

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Bulgaria

**Post:** Sofia

### Tree Nuts Annual

**Report Categories:**

Tree Nuts

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**Report Highlights:**

In marketing year (MY) 2017/18, Bulgaria's tree-nuts market continued to grow and mature. Opportunities for U.S. almonds, walnuts, and pecans are growing due to rising incomes, evolving consumer preferences, an expanding food-processing industry, and tourism. Increasing demand for value-added and higher-end products is clearly emerging. Post expects tree-nut imports and Bulgaria's overall market to grow in MY2018/19, particularly for walnuts and pecans. 2018 retail data shows tree nut sales (to date) at \$56 million, a three-percent increase over last year.

## **General Information:**

### **Overview**

Although Bulgaria is a small almond producer, it is a net (and growing) almond importer. Despite demand growth, consumers remain price sensitive. Bulgaria is also a net exporter of walnuts, which have grown dramatically in recent years. Domestic walnut consumption is also expanding and drives imports of shelled walnuts.

#### *Domestic Tree Nuts Supply MY2017/18 and Forecast MY2018/19:*

In MY2017/18, average tree-nut yields were lower due to unfavorable weather. The harvested area also declined, despite overall increases in orchard investments and expansion. As a result, almond production declined by 15-percent. As well, walnut production dropped by 28 percent from the previous season. Reduced local supply spurred imports to meet growing consumer demand. In MY2018/19, to date, favorable weather conditions and higher production levels look likely, but still be below the MY2016/17 record. Despite the expected uptick in production, imports are projected to grow, albeit more slowly, to meet strong consumer demand.

*Demand, Market Size and Structure:* The Bulgarian retail market for tree nuts is valued at 91.7 million leva (\$56 million), an increase from 89.1 million (\$54 million) in 2017. Retail growth in 2018 is projected at three percent, down slightly from 3.2 percent in 2017. In 2019 and 2020, retail sales are projected to be stable with growth at around three percent. Retail sales should reach 100 million leva (\$61 million) by 2021. Sales growth for nuts, seeds and trail mixes have grown by 20.5 percent since 2012, slightly behind soft drinks (22.0 percent) but overpassing packaged foods category (13.9 percent).

Market concentration continues to trend with market share of the three top brands/companies, [Detelina](#), [Rois](#), and [Elit](#) growing from 30.4 percent in 2017 to 31.5 percent in 2018. Four companies, [Kronos](#), [Dani](#), [Kerpi](#) and [Milena-Hristo Hristov ET](#) accounted for 22.5 percent of the national market. At the same time, many small companies (less than one percent share each) jointly accounted for 34 percent of the market (source: Euromonitor).

Bulgarian processors are increasingly using tree nuts in sweet and confectionary products like waffles, cookies, desserts, and chocolate ([GAIN](#)). Exports of confectionary products (HS#1905) continued to grow and reached \$242 million in 2017, a nine-percent increase over 2016. As of June 2018, Bulgarian confectionary exports grew by an additional 14 percent over the same period in 2017. Fresh cake/sweets producers and retailers such as [Nedelya](#), [Markrit](#), and [Skyline](#) also recorded a successful year. [Nedelya](#) reported strong expansion plans in Bulgaria as well as in Romania and Germany in 2018 and 2019.

