazine based on official annual reports

Soft Drinks – the consumption of non-alcoholic beverages (including mineral water) registered an increase in consumption by 11 million liters as compared to the previous year. All soft drinks categories, with the exception of concentrates and juice, saw growth in 2015. The best performers started from a lower base, such as ready to drink (RTD) coffee and offered products considered modern and healthy (RTD tea, sports and energy drinks, and bottled water). The market is divided between multinational and local companies. Categories such as carbonates, RTD tea, RTD coffee, sports and energy drinks are dominated by multinationals. In carbonates this is due to the strong position of the undisputable leader in this category Coca-Cola Hellenic Bottling Company with more than five times higher turnover than the company ranked second Devin. The sixth company in this rating Bankia is also part of Coca-Cola HBC. Generally, local companies are stronger in categories that rely on locally sourced inputs – fruit juice, concentrates and bottled water. Devin specializes in bottling mineral, spring, and carbonated water and is owned by the international fund Advent International Corporation.

Top 6 Soft Drinks Companies in Bulgaria

Company	Annual Turnover Million U.S. $
Coca-Cola HBC	258.8
Devin	46.9
Nova Trade EOOD	36.6
Gorna Banya Bottling Company	28.7
Quadrant Beverages	20
Bankia Bottling Company	18.3

Source: Regal Magazine based on official annual reports

Fruits and Vegetables Processing – the annual turnover of the sector is estimated at U.S. $171.3 million with eleven companies going beyond BGN 10 million (U.S. $6.7 million). The production of these companies consists mainly of fruit and vegetable cans, jams and marmalades, purees, dried fruits, ketchup, mustard, and ready-to-eat foods. Five out of the top 11 companies are operated by Italian owners. With some exceptions, these companies are export oriented and their sales are growing for the last few years and this trend is expected to continue in 2016 and 2017.

Top 10 Fruit and Vegetable Processing Companies in Bulgaria

Company	Annual Turnover Million U.S. $
Agri Bulgaria EOOD	32.4
Kuminiano Fruit OOD	24
Filikon – 97 AD	18
Palirria Bulgaria EAD	17.6
Olineza Ltd	14.8
Konex-Tiva Ltd	12.3
Frukto Sliven AD	12.1
Kenar EOOD	11.9
Ecovita Ltd	9
Balkan Fruit EOOD	8.9

Source: Regal Magazine based on official annual reports

D. Food Standards and Regulations

Bulgarian food standards and regulations are harmonized with those of the EU. Phytosanitary and sanitary control is applied to imported and exported goods with plant and animal origin. Legislation is harmonized with the EU concerning the food safety and marketing standards. For each stage of the food chain from the plant and animal products to the final customer there are EU harmonized requirements for working conditions and hygiene. The local food industry has introduced the HACCP system as well in a number of facilities.

U.S. companies are advised to observe strict product labeling requirements, which require that any health or nutritional claim be first assessed and approved by the Bulgarian Food Safety Agency and Ministry of Agriculture and food and then added to the prescriptions on product package. The label must also be translated into Bulgarian. It should contain the type of product, its name, the names of the manufacturer and importer, the full content of the product, shelf life and others. The country introduced some specific requirements for labeling of certain products. For example, if a dairy product contains vegetable oil its label may not contain the word "dairy product" and must be labeled indicating "Imitation Product Containing Milk". Additionally, cheese containing vegetable oils cannot be offered as cheese, but should be indicated as product containing vegetable oil. In shops, mandatory coloring of the labels was introduced – labels of dairy products containing vegetable oils must be white.

For more information on labeling requirements and food standards, especially for recently imposed requirements for organic food products, please refer to the Foreign Agricultural Service (FAS) of the U.S. Department of Agriculture (USDA) U.S. Embassy Sofia.

Additional information can be found on the web pages of the European Food Safety Agency (EFSA) or the Bulgarian Food Safety Agency (BFSA).

Section III. Competition

The main competitors for U.S. suppliers include producers in other European countries such as the Netherlands, Poland, Hungary, Greece, Italy, France, Spain, and Belgium. Key country competitors listed by product category can be found in the following table.

