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# **Report Name:** Wine Market Update

**Country:** Bulgaria

**Post:** Sofia

**Report Category:** Wine

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**Report Highlights:**

Bulgaria's 2019 grape crop declined by nine percent from 2018, reaching 178,000 metric tons (MT). As a result, year-on-year wine output dropped by over 12 percent. Wine imports increased but could not make up for lower local production, thereby reducing domestic consumption by over 10 percent. 2019 Bulgarian wine exports also hit a 10-year low. Poland, Sweden, and China were the top 2019 export markets for Bulgarian wine (value terms). Prospects for 2020 hinge on the ongoing COVID-19 pandemic. Although, to date, Bulgaria has not been hard-hit by the novel coronavirus, reduced consumer spending, the shutdown of the domestic and regional food service industries, and the sharp drop in tourism are likely to negatively affect Bulgarian wine consumption and trade.

**Grape Production**
The 2019 vineyard area declined by 1.3 percent to 50,100 hectares (HA), of which only 60 percent was harvested (down from 62 percent in 2018). The area harvested declined by four percent from 2018. About 3,000 HA were not harvested due to adverse weather conditions, while 15,000 HA were not cultivated and maintained for economic reasons. Regionally, Bulgaria's southwest achieved the highest area harvested at 80 percent, followed by the southeast at 62 percent. Immature, non-yielding vineyards accounted for five percent of the total area (see details in the Bulgaria Wine Annual Report). Average grape yields decreased by five percent in 2019 to 5.94 MT/HA from 2018 due to weather challenges, which reduced grape production by nine percent year-on-year (Table 1).

In 2019, white varieties accounted for 38 percent of area harvested, up from 36 percent in 2018 and 35 percent in 2017 (Table 1). Although red varieties continued to dominate with 62 percent of area harvested in 2019, their share has decreased gradually since 2015.

**Table 1: Vine Industry Development 2017-2019**

| Vine Industry Development 2017-2019 | | | |
|---|---|---|---|
| | **2019** | **2018** | **2017** |
| ***Total Vineyard Area on Farms, HA*** | *50,100* | *50,727* | *51,272* |
| Protected Designation Origin (PDO), HA | 16,097 | 16,676 | 15,952 |
| Protected Geographic Indication (PGI), HA | 21,511 | 21,636 | 21,159 |
| Other w/out PGI/PDO, HA | 23,254 | 22,935 | 23,472 |
| ***Total Area Harvested/HA*** | 30,051 | 31,320 | 34,111 |
| Table Grape Area, HA | 2,010 | 1,938 | 2,126 |
| Wine Grape Area, HA | 28,041 | 29,382 | 31,985 |
| White Variety Area, HA | 10,701 | 11,327 | 11,826 |
| Red Variety Area, HA | 17,340 | 18,055 | 20,159 |
| ***Total Grape Production/ MT*** | *178,534* | *195,470* | *201,529* |
| Wine Grapes, MT | 164,878 | 182,569 | 187,290 |
| Commercial Wine Grapes, MT | 129,311 | 151,938 | 165,818 |
| Homemade Wine Grapes, MT | 30,558 | 27,029 | 24,327 |
| PDO Grapes, MT | 1,080 | 1,150 | 1,170 |
| PGI Grapes, MT | 70,020 | 78,210 | 56,770 |
| Other (without PGI/PDO), MT | 93,770 | 103,210 | 129,350 |
| Table Grapes, MT | 12,843 (13,660 per Eurostat) | 11,828 (12,900 per Eurostat) | 14,297 (15,150 per Eurostat) |
| From Standing Vines, MT | 813 | 1,073 | 1,101 |

Source: MinAg Statistical Bulletin #373/April 2020, and Eurostat

**Grape Utilization and Wine Production**

In 2019, about 92 percent of total grapes were used for wine, however, most commercial wineries reduced grape purchases by about 15 percent (volume) due to quality issues and wine market uncertainty (Table 2). Accordingly, 2019 commercial wine production declined by 17.6 percent (86 million liters) from 2018 (Table 3). Total grapes allocated for homemade wine reached 18.6 percent in 2019, versus 13.8 percent in 2018 (Tables 2 and 3), while homemade wine output grew by about 14 percent. Total 2019 wine output (commercial and homemade) declined by 12.4 percent from 2018.

Production of all wines (PGI, PDO and non-labeling/other) was lower, although non-PGI/PDO wines saw the biggest drop. PGI wines saw the smallest drop due to better export opportunities (Table 3). Non-labeling scheme wines continued to account for the largest share (58 percent) of production.

