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Report Name: Fresh Deciduous Fruit Annual

Country: Bulgaria

Post: Sofia

Report Category: Fresh Deciduous Fruit

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Report Highlights:

In marketing year (MY) 2020/21, Bulgaria's total fresh deciduous fruit crop declined sharply by 15 percent due to adverse climate conditions. Apple production decreased by 13 percent from MY 2019/20, as unfavorable weather conditions reduced area harvested. Pear production declined more steeply, by 48 percent, to its lowest level in the last four years due to the decrease in both area harvested and yields. Table grape production was more resilient to the unfavorable weather, but also dropped by six percent. The pandemic reduced consumer demand and imports for fresh consumption due to food service industry outlet restrictions, weak tourism, and consumer budgets targeting more staple food products. Post expects MY 2021/22 production, fresh consumption, and processing to rebound due to gradual economic recovery, vaccination progress, a better tourist season, and relaxed operations of food service outlets.

Apples

Production

MY 2021/22 Forecast: Post forecasts that Bulgaria's apple production will recover in MY 2021/22. Weather conditions were mixed but overall better than in the previous season, with mild winter conditions and favorable spring rainfall, although the second half of July and August was hot and dry. The November 18 (Bulletin #45) Ministry of Agriculture (MinAg) weekly report indicated that compared to the previous season, average yields have increased by 9.5 percent and production by 7.2 percent. FAS Sofia forecasts apple production at 52,000 metric tons (MT), based on current official data and supporting information from Post's contacts.

MY 2020/21 Estimates: Total apple production decreased by 13 percent from MY 2019/20's crop (Table 4). Despite stable and slightly higher yields, area harvested was 14 percent lower due to losses caused by unfavorable weather in main production regions. Apple production accounted for 18.7 percent of total horticulture production, ranking third after plums' and cherries' production. Apple area harvested was 8.5 percent of the total horticulture area, following cherries, walnuts, and plums, and down from 9.6 percent in the previous year. However, newly planted apple orchards still accounted for only 1.9 percent of Bulgaria's total new orchard area.

Organic apple production has developed in recent years and production has gradually increased. In 2020, 5,773 MT of organic apples were produced from 705 hectares (HA), accounting for 15.2 percent of total apple production, up from 6.5 percent in 2019 (source: Eurostat). Southcentral Bulgaria is the country's main apple production region and accounted for 38 percent of the total 2020 apple crop. See the latest information regarding Bulgarian apple orchards conditions here.

Consumption

FAS Sofia current estimates for supply and demand are shown in Table 1 below.

Table 1. Supply and Demand Estimates, Apples, MY2018/19 – MY2021/22

Apples	**2018/19**	**2019/20**	**2020/21**	**2021/22**	UOM
Calendar Year Begin	**07/2018**	**07/2019**	**07/2020**	**07/2021**	(MONTH/ YEAR)
	Final	**Final**	**Estimate**	**Forecast**	
Area Planted	4,860	5,239	4,326	4,788	(HA)
Area Harvested	3,981	4,142	3,555	4,499	(HA)
Commercial production	46,298	40,122	35,370	48,000	(MT)
Non-commercial production	4,000	3,500	2,500	3,100	(MT)
Production	50,298	43,622	37,870	52,100	(MT)
Intra EU28 Imports	24,226	24,318	22,469	22,000	(MT)
Extra EU28 imports	40,401	29,433	28,235	23,000	(MT)
Total imports	64,627	53,751	50,704	45,000	(MT)
Including fresh apples for processing	4,915	11,996	13,481	13,200	(MT)

TOTAL SUPPLY	**114,925**	**97,373**	**88,574**	**97,100**	(MT)
Fresh domestic consumption	79,114	51,411	53,736	59,000	(MT)
Intra EU27 exports	2,199	1,452	1,347	1,900	(MT)
Extra EU27 exports	12	160	31	200	(MT)
Total exports	2,211	1,612	1,378	2,100	(MT)
For processing	33,600	44,350	33,460	36,000	(MT)
TOTAL DISTRIBUTION	**114,925**	**97,373**	**88,574**	**97,100**	(MT)