Overall competitive situation for U.S. exports

Product	**Major Suppliers**	**Market Summary**
Dried fruits and nuts	USA, Turkey, Israel, Iran	Lower prices from competitive countries. However, US products dominate in almonds and pistachios due to quality.
Dry legumes (peas,	Kyrgyzstan, Ethiopia,	Bulgaria imports almost all dry legumes

lentils and beans)	China, Canada, Turkey, Argentina, USA	(beans, lentils, and peas). Competitors offer lower prices but US advantage is quality and variety.
Beef	France, Argentina, Uruguay, Australia, USA	Argentina and France remain the major suppliers. US beef steaks are less price competitive.
Fish and seafood	U.K., Norway, Spain, Denmark, Peru, Netherlands, USA	U.K. and Norway are price competitive and able to supply the fish and seafood varieties demanded by local consumers.
Sauces, salad dressings and seasonings	EU countries USA	Price competitive and no custom duties. The US is able to supply a variety of regional sauces.
Canned fruits and vegetables	West and Eastern Europe	Price competitive. No duties for EU imports.
Ready-to-eat meals	EU countries and China	Imports are at competitive prices.
Wine	Italy, Spain, Portugal and New World wines, USA.	Price competitive since no duties inside the EU. Quality creates opportunities for US wines.
Fruit juices	Greece, Brazil, Spain,Poland	Lower prices from the EU and Brazil. However, Florida juices have a good reputation.
Ethnic Foods	China, Japan, India,	Rising sales of Tex-Mex products. Opportunities exist for other US/regional cuisines, such as cajun.
Rice	Vietnam, Thailand, China,	Thailand, China and India offer quality and low price products. Biotech testing is a constraint.
Fresh fruits (including grapefruits & exotic fruits	Turkey, Macedonia, Spain, Italy, Syria, Morocco, Israel, South Africa	Preference is given to EU suppliers and neighborhood countries due to special tariff rates.

Source: FAS Sofia

SECTION IV. BEST PRODUCTS PROSPECTS
Products in the market with best sales potential

- Distilled Spirits - in 2015, U.S. distilled spirits exports sustained high level of U.S. $6.98 million. The market is stable with assortment of brands on the market high, and prospects for increasing levels of imports strong.

- Nuts/Tree Nuts and Dried Fruits - the Bulgarian market for U.S. origin tree nuts has grown from U.S. $1.3 million in 2006 to U.S. $11 million in 2014. From 2013 to 2014, U.S. exports grew 26.6 percent. In 2015 the exports slightly decreased by 4%, but the prospects remain good. In highest demand are U.S. almonds followed by U.S. pistachios. In 2013, U.S. peanuts were introduced to the market, growing from none to U.S. $2.47 million. U.S. peanut exports totaled a record high of U.S. $2.65 million in 2015 (source: GTIS).

- Wine - since 2011 and 2012 the wine market has enjoyed steady growth along with increased diversity and quality. The high-end imported wine segment showed the most dynamic and strong market presence. In 2014 Bulgaria total wine imports reached over U.S. $15.3 million and in 2015 it exceeded U.S. $18.2 million.

- Snacks/Cereals - in the snack food sector, U.S. companies face stiff competition from EU producers. Snack foods generally are sourced from other EU member states, or are produced locally. In 2014, U.S. snack foods exports reached U.S. $0.62 million or 40 percent more than in 2013, while in 2015 it decreased down to U.S. $0.37 million. Popcorn comprises the bulk of U.S. snack food imports. Local consumers perceive U.S. products as being of high quality and as being of competitive prices. U.S. microwave popcorn, breakfast cereals, and some types of confectionery products are the most popular.

- Fish and Seafood - over the past 10 years, Bulgaria has been a net importer of fish and seafood. In 2015, total import market topped U.S. $89.2 million, or 2.1% more than in 2014. In 2013, U.S. seafood exports topped increased by 214% more than a year earlier. In 2014 it increased by another 27%. In 2015 the U.S. exports decreased by 41%. Most imports consist of frozen fish – pink and chum salmon, loligo squid, Alaska pollock, hake, mackerel, but also lobsters and other higher-end seafood products.

- Pulses (Dried Beans and Lentils) - Bulgaria’s pulse market is well developed with favorable demand and high per capita consumption. Dry beans and lentils are traditional foods that have seen local production recede in the wake of less expensive imports. U.S. exports of pulses grew from none in 2012 to U.S. $0.45 million in 2013 and almost U.S. $2 million in 2014. Prospects are very good due to increasing product diversification on the market and developing of consumer taste towards more higher-value pulses and new products.

- Beef Meat - the beef enjoys an increasing popularity at high-end restaurants in the country and expands its market presence due to the growth of the food service sector. U.S. prime beef for direct consumption at high-end food service outlets has been imported to Bulgaria since 2005 and the EU accession did not stop this trade.

Products in the market that have good sales potential

- Fruit juices and soft drinks (including flavored spring waters)
- Fresh fruits including grapefruits and exotic fruits
- Ethnic products
- Soups
- Ready-to-eat meals
- Ethnic/regional sides or meals
- Salad dressings
- Tomato sauces
- Spices
- Specialty beer
- Chocolate
- Frozen desserts (such as cakes and ice creams).