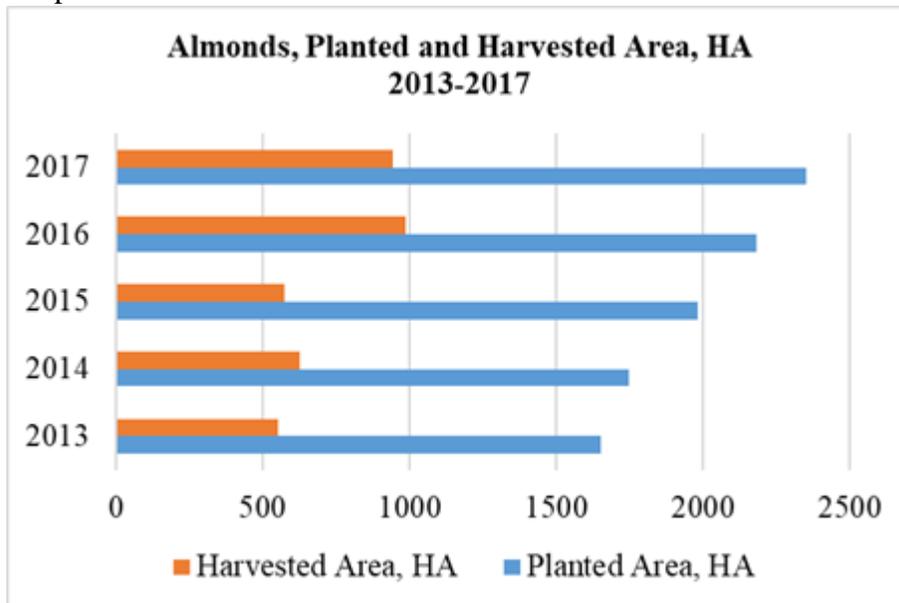
### **Almonds**

**Production:** Although the area planted for almonds in MY2017/18 increased by eight percent over MY2016/17, the harvested area declined by four percent (Table 1). Only 40 percent of area planted was actually harvested, a record low. Average yields declined by 11 percent, resulting in a total almond production drop of 15 percent from MY2016/17. In August 2018, the Ministry of Agriculture allocated 700,000 leva (\$425,000) for certain crop producers which saw drops in yields due to freezing weather

conditions. Almonds were included in the list of crops with a subsidy rate of 1,531 leva/HA (\$928/HA).

Organic tree-nut production (almonds, walnuts, hazelnuts, and chestnuts) is growing. In 2016 (last available official data), the total area under organic production was 18,434 HA, a 20-percent increase over 2015. 6,493 HA or 35 percent has been fully converted into organic, with the rest still under conversion. Yields from these orchards are usually low and the orchards are sometimes left unharvested. Production of organic nuts in 2016 was recorded at 1,430 metric tons (MT), 68 percent higher than 2015.

Graph 1: Almond Area



Source: Ministry of Agriculture, Foods and Forests

Consumption: FAS Sofia estimates that almond consumption ranged from 1,800 MT to 2,000 MT during the last four years, with price fluctuations being determining factor (Table 2). In MY2017/18, consumption is projected to be stable with a slight growth over the previous season due to increased prices. Post expects consumption in MY2018/19 will increase by four percent based on higher consumer spending and demand from processors (Table 2).

Trade: Bulgaria is a net importer and consumer of almonds. Annual imports range between 1,100-1,800 MT. The bulk of imports are shelled almonds (HS#080212). In MY2017/18, imports are estimated to increase by 23 percent over MY2016/17, due to lower local stocks and stable demand. Higher international prices in 2018 also affected the trade. From September 2017 through June 2018, shelled almond imports were at 1,338 MT, a 2.5 percent decline from the corresponding period in the previous year (Table 4). In value terms, imports for this period were at \$8.8 million, a 26-percent increase. The reduction in volume was due to higher prices, which were 14 percent more for January-June 2018 over the same period in 2017 (Table 4).

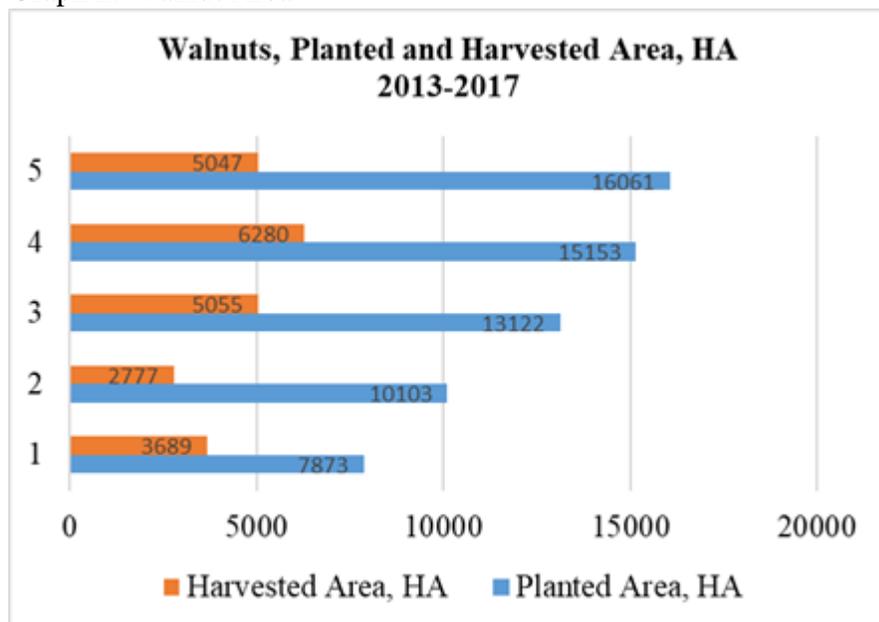
Imports from the United States for the same period decreased by 21.5 percent in tonnage but increased in value terms by 1.6 percent. The average import price increased by 11 percent for January-June 2018,