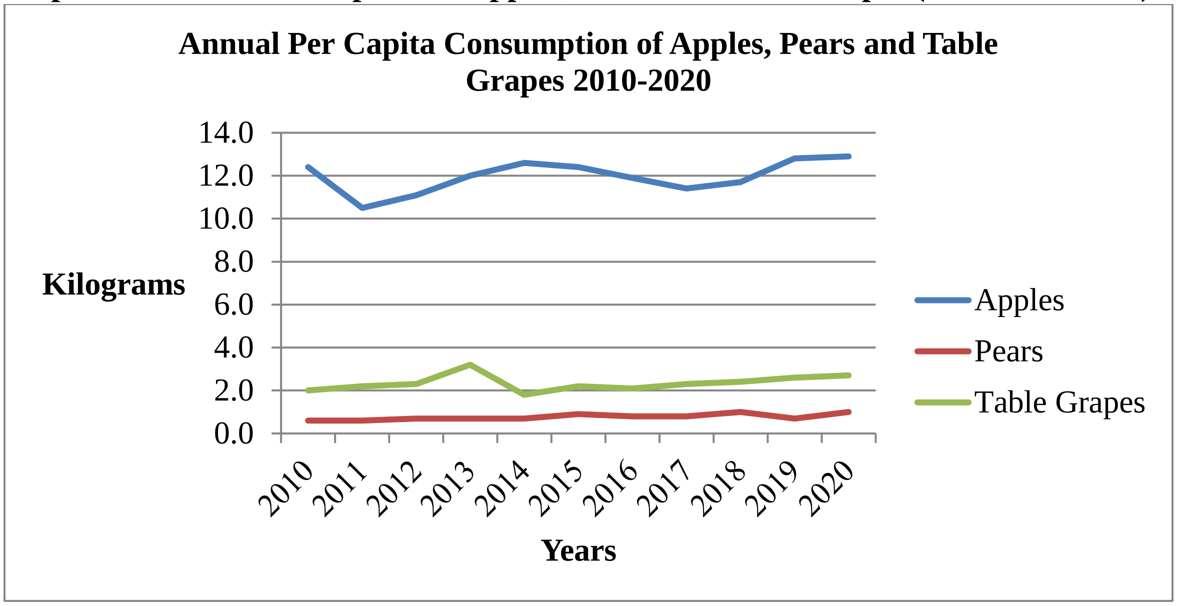
Fresh Consumption

Fresh apple consumption has trended upward along with consumer demand for more healthful food, although demand remains price sensitive. 2020 per capita consumption grew marginally from 12.8 kg/capita in 2019 to 12.9 kg/capita (Graph 1). Official 2020 statistics indicate lower quantity of apples purchased per household (23.2 kg in 2020 down from 23.6 kg in 2019) at a 17 percent higher price. Higher prices discouraged consumer demand. This data does not include food-service industry consumption, which suffered significantly due to the pandemic and weak tourism. In addition, slacking consumer demand, logistical challenges, and higher prices negatively affected MY 2020/21 apple imports, which decreased by six percent from the previous MY (Eurostat/Trade Data Monitor (TDM)). As a result of lower local production and lower imports, Bulgaria's total apple supply in MY 2020/21 dropped by about 10 percent.

Fresh year-on-year apple consumption in MY 2020/21 is estimated to remain at a lower level compared to pre-pandemic times although it was slightly up by 4.5 percent vs. the previous year due to better retail sales. Usually, 50-80 percent of Bulgarian apples are consumed as fresh depending on the quality and supply. Most imported apples are destined for fresh consumption although price-competitive imports of apples for processing have increased in the last three years.

The forecast for MY 2021/22 is for a rebound in production, supply, and consumption (fresh and for processing) due to vaccination progress, more liberal operations of food service industry outlets and an improved tourist season. Increasing prices, however, along with the food inflation will still limit the growth. As of October 2021, the MinAg Horticulture bulletin reported 9.9 percent higher wholesale prices and 2.3 percent higher retail prices for apples, compared to October 2020.