Products not present in significant quantities, which have good sales potential

- Ingredients for the natural and healthy foods industry
- Dairy products (whey, milk powder)

Products not present because they face significant boundaries

- Food additives not approved by the European Commission
- Red meat & meat products with hormones
- Most poultry & eggs
- Biotech derived products

Section V. Post Contact Information

If you have questions or comments regarding this report, or need assistance exporting to Bulgaria, please contact the U.S. Office of Agricultural Affairs in Sofia.

Alexander Todorov
Agricultural Marketing Specialist
Foreign Agricultural Service
Embassy of the United States
16 Kozyak Str.
1408 Sofia, Bulgaria
Tel: (+359-2) 939-5774
Fax:(+359-2) 939-5744
Email: Alexander.todorov@fas.usda.gov
AgSofia@fas.usda.gov
http://www.fas.usda.gov/
http://bulgaria.usembassy.gov/fas.html

Information Sources:

FAS/Sofia estimates and published GAIN reports
Euromonitor
Bulgarian Ministry of Agriculture and Food
Bulgarian Ministry of Economy
Bulgarian National Statistical Institute
Regal magazine
Capital and Capital Pro
Bulgarian Associations of: Dairy Processors, Meat Processors, Chocolate & Sugar Confectionery Producers, Fruit & Vegetable Processors, Bread & Pastry Producers

Exhibit I

Sales of Packaged Food by Category: Volume 2010-2015

'000 tonnes	2010	2011	2012	2013	2014	2015
Baby Food	6.06	6.26	6.62	6.88	7.02	7.19
Baked Goods	693.39	691.34	687.07	686.80	689.73	693.87
Biscuits and Snack Bars	16.58	16.56	16.95	17.38	17.08	17.44
Breakfast Cereals	2.36	2.34	2.33	2.46	2.59	2.69
Confectionery	27.19	27.75	28.34	28.76	29.69	30.44
Dairy	294.20	284.37	275.52	276.56	277.77	277.73
Ice Cream and Frozen Desserts	6.38	6.33	6.05	5.90	5.90	6.15
Oils and Fats	115.70	115.27	115.04	114.96	115.31	115.87
Processed Fruit and Vegetables	17.73	17.77	16.21	16.02	16.06	16.20
Processed Meat and Seafood	76.12	75.72	73.69	72.71	72.64	72.65
Ready Meals	2.32	2.41	2.41	2.55	2.58	2.59
Rice, Pasta and Noodles	80.59	81.34	81.49	81.71	82.73	84.79
Sauces, Dressings and Condiments	14.08	14.02	13.36	13.45	13.76	13.98
Soup	0.83	0.85	0.77	0.75	0.77	0.77
Spreads	8.78	8.93	8.91	8.92	9.00	9.18
Sweet and Savoury Snacks	5.53	5.41	5.13	5.12	5.23	5.34
Packaged Food	1,367.84	1,356.68	1,339.89	1,340.95	1,347.85	1,356.88

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Sales of Packaged Food by Category: Value 2010-2015

BGN million	2010	2011	2012	2013	2014	2015
Baby Food	106.85	111.67	119.88	125.93	128.31	131.38
Baked Goods	1,110.51	1,204.36	1,293.25	1,378.67	1,429.16	1,466.87
Biscuits and Snack Bars	132.76	138.92	144.24	150.75	150.58	153.34
Breakfast Cereals	24.07	24.66	25.74	28.01	30.02	31.80
Confectionery	427.08	448.36	470.08	489.15	508.84	522.79
Dairy	1,130.47	1,171.48	1,204.40	1,247.49	1,267.11	1,283.28
Ice Cream and Frozen Desserts	121.24	127.76	129.29	134.74	139.55	142.19
Oils and Fats	517.98	520.86	530.37	546.33	559.52	573.69
Processed Fruit and Vegetables	71.54	69.50	63.80	63.54	63.88	64.38
Processed Meat and Seafood	735.94	728.75	749.17	748.81	753.68	758.33
Ready Meals	20.58	21.60	22.11	23.69	24.45	25.25
Rice, Pasta and Noodles	173.31	176.48	180.73	186.39	189.25	192.51
Sauces, Dressings and Condiments	135.79	137.63	132.28	135.60	137.88	139.37
Soup	12.92	13.10	11.95	11.62	11.60	11.60

