Vienna 2019 Abstract Submission

Title
Challenges and Developments in Wine Exports and Imports: The case of Bulgaria

I want to submit an abstract for:
Conference Presentation

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Keywords
trade, imports, exports, wine, Russia

Research Question
Trends and developments in Bulgarian wine exports, including production and export of organic wine, and wine imports

Methods
Using available data on export and imports in Bulgaria, I will analyze the changes and trends in international wine trade.

Results
Bulgaria is a net wine exporter, although Bulgarian exports have been declining since the peak in 2011. The production of organic wine started in 2010 and 90% is sold abroad.

Abstract
Challenges and Developments in Wine Exports and Imports: The case of Bulgaria
Sonya K. Huffman, Iowa State University

1. Introduction
Bulgaria has an wine industry, consisting of small, medium and large-scale wineries that are producing high quality wines for domestic and international markets. 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 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 economic system (socialism), 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 Republics. Since the early 1990s, the wine industry has undergone liberalization as state owned enterprises were sold to private investors. International trade liberalization and globalization lead to an increase in competition. Competitiveness of the Bulgarian wine production has become an important issue in the contemporary changing environment. The

Bulgarian wine sector continues to evolve, driven by investments in the sector, increasing disposable incomes, and thriving retail, restaurant and hotel sectors.

This paper will give an extensive overview of the wine exports and imports in Bulgaria since the beginning of the transition from a centrally planned to market economy. In particular, developments in Bulgarian exports, including production and export of organic wine, and imports will be discussed. Using available data on export and imports in Bulgaria, I will analyze the changes and trends in international wine trade.

2. Exports
Bulgaria is a net wine exporter, although Bulgarian exports have been declining since the peak in 2011. The main export destinations are Russia, Poland, UK, Germany, Czech Republic. Poland remains the largest export market, Sweden is the second largest and Russia is the third largest export market. Bulgaria has continued to be a large wine exporter to Russia. However, the exports to Russia had been declining since 2013. More than 3 times the export of Bulgarian wine was reduced from 2006 to 2016. In 2006, Bulgaria exported 112 845 thousand liters and ten years later - 31 411 thousand liters. The table below shows Bulgarian wine exports for the period 2004 to 2015 based on statistics of the Bulgarian National Statistical Institute (NSI).
Wineries are trying to shift exports to Western Europe, Asia and the US. Exports to the US, Sweden, China and Japan had a double-digit growth.

3. Production and exports of organic wine
The orientation of Bulgarian winemakers to organic production started with Bulgaria’s entry into the European Union (EU) in 2007. The first certified organic vineyards appeared in 2007and 2008. The Bulgarian first organic wines were produced in 2010. In 2012, five wineries with 500 hectares of organic vineyards produced 489,000 liters of organic wine. Presently, there are an additional 1,404 hectares in conversion. The expectation is that the next few years, the organic wine production will increase four times. The organic wines include red and white grape varieties such as Cabernet Sauvignon, as Storgozia (Bulgarian grape variety; a very resistant and high yielding variety selected by institute of viticulture in Pleven, Bulgaria), pamid (for rosé wine) and others. Over 90% of the Bulgarian organic wines are sold abroad.

4. Imports
The main wine imports are from Spain, France, Italy from the EU, and New Zealand, Chile, the countries from outside the EU. Imported wines have a stable presence on the market due to improved trade, higher income, and promotions. At the beginning of transition to the market economy, the imported wines were “perceived as expensive,” but recently have been attracting a large number of consumers. In Bulgaria, American wines are perceived as high-quality and, also, they tend to be viewed as unaffordable by many consumers. However, imports have been increasing for the period 2004 to 2015. New data will be added later to the analysis of exports and imports.

5. Conclusion
There are several challenges in the wine industry development in Bulgaria. Although the quality of local wines has improved considerably over time due to grape quality, wine-making expertise, and investments by major wineries, Bulgaria still needs to increase the competitiveness of its wines on world markets.

6. References
EU rules for organic wine production iFoam EU group, Brussels, Belgium:
https://www.ifoam-eu.org/sites/default/files/page/files/ifoameu_reg_wine_dossier_201307.pdf
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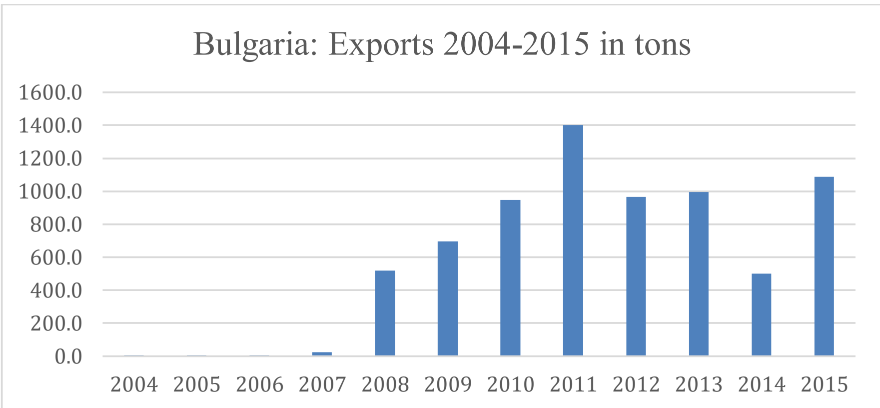