Graph 1: Annual Consumption of Apples, Pears and Table Grapes (Calendar Years)



Source: Bulgarian National Statistical Institute

Consumption for Processing:

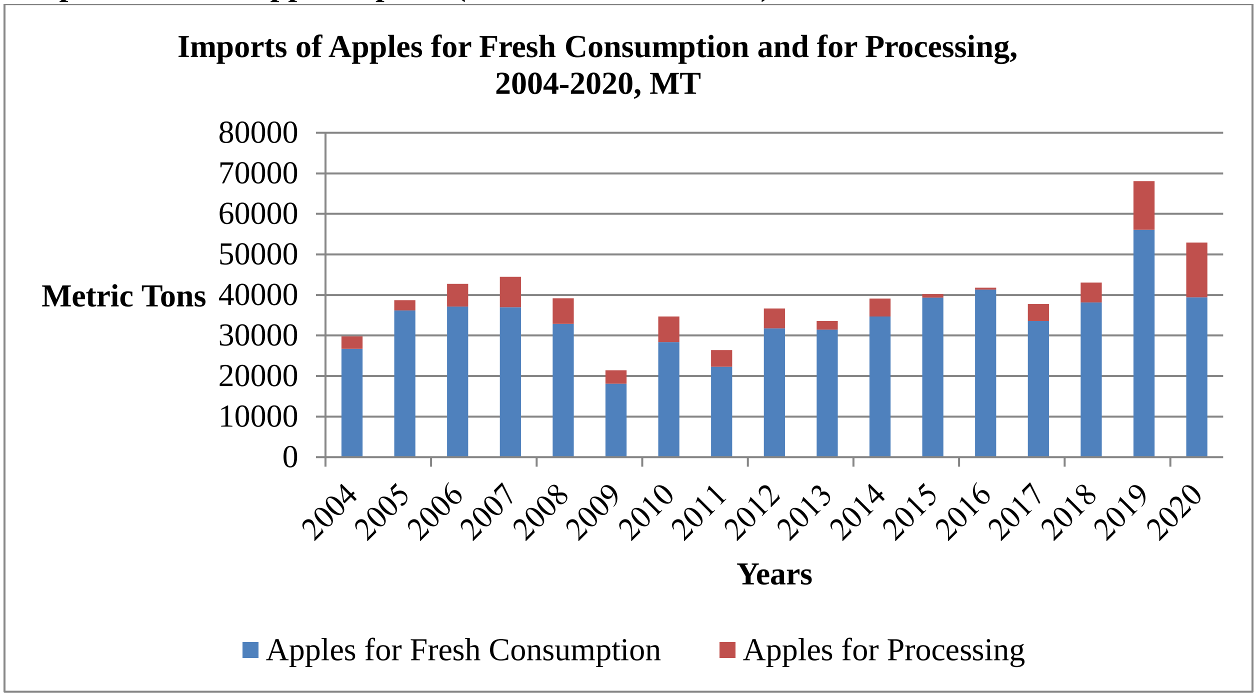
In MY 2020/21, apples accounted for the highest share, 34 percent, of all processed fruits (MinAg Bulletin#395/October 2021). Forty commercial processors used apples in 2020, compared to 37 in 2019. Per the MinAg data, in calendar year (CY) 2020 the percentage of imported apples used for commercial processing remained high at 70 percent (23,580 MT), compared to 74 percent in the previous MY (Table 1). Lower supply resulted in reduced use for processing, which declined by 25 percent compared to the previous MY.

Trade

Imports

Bulgaria is a net importer of fresh apples to meet growing consumer demand (Graph 2). In MY 2020/21, higher import prices, along with logistical problems and sluggish local demand, led to six percent lower imports than in the previous MY (Table 5, MY trade). The average import price in MY 2020/21 was at $300/MT, compared to $287/MT in the previous MY. North Macedonia, Poland, and Greece were the primary origins of apples. Imports of apples for processing increased by 12 percent to 13,500 MT, however, the processing industry also used other imported fresh apples for its needs (Table 1). Apples for processing are imported exclusively from North Macedonia.