**Table 2: Grape Production and Utilization, 2017-2019**

| | 2017 | | 2018 | | 2019 | |
|---|---|---|---|---|---|---|
| | MT | Percent | MT | Percent | MT | Percent |
| Total grapes | 201,529 | 100 | 195,470 | 100 | 178,534 | 100 |
| Grapes for wine manufacturing | 191,657 | 95.1 | 183,209 | 93.7 | 164,878 | 92.4 |
| Grapes for direct consumption | 9,872 | 4.9 | 12,261 | 6.3 | 14,284 | 7.2 |
| Grapes processed at commercial wineries* | 165,818 | 86.5 | 151,938 | 82.9 | 129,311 | 78.7 |
| Grapes processed for homemade wine* | 24,327 | 12.7 | 27,029 | 14.8 | 30,558 | 18.6 |
| Other products* | 1,512 | 0.8 | 4.242 | 2.3 | 4,381 | 2.7 |
| *as a share of grapes for wine manufacturing | | | | | | |

Source: Ministry of Agriculture (MinAg) Statistical Bulletins, #373/April 2020

**Table 3: Bulgarian Wine Production, 2016-2019, thousand liters**

| | **2016 (000)** | **2017 (000)** | **2018 (000)** | **2019 (000)** | **Percent Change 2019/2018** |
|---|---|---|---|---|---|
| PDO Production | 951 | 741 | 574 | 540 | -6.0% |
| PGI Production | 36,098 | 37,522 | 41,211 | 35,368 | -14.2% |
| Other | 83,729 | 69,726 | 62,280 | 49,830 | -20.0% |
| **Commercial Total** | **120,778** | **107,989** | **104,065** | **85,738** | -17.6% |
| Grapes must | 3,721 | 7,707 | 4,339 | 5,931 | +36.7% |
| Homemade | 12,619 | 11,319 | 12,954 | 14,748 | +13.8 |
| **Total** | **133,397** | **127,015** | **121,358** | **106,417** | -12.4% |

Source: MinAg Statistical Bulletins, #359/April 2019

**Consumption and Market Trends**

Please, see details in Attaché Report Bulgaria Wine Annual Report).

Imported wines have gained considerably market share over the last five years. Imports accounted for 10 percent of total 2019 wine consumption, up from 8.3 percent in 2018 and 2017, and 6.7 percent in 2016 (Table 4).

Imported wines are often at mid to higher price points and appeal to higher-income and younger, urban consumers. The average imported wine in 2019 cost $2.57/liter, six percent lower than in 2018 ($2.73/liter). Lower prices of imported wines drove higher imports and better market positioning among a larger group of customers. The average price of one liter of imported European (EU) wine in 2019 was $2.69 ($3.00 in 2018). American wines are perceived as high-quality but also expensive. The average 2019 one-liter price of U.S. wine was $67.97 ($11.8 in 2018), compared to $2.75 for one liter of Italian wine, and $1.16 for one liter of Spanish wine.

**Table 4: Wine Supply and Demand, 2015-2019, thousand liters**

| | **2015 (000 liters)** | **2016 (000 liters)** | **2017 (000 liters)** | **2018 (000 liters)** | **2019 E (000 liters)** |
|---|---|---|---|---|---|
| **Wine production, total** | 151,090 | 133,397 | 127,015 | 121,358 | 106,417 |
| - Commercial wine | 131,015 | 120,778 | 107,989 | 104,065 | 85,738 |
| - Home-made wine | 20,075 | 12,619 | 11,319 | 12,954 | 14,748 |
| *Imports* | *8,917* | *7,311* | *8,727* | *8,560* | *9,028* |
| -Intra EU | 7,930 | 6,124 | 7,768 | 6,045 | 6,849 |
| -Extra EU | 987 | 1,187 | 959 | 2,515 | 2,179 |
| **Total supply** | **160,007** | **140,708** | **135,742** | **129,918** | **115,445** |
| *Exports* | *38,264* | *31,411* | *31,395* | *26,532* | *25,021* |
| -Intra EU | 32,752 | 25,690 | 25,531 | 23,357 | 20,291 |
| -Extra EU | 5,512 | 5,721 | 5,864 | 3,175 | 4,730 |
| Local Market/Apparent Consumption and Stocks | 121,743 | 109,297 | 104,347* | 103,386* | 90,424* |

Source: MinAg, TDM/Eurostat data, Euromonitor International;
2019 E – Estimates by FAS/Sofia

