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Keywords
wine, Bulgaria, production, consumption, exports

Research Question
We will analyze the developments and trends in the production and consumption of wine, exports and imports in Bulgaria for the 1996-2015 period.

Methods
Descriptive analysis of the available data from 1995 to 2015 for wine consumption, wine production, wine exports and imports.

Results
Total Bulgarian vineyard area has been decreasing since 2000. Wine consumption per capita is the lowest among the EU (2013-5.5 liters). Bulgaria is a net wine exporter.

Abstract
Overview and developments in the Bulgarian Wine Sector: 1996-2015
1. Introduction and background
Bulgaria has undergone a significant transformation over the past three decades. It has transformed from being a highly centralized, planned economy to an open, market-based, upper-middle-income economy (World Bank, 2016). In its initial transition to a market economy, the country went through a decade of slow economic restructuring and growth, high indebtedness, and a loss of savings. Bulgaria has come a long way from its turbulent political and economic transition in the 1990s to becoming a member of the European Union in January 2007. Today, Bulgaria is an upper middle-income economy of 7.2 million people with a per capita income of $6,839. (GDP per capita, 2015.)

Bulgaria has a long history of wine production. Under the previous socialist economic system, the state nationalized all vineyards and wineries, creating a single state monopoly “Vinprom.” By the 1980s Bulgaria was producing wine for domestic consumption, and mostly for the markets of the former Soviet Union. Since the early 1990s, the wine industry has undergone liberalization as state owned enterprises were sold to private investors.

This paper will present an extensive overview of the wine industry in Bulgaria since the beginning of the transition from a centrally planned to market economy. In particular, we will analyze the developments and trends in the production and consumption of wine in Bulgaria for the 1996-2015 period. In addition, developments in Bulgarian wine exports and imports will be discussed.

2. Production
Bulgaria has three native grape varieties. The names of these grapes are Mavrud, Melnik, and Pamid. In addition, a large portion of area is dedicated to traditional varieties such as Cabernet Sauvignon and Merlot; less successful are Muscat Ottonel, Traminer, Sauvignon Blanc, Chardonnay and Reisling; Rkatsiteli for the Russian market. Bulgaria is specializing in production of wine grapes. Red varieties dominate with 62% share.

Problems that arise in the development of the wine industry include poor quality grapes; grape harvesting; wine-making technology, such as lack of modern filtration and bottling lines or refrigeration; improper management of inputs. Total Bulgarian vineyard area has been decreasing since 2000 (declined by 51%). The fragmentation in production and the high number of small vineyards and farms led to substantial problems with investment and marketing. Red varieties (mainly Merlot, Cabernet and Pamid) account for 62% of total area, and 33% planted to white varieties (mainly Red Misket, Muscat Ottonel, and Rkatsiteli).

Grape production and utilization—grapes for wine manufacturing 93%, for direct consumption; wine making—commercial wine and home made wine. We will include the available Bulgarian production data for the period of 1996-2015, and the analysis of the development in the production sector.

3. Wine consumption
Wine consumption per capita is the lowest among the European Union countries. It dropped from 6.7 liters in 2009 to 5.5 liters in 2013. The decline in wine consumption over the years is due to change in the composition in alcohol consumption, or an increased consumption of beer and stronger spirits. But over the years there has been increased demand for a higher or better quality wine. Compare to other European Union countries, the Bulgarian wine per capita consumption is the lowest. The following table presents the trends in yearly per capita consumption for some European Union countries for 2008-2013. Wine consumption estimates vary widely due to the inaccurate data on home-made wine and grey sector shares. The official wine consumption data shows increase in wine purchases by households.

4. Trade
This section will include the developments in the Bulgarian wine trade by analyzing the exports and imports of wine. Bulgaria is a net wine exporter although in recent years exports have been declining.

The exports amount to about 80% of all local industry. Bulgaria has continued to be a large wine exporter to Russia. Main export destinations are Russia, Poland, UK, Germany, and the Czech Republic. In 2016 exports have continued to slide down. Some of those who export to Russia are likely to sell at the low-end local markets as well. Wineries are trying to shift exports from the East to the West with a focus on Western Europe and the United States as well as selected Asian markets such as China and Japan. Diversity and sustainability of wine exports. Imports had steady growth in value since 2009 despite fluctuations in imported quantities. Main imports of wine are from Spain, France, Italy, and California. Imported wines have a stable presence on the market due to improved trade, higher income, and promotions. At the beginning of transition to market, the imported wines were “perceived as expensive,” but recently have been attracting a large number of consumers due to changing incomes. California wine is increasingly popular in Bulgaria as a very high end, quality product.

5. Conclusion
The conclusion will summarize the main developments and challenges of the wine sector in Bulgaria 1996-2015.

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Overview and Developments in the Bulgarian Wine Sector: 1996-2015

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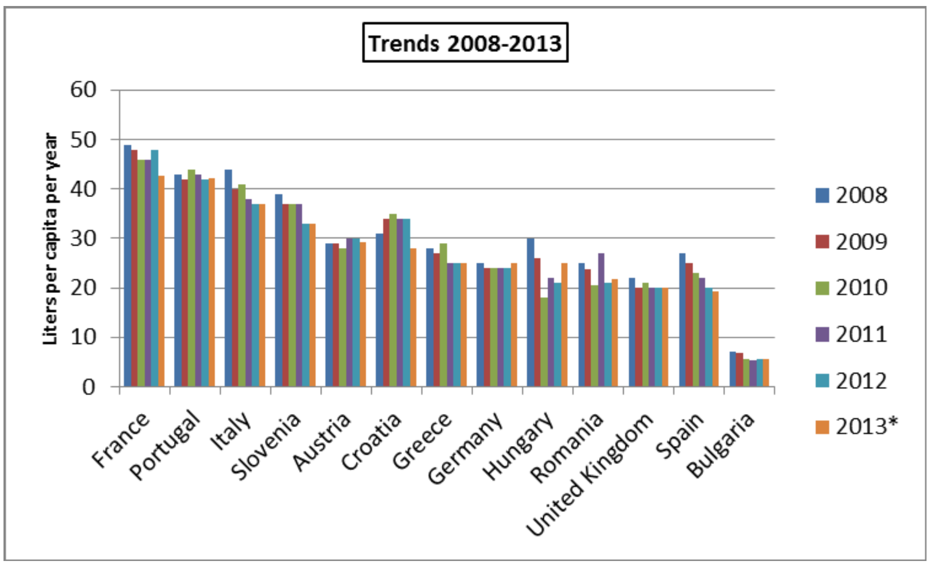

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