versus the same period in 2017. U.S. market share accounted for 46 percent in volume terms and 50 percent in value terms (Table 4).

### Walnuts

Production: MY2017/18 was also not a good year for walnut production. Total area planted expanded by six percent, stimulated largely by EU subsidies (Table 1). However, the harvested area decreased by 20 percent from MY2016/17, accounting for only one-third of the planted area. Average yields in MY2017/18 decreased by 11 percent due to unfavorable weather. As a result, total production was down by 28 percent over the previous season, a three-year low.

Graph 2: Walnut Area



Production/Domestic Support Policy: Investments in walnut production has skyrocketed due to more EU subsidies for newly-planted and organic tree nut orchards (see [GAIN](#)).

Consumption: Consumption is estimated based on interviews with trade sources and statistical data for consumption patterns. Trade sources indicate consumption at 1,400-1,500 MT (Table 3). There is substantial walnut consumption, especially in the rural areas, which remains outside commercial channels. In MY2017/18 and MY2018/19, consumption is projected to increase by one to two percent annually.

Trade: Bulgaria is a net producer and exporter of walnuts. Local demand for quality products is increasing. Major export markets are Turkey, Albania, and other EU countries such as Romania, Greece, and Italy. During October 2017-June 2018, exports of in-shell walnuts grew sharply by 229 percent over the same period the previous year. Shelled-walnut exports were 707 MT, a 23-percent increase over the same period last season. FAS Sofia estimates that total MY2017/18 walnut exports will increase by over 30 percent over MY2016/17.

Post estimates that imports will be slightly higher in MY2017/18 due to reduced stocks. Imports will

continue to increase in MY2018/19 due to the growing demand by consumers and for processing by the confectionary industry. Shelled-walnut imports (volume terms) from October 2017 to June 2018, which typically go into consumer-oriented channels, jumped by 236 percent (mainly from Ukraine and Poland) over the same period last marketing year (Table 4). Imports also increased in value terms by 200 percent, indicating stronger demand for higher quality.

Demand for in-shell walnuts decreased and imports dropped by 61 percent to 183 MT, with major suppliers Ukraine and the United States. U.S. exports to Bulgaria were at \$153,000 (60 MT) compared to \$169,000 (100 MT) in the previous season.