**Table 5: 2016-2019 Wine Trade**

| **HS#2204 Wine** | **2016** | **2017** | **2018** | **2019** | **Difference in Percentage** |
|---|---|---|---|---|---|
| *Wine Imports* | | | | | |
| In 000 Liters | 7,311 | 8,727 | 8,560 | 9,028 | +5.5% |
| In USD Million | 17.5 | 21.2 | 23.3 | 23.2 | -0.5% |
| *Wine Exports* | | | | | |
| In 000 Liters | 31,411 | 31,395 | 26,532 | 25,021 | -5.7% |
| In USD Million | 36.6 | 40.1 | 37.0 | 38.9 | +5.1% |

Source: TDM/Eurostat

**Exports**
In recent years, exports have declined in absolute and relative terms. In 2019, lower wine production resulted in six percent less exports (by volume). However, higher export prices, from $1.41 in 2018 to $1.55 in 2019 per liter, translated into a five-percent increase by value (Table 5). Average export prices to the EU increased by 10 percent. Average export prices to Poland grew by 24 percent and to China by 38 percent, although average export prices to Sweden declined by seven percent.

Poland remains as Bulgaria's main wine export market, although 2019 exports (in volume) to this market decreased by 30 percent from 2018. Still, Poland was Bulgaria's largest export market and accounted for 40 percent of exports by volume and 30 percent by value. 2019 exports to Sweden grew by 24 percent in volume and 14 percent in value. The Czech Republic was Bulgaria's third-largest 2019 market, surpassing Russia and the United Kingdom, with 1.7 million liters. By value, however, China was the third largest market with $2.6 million, a 49-percent increase over 2018. Exports to Russia began to decline since 2013 and in 2019, decreased by three percent in volume and by eight percent in value from 2018 (Table 6).

**Table 6: Bulgarian Wine Exports to Russia Development 2014-2019**

| Bulgarian Wine Exports to Russia Development 2014 -2019 | | | | | | |
|---|---|---|---|---|---|---|
| | **2014** | **2015** | **2016** | **2017** | **2018** | **2019** |
| Relative share of wine exports to Russia to total Bulgarian wine exports in value, percent | 31.1 | 17.0 | 11.1 | 10.4 | 5.8 | 5.6 |
| Relative share of wine exports to Russia to total Bulgarian wine exports in volume, percent | 30.0 | 14.6 | 10.7 | 10.3 | 5.2 | 6.2 |

Source: TDM/Eurostat

During January-February 2020, wine exports trended downward by 17 percent in volume and 20 percent in value due to a three-percent decline in average export prices (Tables 9 and 10). Exports to Poland, Sweden, the UK, and Russia decreased, while exports to the Czech Republic increased. Exports to China dropped by 64 percent in volume and by 69 percent in value during this period (Tables 9 and 10).

**Imports**
Imports have grown steadily since 2009. 2019 imports by volume grew by 5.5 percent, while imports by value stagnated (Table 5). 2019 average import prices were $2.57/liter, down from $2.73/liter in 2018. Italian, Spanish, and French wine imports in 2019 continued to lead by volume. Italian exports to Bulgaria grew by 72 percent, followed by an eight-percent increase for Spanish wines and a five-percent for the French wines. These three counties accounted for 55 percent of total wine imports.

In value terms, French and Italian wines accounted for 54 percent of imports. French wines held the largest market share among imports at 30 percent, followed by Italy at 24 percent, and New Zealand at 12 percent. Year-on-year growth among Italian wines reached 17 percent, while French wine reached five percent. 2019 New Zealand wine sales declined by three percent in from 2018. Germany and Spain are now Bulgaria's fourth- and fifth-largest suppliers of wine, respectively.

Past analysis shows that U.S. wines enter the market directly, but are also transshipped through Belgium, Italy, and Germany. As a result, the total U.S. wine trade to Bulgaria in 2018, direct and indirect exports, was estimated at about 6,000 liters, valued at $84,000. Data for 2019 shows direct and indirect wine exports at 2,000 liters and $52,000, with transshipments via Belgium and Italy.

In January-February 2020, wine imports declined by six percent in volume and by about five percent in value over the corresponding period in 2019 (Tables 7 and 8). The average import price increased modestly by two percent to $2.38/liter. Spain, Italy, France, Germany and New Zealand continued to be the top suppliers. Imports (by value) from New Zealand and Germany saw double-digit growth.

In the first two months of 2020, North Macedonia and Moldova, which usually export bulk wines to Bulgaria, saw a dramatic increase in shipments (Table 8). Post estimates that these imports are related to the local wine deficit and are blended with domestic wines (Table 7).