Graph 2: Annual Apple Imports (Calendar Year Trade)



Source: Eurostat/Trade Data Monitor (TDM)

Exports
Due to lower production, Bulgarian apple exports in MY 2020/21 declined by 15 percent compared to the previous MY. The average export price, however, increased by 70 percent to $684/MT. Bulgaria's main apple export markets were Greece and Romania.

Pears

Production

MY 2021/22 Forecast: MY 2021/22 prospects look more favorable than in the previous MY. The MinAg report from November (Weekly Bulletin #45) indicated production at 3,300 MT with 6.2 percent higher area harvested (Table 2).

MY 2020/21 Estimates: Pear production in MY 2020/21 decreased considerably by 48 percent over MY 2019/20 due to a decline in both average yields and area harvested by 28 percent (Table 4). Most Bulgarian pear production came from the country's south central region, which accounted for 38 percent of the total pear area and 40 percent of production in 2020. Organic production in 2020 accounted for 10 percent of total production. The latest information about pear orchards by variety and age can be found here.

Table 2. Supply and Demand Estimates, Pears, MY2018/19 - MY2021/22

Pears	**2018/19**	**2019/20**	**2020/21**	**2021/22**	UOM
	Final	**Final**	**Estimate**	**Forecast**	
Calendar Year Begin	**07/2018**	**07/2019**	**07/2020**	**07/2021**	(MONTH/

					YEAR)
Area Planted	712	894	676	634	(HA)
Area Harvested	571	696	503	620	(HA)
Commercial production	3,000	5,025	2,430	2,900	(MT)
Non-commercial production	358	400	400	400	(MT)
Production	3,358	5,425	2,830	3,300	(MT)
Intra EU27 Imports, fresh	2,454	2,476	3,550	3,250	(MT)
Extra EU27 imports, fresh	1,156	1,657	2,253	2,300	(MT)
Total imports, fresh	3,610	4,133	5,803	5,550	(MT)
TOTAL SUPPLY	**6,968**	**9,558**	**8,633**	**8,850**	(MT)
Fresh domestic consumption	6,400	7,500	7,000	7,100	(MT)
Intra EU27 exports, fresh	10	139	150	150	(MT)
Extra EU27 exports, fresh	-	-			(MT)
Total exports, fresh	10	139	171	150	(MT)
For processing	558	1,919	1,462	1,600	(MT)
TOTAL DISTRIBUTION	**6,968**	**9,558**	**8,633**	**8,850**	(MT)

Consumption

Fresh pear consumption per capita has increased in recent years to about 1.0 kg/capita (Graph 1). Official 2020 statistics indicate a higher quantity of apples purchased per household (1.5 kg in 2020 compared to 1.0 kg in 2020) at a three percent lower price.

Much lower domestic production in MY 2020/21 stimulated 40 percent higher imports that was channeled mainly to fresh consumption. Imports, however, could not compensate for reduced local production and total supply declined by 10 percent. As a result, both fresh use and use for processing decreased. The drop for fresh consumption was at seven percent compared to the previous MY. Processing (mainly juice) was also negatively affected (Table 2).

In MY 2021/22, fresh consumption is forecast to recover and consumption by processors to increase due to projected improved supply and tourist season. Higher prices, however, may still restrain growth. As of October 2021, the MinAg Horticulture bulletin reported 9.5 percent higher wholesale prices and 3.2 percent retail prices for pears, compared to October 2020.

Trade

MY 2020/21 pear imports increased over MY 2019/20 (Table 6) despite marginally higher average import price ($603/MT) over the previous MY ($571/MT). Greece and Turkey were Bulgaria’s primary suppliers to Bulgaria. In MY 2021/22, imports are forecast to moderate due to better local supply.

Table Grapes

Production

MY 2021/22 Forecast: The MY 2021/22 crop is expected to increase as a result of higher average yields. The November Horticulture MinAg report indicated production at 15,800 MT with higher average yields and area harvested.