**Appendix:**

**Table 1. Walnut and Almond Production, 2013-2017**

| <b>Walnut and Almond Production, 2013-2017</b> |  |                             |                               |
|--|--|-----------------------------|-------------------------------|
| <b>Years</b>                                   | <b>Harvested Area, HA</b>  | <b>Average Yield, kg/HA</b> | <b>Production, MT</b>         |
| <b>Almonds</b>                                 |  |                             |                               |
| 2017   | 944 HA harvested<br>(2,356 HA planted)   | 755                         | 713<br>(428 in shelled basis) |
| 2016   | 987 HA harvested<br>(2,184 HA planted, 730 HA young plantings,<br>1,197 HA non-harvested)        | 852                         | 841<br>(505 in shelled basis) |
| 2015   | 574 HA harvested<br>(1,986 HA planted, 770 HA young plantings;<br>1,412 HA non harvested)        | 739                         | 424<br>(254 in shelled basis) |
| 2014   | 627 HA harvested<br>(1,750 HA planted; 603 HA young plantings;<br>1,123 HA non harvested)        | 699                         | 438<br>(262 in shelled basis) |
| 2013   | 553 HA harvested<br>(1,654 HA planted 1,034 young plantings; 1,101<br>HA non harvested)          | 1,807                       | 999<br>(599 in shelled basis) |
| <b>Walnuts</b>                                 |  |                             |                               |
| 2017   | 5,047 HA harvested<br>(16,061 HA planted)  | 703                         | 3,549                         |
| 2016   | 6,280 HA harvested<br>(15,153 HA planted, 7,579 HA young plantations,<br>8,873 HA non harvested) | 790                         | 4,959                         |
| 2015   | 5,055 HA harvested<br>(13,122 HA planted; 7,210 HA young plantations;<br>8,067 HA non harvested) | 718                         | 3,627                         |
| 2014   | 2,777 HA harvested<br>(10,103 HA planted; 5,193 young plantings;<br>7,326 HA non harvested )     | 601                         | 1,670                         |
| 2013   | 3,689 HA harvested<br>(7,873 HA planted 3,700 young plantings; 577                               | 1,382                       | 5,099                         |

|   |  |  |
|---|--|--|
| HA non harvested)   |  |  |
| Source: Ministry of Agriculture and Foods, Bulgaria, Statistical Office |  |  |

**Table 2. Production, Supply and Demand, Almonds, MY2014-2018, MT**

| Bulgaria                   | MY2014<br>(Sep.2014-<br>August<br>2015) | MY2015<br>(Sep.2015-<br>August<br>2016) | MY2016<br>(Sep.2016-<br>August<br>2017) | MY2017<br>(Sep.2017-<br>August 2018) | MY2018<br>(Sep. 2018<br>– August<br>2019) |
|----------------------------|---|---|---|--------------------------------------|---|
|                            | Final                                   | Final                                   | Final                                   | Estimate for<br>the current<br>year  | Forecast                                  |
| <b>Beginning Stocks</b>    | 0                                       | 0                                       | 0                                       | 0                                    |   |
| <b>Production</b>          | 262                                     | 254                                     | 505                                     | 428                                  | 450                                       |
| <b>Imports from EU</b>     | 792                                     | 477                                     | 299                                     | 330                                  | 350                                       |
| <b>Imports from non-EU</b> | 838                                     | 553                                     | 944                                     | 1,160                                | 1,170                                     |
| <b>Total Imports</b>       | 1,630                                   | 1,030                                   | 1,243                                   | 1,490                                | 1,520                                     |
| <b>Total Supply</b>        | 1,892                                   | 1,284                                   | 1,748                                   | 1,918                                | 1,970                                     |
| <b>Exports EU</b>          | 40                                      | 173                                     | 79                                      | 190                                  | 170                                       |
| <b>Exports to non-EU</b>   | 0                                       | 5                                       | 0                                       | 50                                   | 50  |
| <b>Total exports</b>       | 40                                      | 178                                     | 79                                      | 240                                  | 220                                       |
| <b>Human Consumption</b>   | 1,852                                   | 1,106                                   | 1,669                                   | 1,678                                | 1,750                                     |
| <b>Ending Stocks</b>       | 0                                       | 0                                       | 0                                       | 0                                    | 0   |
| <b>Total Distribution</b>  | 1,892                                   | 1,284                                   | 1,748                                   | 1,918                                | 1,970                                     |

Notes: *Production* data is provided by statistics in in-shell basis and is converted in shelled weight for the purpose of the Supply and Demand Table (in-shell almonds are multiplied by 0.6 conversion index per USDA methodical guidance to be converted in shelled almonds). Due to discrepancy between official Bulgarian MinAg data and Eurostat data in select years, local official data is used as it is believed that it is more accurate.

*Trade data* is given in shelled weight: HS#080212 (shelled) data is summarized with the converted (multiplied by 0.6) data for HS#080211 (in-shell), for imports and for exports. Data for MY2017/18 is currently available as of June 2018 and it is estimated on this basis, while MY2018/19 is forecast.