**Agricultural and Trade Policy**

In May 2020, the Ministry of Agriculture initiated an activity under the National Viniculture Program to subsidize wine storage, given the glut of unsold wine following the COVID-19 pandemic. Also, grape producers will be eligible for green harvest subsidy program at a rate of 3,037 leva ($1,687)/HA and a total budget of 1.0 million leva ($550,000). Participants are required to harvest green grapes and reduce yields to so zero. Farmers could apply for funds under this program as of May 15. Also see the Bulgaria Wine Annual Report.

**Table 7. Bulgaria, Imports of Wine, 2017-2020 (February), in liters**

| **Calendar Year: 2015-2019 and January-February: 2019, 2020** | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Partner** | **Unit** | **Calendar Year (UOM1: L)** | | | **January-February** | | |
| | | **2017** | **2018** | **2019** | **2019** | **2020** | **%Δ 2020/19** |
| _World | L | 8,727,021 | 8,560,635 | 9,028,608 | 1,301,693 | 1,218,738 | -6.37 |
| EU 28 | L | 7,768,623 | 6,045,848 | 6,849,230 | 1,047,100 | 768,145 | -26.64 |
| Italy | L | 2,759,810 | 1,194,900 | 2,053,672 | 386,283 | 325,373 | -15.77 |
| Spain | L | 2,557,935 | 1,581,622 | 1,711,459 | 281,866 | 114,111 | -59.52 |
| France | L | 892,613 | 1,178,908 | 1,237,967 | 123,117 | 145,214 | 17.95 |
| North Macedonia | L | 93,986 | 1,557,044 | 1,038,257 | 159,053 | 275,498 | 73.21 |
| Germany | L | 781,324 | 734,789 | 891,767 | 87,055 | 149,002 | 71.16 |
| New Zealand | L | 393,492 | 543,682 | 630,099 | 45,370 | 86,090 | 89.75 |
| Romania | L | 219,237 | 763,998 | 431,189 | 40,778 | 36 | -99.91 |
| Chile | L | 251,815 | 232,307 | 262,578 | 25,525 | 25,346 | -0.70 |
| United Kingdom | L | 56,507 | 49,159 | 122,065 | 62,497 | 2,886 | -95.38 |
| Moldova | L | 13,177 | 15,855 | 105,723 | 648 | 51,173 | 7797.07 |

Source: Eurostat/TDM

**Table 8. Bulgaria, Imports of Wine, 2017-2020 (February), in USD**

| Calendar Year: 2015-2019 and January-February: 2019, 2020 | | | | | | |
|---|---|---|---|---|---|---|
| Partner | Calendar Year (Value: USD) | | | January-February | | |
| | 2017 | 2018 | 2019 | 2019 | 2020 | %Δ 2020/19 |
| _World | 21,199,932 | 23,335,258 | 23,164,020 | 3,049,543 | 2,903,323 | -4.79 |
| EU 28 | 17,341,686 | 18,150,776 | 18,453,093 | 2,409,600 | 2,223,205 | -7.74 |
| France | 5,626,142 | 6,595,217 | 6,965,791 | 747,664 | 724,242 | -3.13 |
| Italy | 5435540 | 4,838,324 | 5,652,215 | 794,812 | 867,696 | 9.17 |
| New Zealand | 1982551 | 2,783,380 | 2,690,555 | 291,568 | 353,520 | 21.25 |
| Germany | 2317392 | 2,229,106 | 2,096,035 | 244,402 | 290,384 | 18.81 |
| Spain | 2218089 | 2,113,117 | 1,977,700 | 252,841 | 205,513 | -18.72 |
| Chile | 867446 | 835,168 | 749,446 | 91,181 | 89,271 | -2.09 |
| North Macedonia | 119166 | 866,680 | 612,058 | 106,604 | 140,165 | 31.48 |
| United Kingdom | 186195 | 179,332 | 300,520 | 79,210 | 17,143 | -78.36 |
| Czech Republic | 416949 | 426,099 | 253,125 | 43,043 | 41,353 | -3.93 |
| Romania | 185424 | 538,955 | 252,951 | 29,218 | 358 | -98.77 |
| Netherlands | 316241 | 217,042 | 221,292 | 43,796 | 34,639 | -20.91 |
| Greece | 173920 | 244,618 | 191,443 | 31,030 | 16,861 | -45.66 |
| Portugal | 133334 | 123,231 | 181,030 | 52,155 | 14,995 | -71.25 |
| Argentina | 178985 | 157,373 | 175,928 | 36,339 | 22,220 | -38.85 |
| Belgium | 123715 | 189,673 | 151,918 | 70,745 | 1,560 | -97.79 |
| Georgia | 49430 | 95,221 | 105,536 | 15,968 | 15,085 | -5.53 |
| Moldova | 33709 | 43,472 | 92,688 | 1,717 | 32,162 | 1773.15 |
| South Africa | 142619 | 67,668 | 74,502 | 26,318 | 7,448 | -71.70 |