Spreads	117.79	123.25	127.73	132.46	136.36	138.63
Sweet and Savoury Snacks	66.68	63.36	60.37	61.69	63.27	64.51
Packaged Food	4,905.51	5,081.74	5,265.37	5,464.89	5,593.45	5,699.92

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

GBO Company Shares of Packaged Food: % Value 2011-2015

% retail value rsp	2011	2012	2013	2014	2015
Nestlé SA	4.44	4.42	4.39	4.39	4.39
Unilever Group	2.43	2.52	2.54	2.52	2.48
Danone, Groupe	2.29	2.34	2.33	2.40	2.45
Boni Holding AD	1.76	1.76	1.69	1.75	1.85
Gradus OOD	1.31	1.23	1.13	1.04	1.06
Mars Inc	1.12	1.09	1.08	1.04	1.00
Deroni OOD	0.39	0.41	0.47	0.52	0.53
Meggle GmbH	0.19	0.22	0.18	0.36	0.40
Ion Cocoa & Chocolate Manufacturers SA	0.32	0.32	0.33	0.34	0.33
Costa d'Oro Srl	0.27	0.27	0.30	0.32	0.32
Hipp GmbH & Co Vertrieb KG	0.26	0.28	0.30	0.31	0.32
Cereal Partners Worldwide SA	0.26	0.27	0.28	0.29	0.30
Lactalis, Groupe	0.22	0.23	0.25	0.28	0.30
Atlantik OOD	0.32	0.33	0.32	0.31	0.30
Melissa Kikizas SA	0.28	0.26	0.26	0.27	0.27
Storck KG, August	0.08	0.09	0.18	0.19	0.21
Intersnack Knabber-Gebäck GmbH & Co KG	0.21	0.21	0.20	0.20	0.20
Haribo GmbH & Co KG	0.15	0.15	0.15	0.15	0.15
Bioset OOD	0.13	0.13	0.13	0.14	0.14
Divella SpA, F	0.13	0.14	0.13	0.13	0.13
Chocoladefabriken Lindt & Sprüngli AG	0.11	0.12	0.12	0.12	0.13
Hero Group GmbH	0.07	0.08	0.10	0.11	0.12
Oetker-Gruppe	0.08	0.09	0.09	0.09	0.10
Central Cooperative Union	0.13	0.12	0.11	0.10	0.09
Darko AD	0.18	0.17	-	-	-
Kraft Foods Inc	3.56	-	-	-	-
Cadbury Schweppes Plc	-	-	-	-	-
Royal Numico NV	-	-	-	-	-
Wrigley Jr Co, William	-	-	-	-	-
Humana Milchunion eG	-	-	-	-	-
Artisanal	13.06	12.95	12.69	12.46	12.16
Private Label	2.93	3.81	4.60	5.60	5.93
Others	63.32	65.99	65.66	64.58	64.36
Total	100.00	100.00	100.00	100.00	100.00

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

NBO Company Shares of Packaged Food: % Value 2011-2015

% retail value rsp	2011	2012	2013	2014	2015
Bella Bulgaria AD	5.42	5.38	5.16	4.91	4.73
Mondelez Bulgaria AD	-	-	3.47	3.62	3.77
Nestlé Bulgaria AD	3.34	3.36	3.31	3.28	3.27
Chipita Bulgaria AD	2.01	2.05	2.58	2.47	2.42
Unilever Bulgaria EOOD	2.16	2.25	2.33	2.35	2.33
Danone Serdika AD	1.96	2.00	1.98	2.03	2.05
Karol-Fernandez Meat Ltd	1.55	1.76	1.79	1.84	1.96
Dimitar Madjarov EOOD	1.68	1.69	1.65	1.84	1.90
Boni Holding AD	1.76	1.76	1.69	1.75	1.85
Lidl Bulgaria EOOD & Co KD	0.90	1.08	1.22	1.57	1.78
Obedinena Mlechna Kompania AD	1.56	1.41	1.37	1.67	1.63
Dobrudzhanski Hlyab AD	0.89	1.04	1.45	1.67	1.61
BCC Mlekimeks OOD	1.56	1.50	1.43	1.54	1.50
Parshevitsa OOD	1.28	1.26	1.47	1.50	1.42
Nestlé Ice Cream Bulgaria AD	1.33	1.29	1.32	1.36	1.38
Pobeda AD	1.24	1.24	1.06	1.15	1.18
Kaufland Bulgaria EOOD	0.60	0.74	0.90	1.06	1.12
LB Bulgaricum EAD	1.40	1.35	1.27	1.05	1.11
Ficosota Syntez OOD	-	-	0.70	0.82	0.97
Savimeks EOOD	0.63	0.69	0.85	0.91	0.95
Fama AD	1.46	1.30	1.14	1.04	0.90
Papas Olio AD	1.14	1.08	0.95	0.88	0.86
Metro Cash & Carry Bulgaria EOOD	0.40	0.55	0.69	0.85	0.83
Ferrero SpA	0.71	0.72	0.72	0.75	0.82
Biser Oliva AD	0.93	0.91	0.82	0.79	0.80
Coop Simid 1000	0.46	0.54	0.66	0.73	0.76
Eliaz Dobrevi & Sie SD	0.32	0.43	0.58	0.64	0.76
Serdika 90 Co	0.85	0.80	0.82	0.76	0.66
Billa Bulgaria EOOD	0.22	0.40	0.48	0.58	0.65
Mlin-97 AD	0.32	0.38	0.57	0.63	0.64
Dyado Liben OOD	0.84	0.86	0.67	-	-
Kraft Foods Bulgaria AD	3.13	3.26	-	-	-
Nilana OOD	0.81	0.87	-	-	-
Artisanal	13.06	12.95	12.69	12.46	12.16
Others	44.09	43.08	42.23	41.51	41.23
Total	100.00	100.00	100.00	100.00	100.00