MY 2020/21 Estimates: The table grapes area harvested in MY 2020/21 increased by 7.6 percent over the previous MY (Table 4). However, average yields declined to 5.9 MT/HA compared to 6.8 MT/HA in MY 2019/20 due to climate challenges. This resulted in six percent production decline from the previous MY. The table grape crop accounted for 7.9 percent (7.2 percent in the previous MY) of the total grape crop. The main southcentral production region accounted for 48 percent of the total 2020 crop. Information about the variety and age of local vineyards can be found here.

Consumption

Table grape fresh consumption per capita grew to reach 2.7 kg in 2020 (2.6 kg/capita in 2019). Fresh consumption usually varies depending on the quality of the local crop. Fresh consumption from local table grape is estimated at 12,000 MT in MY 2020/21, with the rest supplemented from imports. Total MY 2020/21 fresh consumption is estimated to grow marginally by three percent from the previous MY due to better supply.

Post forecasts fresh consumption to rebound in MY 2021/22 due to softened pandemic conditions, expected better crop and more favorable consumer demand. As of October 2021, the MinAg Horticulture bulletin reported 8.5 percent higher wholesale prices and 2.8 percent retail prices for table grapes, compared to October 2020.

Table 3. Supply and Demand Estimates, Table Grapes, MY2018/19 – MY2021/22

Table Grape	**2018/19**	**2019/20**	**2020/21**	**2021/22**	UOM
	Final	**Final**	**Estimate**	**Forecast**	
Calendar Year Begin	**06/2018**	**06/2019**	**06/2020**	**06/2021**	(MONTH/YEAR)
Area Planted	2,500	2,500	2,500	2,500	(HA)
Area Harvested	2,013	2,010	2,164	2,200	(HA)
Commercial production	14,400	12,660	12,090	15,100	(MT)
Non-commercial production	1,000	1,000	700	700	(MT)
Production	15,400	13,660	12,790	15,800	(MT)
Intra EU27 Imports, fresh	7,460	5,476	7,251	5,200	(MT)
Extra EU27 imports, fresh	2,805	2,180	2,466	2,000	(MT)
Total imports, fresh	10,265	7,656	9,717	7,200	(MT)
TOTAL SUPPLY	**25,665**	**21,316**	**22,507**	**23,000**	(MT)
Fresh domestic consumption	24,575	21,062	21,782	22,350	(MT)
Intra EU27 exports, fresh	1,027	113	630	550	(MT)
Extra EU27 exports, fresh	63	141	95	100	(MT)
Total exports, fresh	1,090	254	725	650	(MT)
TOTAL DISTRIBUTION	**25,665**	**21,316**	**22,507**	**23,000**	(MT)

Trade

Table grape imports in MY 2020/21 were 27 percent higher from the previous MY due to the lower crop, at a flat average import price ($493/MT) as in MY 2019/20 (Table 7). Greece and Turkey were the main table grape suppliers to Bulgaria. Post expects MY 2021/22 imports to moderate due expected better domestic supply.

Agricultural Policy and Domestic Support

Agricultural Policy: In Bulgaria's 'National Strategic Plan for Operational Programs of Fresh Produce Producers 2017-2021' (see GAIN), the Government of Bulgaria (GOB) recognized the horticulture industry as a political priority. In 2020 and 2021, the MinAg increased its level of domestic support (mainly coupled support) and improved the dialogue with the industry.

Taxation: In the last three years, the horticulture industry has demanded a reduction of the value added tax (VAT) for stone fruit producers, processors, and traders, similar to the precedent set by the grain sectors. Due to the political crisis in 2021 to date, this issue has not been addressed. It is still unclear if the newly elected GOB officials (the election was November 14, 2021) will indicate any support for such a policy change.