Source: Eurostat/TDM

**Table 9. Bulgaria, Exports of Wine, 2017-2020 (February), in liters**

| Calendar Year: 2015-2019 and January-February: 2019, 2020 | | | | | | | |
|---|---|---|---|---|---|---|---|
| Partner | Unit | Calendar Year (UOM1: L) | | | January-February | | |
| | | 2017 | 2018 | 2019 | 2019 | 2020 | %Δ 2020/19 |
| _World | L | 31,395,244 | 27,014,890 | 25,021,201 | 4,445,626 | 3,680,533 | -17.21 |
| EU 28 | L | 25,531,006 | 23,362,936 | 20,291,518 | 3,760,356 | 3,024,480 | -19.57 |
| Poland | L | 16,881,482 | 14,511,531 | 10,144,269 | 1,873,925 | 1,322,469 | -29.43 |
| Sweden | L | 2,994,208 | 3,545,329 | 4,385,910 | 778,224 | 620,923 | -20.21 |
| Czech Republic | L | 1,237,893 | 1,488,899 | 1,718,841 | 382,609 | 423,556 | 10.70 |
| United | L | 1,259,575 | 1,716,574 | 1,573,308 | 347,791 | 188,658 | -45.76 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Kingdom | | | | | | | |
| Russia | L | 3,237,917 | 1,606,201 | 1,563,071 | 307,456 | 246,544 | -19.81 |
| Japan | L | 488,901 | 484,854 | 722,448 | 71,109 | 76,835 | 8.05 |
| Belgium | L | 516,587 | 495,940 | 564,555 | 98,552 | 71,303 | -27.65 |
| Nigeria | L | 0 | 64,024 | 517,476 | 0 | 181,895 | 0 |
| United States | L | 424,981 | 356,367 | 469,291 | 60,571 | 34,610 | -42.86 |
| China | L | 1,024,324 | 430,387 | 465,844 | 71,118 | 25,426 | -64.25 |
| Germany | L | 390,702 | 352,700 | 381,474 | 75,888 | 33,860 | -55.38 |

Source: Eurostat/TDM

**Table 10. Bulgaria, Exports of Wine, 2017-2020 (February), in USD**

| Calendar Year: 2015-2019 and January-February: 2019, 2020 | | | | | | |
|---|---|---|---|---|---|---|
| Partner | Calendar Year (Value: USD) | | | January-February | | |
| | 2017 | 2018 | 2019 | 2019 | 2020 | %Δ 2020/19 |
| _World | 40,080,115 | 38,026,367 | 38,890,612 | 6,181,513 | 4,972,274 | -19.56 |
| EU 28 | 25,824,614 | 29,029,188 | 27,635,853 | 4,485,697 | 3,777,536 | -15.79 |
| Poland | 13,129,425 | 13,354,138 | 11,521,312 | 1,516,872 | 1,285,949 | -15.22 |
| Sweden | 4,750,897 | 5,708,666 | 6,523,162 | 1,165,979 | 918,146 | -21.26 |
| China | 5,228,395 | 1,736,524 | 2,587,313 | 262,675 | 81,973 | -68.79 |
| United Kingdom | 1,664,332 | 3,158,769 | 2,376,661 | 454,616 | 290,086 | -36.19 |
| Czech Republic | 1,633,247 | 2,195,466 | 2,249,600 | 519,002 | 518,398 | -0.12 |
| Russia | 4,186,323 | 2,362,371 | 2,168,883 | 440,734 | 315,996 | -28.30 |
| Japan | 1,430,003 | 1,593,504 | 1,838,400 | 246,951 | 206,350 | -16.44 |
| Belgium | 1,247,459 | 1,331,559 | 1,351,796 | 249,411 | 189,006 | -24.22 |
| United States | 1,293,988 | 1,011,062 | 1,302,657 | 194,159 | 124,885 | -35.68 |
| Germany | 801,690 | 803,255 | 956,215 | 200,183 | 82,537 | -58.77 |
| Nigeria | 0 | 98,259 | 733,889 | 0 | 267,699 | 0 |
| Italy | 69,318 | 115,053 | 566,654 | 50,380 | 137,272 | 172.47 |

Source: Eurostat/TDM

**Attachments:**

No Attachments.