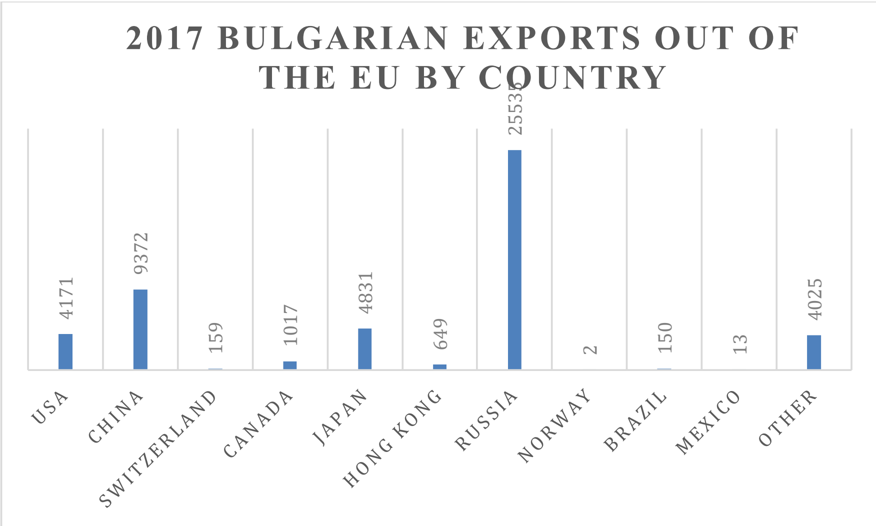

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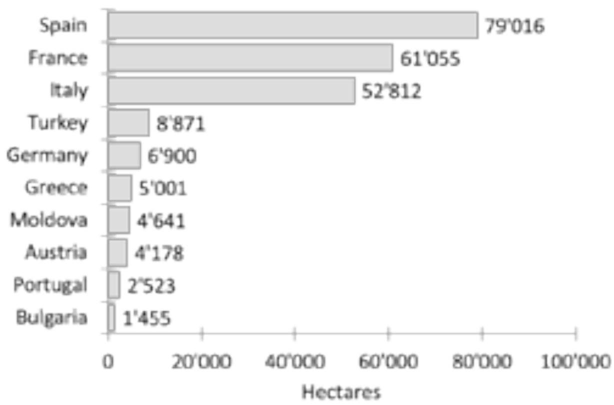
Organic grape area in Europe: the ten countries with the largest grape areas in 2011



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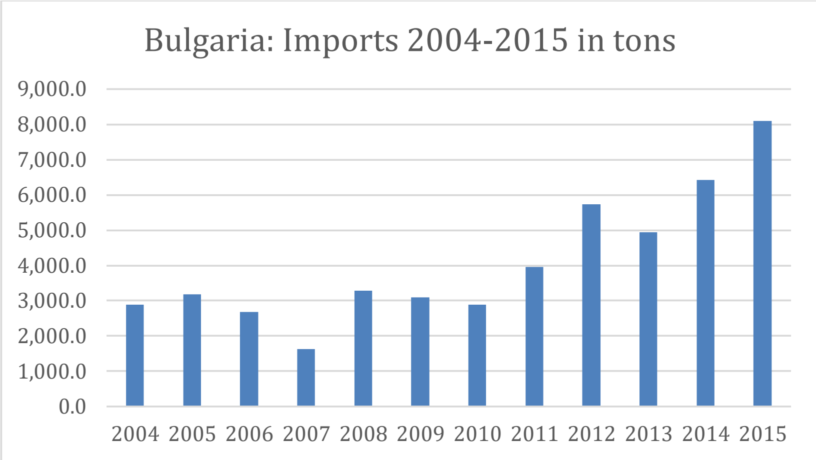

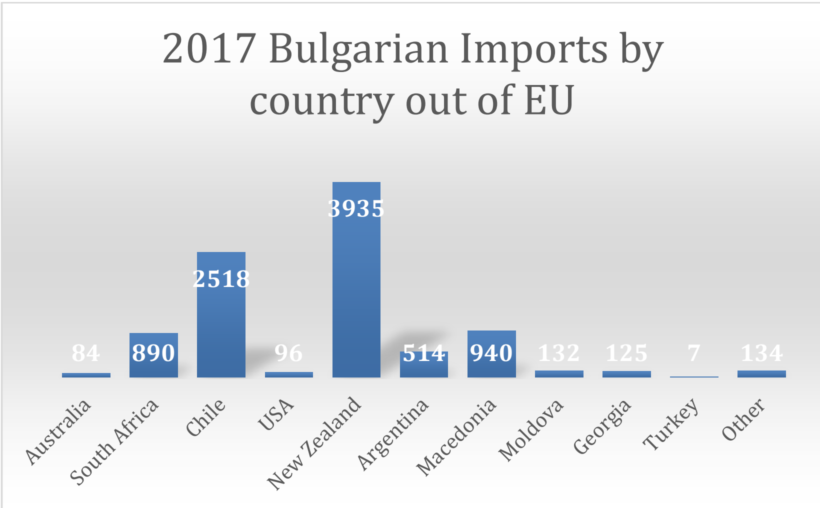

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