Coupled Support Subsidies: Fresh deciduous fruits are eligible for coupled support subsidies based on area. In June 2020, the MinAg increased the subsidy rate to 1,876.42 leva/HA ($1,137/HA or €957/HA) for farms up to 30 HA and 1,250.95 leva/HA ($758/HA or €638/HA) for larger farms for apples and pears; for table grapes, the rate was set at 1,076.93 leva/HA ($550/HA) for farms up to 30 HA and at 717.95 leva/HA ($435/HA) for larger farms. In February 2021, the MinAg set up the final rates for the 2020 coupled support program at 2,252 leva/HA ($1,301/ HA or €1,149/HA) for the first 30 HA; and 1,502 leva ($868/HA or €766/HA) for farms with more than 30 HA. The rate for table grapes was set at 1,150 leva/HA ($665/HA or €587/HA) for the first 30 HA farms and 767 leva/HA ($443/HA or €391/MT) for farms with more than 30 HA. From December 1, 2021, horticulture farmers can apply online for coupled support for the first time.

Marketing: To support fresh produce marketing, the MinAg approved funds (€50,000 annually) for GLOBAL G.A.P. certification for 2019 and 2020. The program covers annual farmer expenses up to €600 and up to €2,500 per producer group.

School Program: Since 2017, Bulgaria's school lunch program has included dairy products and fresh produce. In 2020, the program struggled since the distribution of food to schools was prevented by online education and unwillingness of some families to accept food and fresh produce deliveries. In school year 2021/22, the program is available for 414,000 children at 3,200 schools and kindergartens. The program approved 92 horticulture suppliers. Due to the complicated COVID situation and online education, however, in October 2021 the Cabinet allowed for all non-staple products in the program to be donated to the Red Cross and the Bulgarian Food Bank. From 2021/22, the program has added also organic horticulture products.

Appendix:

Table 4. Production of Apples, Pears, and Table Grapes 2015-2020

Apples						
Years	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Area Harvested, HA	4,765	4,111	3,973	3,981	4,142	3,555
Crop, MT	58,419	44,755	44,927	50,298	43,622	37,870
Average Yields, MT/HA	12.3	10.9	11.3	12.6	10.5	10.6
Pears						
Area Harvested, HA	528	410	449	571	696	503
Crop, MT	2,953	1,992	2,840	3,358	5,425	2,830
Average Yields, MT/HA	5.6	4.9	6.3	5.9	7.8	5.6
Table Grapes						
Area Harvested, HA	2,254	2,009	2,126	2,013	2,010	2,164
Crop, MT	16,320	10,066	14,297	15,400	13,660	12,790
Average Yields, MT/HA	7.2	5.0	6.7	7.7	6.8	5.9
Total Fresh Deciduous Fruits Production, MT	77,692	56,813	62,064	69,056	62,707	53,494

Source: MinAg Statistical Bulletins, Eurostat

Table 5. Apple Trade, 2018-2020, MT

Apples Imports and Exports, HS#080810 (MT) MY2018/19 - MY2020/21			
	MY2018/19	**MY2019/20**	**MY2020/21**
Imports	64,627	53,751	50,704
Exports	2,211	1,612	1,378
	CY2018	**CY2019**	**CY2020**
Imports	43,046	68,047	52,933
Exports	1,861	1,700	1,590

Source: Eurostat/TDM

Table 6. Pear Trade, 2018-2020, MT

Imports of Pears, HS#080830 (MT) MY2018/19 - MY2020/21			
	MY2018/19	**MY2019/20**	**MY2020/21**
Total	3,610	4,133	5,803
	CY2018	**CY2019**	**CY2020**
Total	4,350	3,757	4,745

Source: Eurostat/TDM

Table 7. Table Grape Trade, 2018 – 2020, MT

Table Grape Imports and Exports, HS#080610 (MT) MY2018/19 - MY2020/21			
	MY2018/19	**MY2019/20**	**MY2020/21**
Imports	10,265	7,656	9,717
Exports	1,090	254	725
	CY2018	**CY2019**	**CY2020**
Imports	10,356	7,642	9,406
Exports	1,084	231	751

Source: Eurostat/TDM

Attachments:

No Attachments.