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Forecast Sales of Packaged Food by Category: Volume 2015-2020

'000 tonnes	2015	2016	2017	2018	2019	2020
Baby Food	7.19	7.36	7.57	7.77	7.96	8.15
Baked Goods	693.87	695.16	695.98	697.12	699.90	703.74
Biscuits and Snack Bars	17.44	17.85	18.37	18.94	19.56	20.20
Breakfast Cereals	2.69	2.83	2.96	3.10	3.23	3.37
Confectionery	30.44	31.83	33.02	34.21	35.48	36.73
Dairy	277.73	277.87	277.63	278.19	278.84	279.97
Ice Cream and Frozen Desserts	6.15	6.42	6.70	6.97	7.25	7.51
Oils and Fats	115.87	116.15	116.38	116.84	117.46	118.20
Processed Fruit and Vegetables	16.20	16.58	17.03	17.57	18.18	18.88
Processed Meat and Seafood	72.65	73.92	75.31	76.14	76.77	77.36
Ready Meals	2.59	2.66	2.72	2.79	2.89	2.99
Rice, Pasta and Noodles	84.79	86.42	87.68	88.78	89.76	90.67
Sauces, Dressings and Condiments	13.98	14.23	14.44	14.68	14.91	15.17
Soup	0.77	0.78	0.79	0.80	0.81	0.83
Spreads	9.18	9.38	9.59	9.82	10.05	10.30
Sweet and Savoury Snacks	5.34	5.51	5.66	5.83	6.00	6.19
Packaged Food	1,356.88	1,364.96	1,371.84	1,379.53	1,389.03	1,400.25

Source: Euromonitor International from trade associations, trade press, company research, trade interviews, trade sources

Forecast Sales of Packaged Food by Category: Value 2015-2020

BGN million	2015	2016	2017	2018	2019	2020
Baby Food	131.38	133.71	136.26	139.55	143.35	146.88
Baked Goods	1,466.87	1,479.92	1,508.52	1,548.74	1,578.79	1,610.60
Biscuits and Snack Bars	153.34	155.12	160.25	167.37	173.67	180.45
Breakfast Cereals	31.80	33.21	35.12	37.18	39.11	41.07
Confectionery	522.79	537.78	554.16	570.53	589.81	609.39
Dairy	1,283.28	1,316.33	1,337.13	1,356.15	1,377.20	1,396.54
Ice Cream and Frozen Desserts	142.19	144.67	149.49	154.72	160.85	166.98
Oils and Fats	573.69	586.31	594.55	604.20	612.59	621.35
Processed Fruit and Vegetables	64.38	65.72	66.41	67.43	68.30	68.93
Processed Meat and Seafood	758.33	739.96	739.02	746.13	749.02	750.30
Ready Meals	25.25	26.37	27.50	28.41	29.26	29.40
Rice, Pasta and Noodles	192.51	193.57	192.63	192.90	192.75	190.80
Sauces, Dressings and Condiments	139.37	140.19	140.69	141.22	142.49	142.04
Soup	11.60	11.36	11.20	11.12	11.05	11.02

Spreads	138.63	139.98	142.02	145.82	150.34	155.13
Sweet and Savoury Snacks	64.51	66.05	66.77	67.68	68.27	68.53
Packaged Food	5,699.92	5,770.26	5,861.73	5,979.16	6,086.85	6,189.39

Source: Euromonitor International from trade associations, trade press, company research, trade interviews, trade sources

End of Report.