**Table 3. Production, Supply and Demand, Walnuts, MY2014-2018, MT**

| Bulgaria | MY2014<br>(Oct.2014-<br>Sep 2015) | MY2015<br>(Oct.2015-<br>Sep 2016) | MY2016<br>(Oct.2016-<br>Sep 2017) | MY2017<br>(Oct.2017-<br>Sep.2018) | MY2018<br>(Oct.2018-<br>Sep.2019) |
|----------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
|          | Final                             | Final                             | Final                             | Estimate for                      | Forecast                          |

|                            |        |        |       |                  |       |
|----------------------------|--------|--------|-------|------------------|-------|
|                            |        |        |       | the current year |       |
| <b>Beginning Stocks</b>    | 2,840* | 3,411* |       | 1,270            | 70    |
| <b>Production</b>          | 1,670  | 3,627  | 4,959 | 3,549            | 4,000 |
| <b>Imports from EU</b>     | 236    | 209    | 347   | 180              | 200   |
| <b>Imports from non-EU</b> | 254    | 210    | 546   | 720              | 730   |
| <b>Total Imports</b>       | 490    | 419    | 893   | 900              | 930   |
| <b>Total Supply</b>        | 5,000  | 7,457  | 5,852 | 5,719            | 5,000 |
| <b>Exports EU</b>          | 1,416  | 1,663  | 1,981 | 3,000            | 2,400 |
| <b>Exports to non-EU</b>   | 2,284  | 4,474  | 1,102 | 1,130            | 1,000 |
| <b>Total exports</b>       | 3,700  | 6,137  | 3,083 | 4,130            | 3,400 |
| <b>Human Consumption</b>   | 1,300  | 1,320  | 1,499 | 1,519            | 1,540 |
| <b>Ending Stocks</b>       | 0      | 0      | 1,270 | 70               | 60    |
| <b>Total Distribution</b>  | 5,000  | 7,457  | 5,852 | 5,719            | 5,000 |

Notes: *Production* data is in in-shell basis. Due to discrepancy between official Bulgarian MinAg data and Eurostat data in select years, local official data is used as it is believed that it is more accurate.

*Trade data* is given in in-shell weight: HS#080231 (in-shell) data is summarized with converted (multiplied by 2.34) data for HS#080232 (shelled), for imports and for exports. Data for MY2017/18 is currently available as of June 2018 and it is estimated on this basis, while MY2018/19 is forecast.

**Table 4. Imports of Almonds and Walnuts, MY2015/16 – MY2017/18 (first three quarters)**

|                                   | <b>Imports<br/>September 2017-<br/>June 2018</b> | <b>Imports<br/>September<br/>2016 - June<br/>2017</b> | <b>Imports<br/>September<br/>2015 -June<br/>2016</b> | <b>Change in Percentage<br/>MY2017/18 over<br/>MY2016/17</b> |
|-----------------------------------|--|---|--|--|
| <i>Shelled Almonds HS#080212</i>  |  |   |  |  |
| In Metric Tons                    | 1,338  | 1,373   | 747  | -2.5%  |
| In millions U.S. Dollars          | 8.779  | 6.977   | 3.63   | +26%   |
| <i>--From the United States</i>   |  |   |  |  |
| In Metric Tons                    | 612  | 779   | 333  | -21.5%   |
| In millions U.S. Dollars          | 4.363  | 4.295   | 1.04   | +1.6%  |
| <i>In-shell Walnuts HS#080231</i> |  |   |  |  |
| In Metric                         | 183  | 471   | 44   | -61%   |

|                                  |       |       |       |       |
|----------------------------------|-------|-------|-------|-------|
| Tons                             |       |       |       |       |
| In million U.S. dollars          | 0.282 | 0.531 | 0.046 | -47%  |
| <i>Shelled Walnuts HS#080232</i> |       |       |       |       |
| In Metric Tons                   | 415   | 176   | 151   | +236% |
| In million U.S. dollars          | 2.145 | 1.07  | 0.54  | +200% |
| <i>Source: World Trade Atlas</i> |       |       |       |       |