

Voluntary Report – Voluntary - Public Distribution

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Report Name: Fresh Deciduous Fruit Annual

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Report Category: Fresh Deciduous Fruit

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Report Highlights:

In marketing year (MY) 2019/20, Bulgaria's total fresh deciduous fruit crop declined by seven percent. Apple production decreased by 13 percent from MY 2018/19, as unfavorable weather conditions reduced yields. In contrast, pear production reached record levels due to higher area harvested and yields. Table grape production was stable. While strong demand drove imports during the first half of MY 2019/20, COVID-19 response measures led to lower demand and reduced imports after March. Fresh consumption decreased, while demand for shelf-stable processed products led to record-high levels of apple and pear processing. Post expects MY 2020/21 fresh consumption will rebound as COVID-19 wanes in 2021.

Apples

Production

MY 2019/20 Estimates: Total apple production decreased by 13 percent from MY 2018/19's record crop in (Table 4). Although the area harvested was four percent higher, average yields decreased by 17 percent due to unfavorable weather in main production regions.

While the new 2019 apple area remained stable at six percent of the total apple area, it accounted for only 1.8 percent of Bulgaria's total new orchard area. Organic apple production has gradually increased. In 2018, 5,417 metric tons (MT) of organic apples were produced from 681 hectares (HA), accounting for 10.8 percent of total apple production, up from 6.7 percent in 2017 (source: Eurostat). Southcentral Bulgaria is the country's main apple production region and accounted for 37 percent of the total 2019 apple crop. See the latest information regarding Bulgarian apple orchards conditions [here](#).

Apples are Bulgaria's most important deciduous fruit, but are less prevalent than cherries and plums, which are more widely cultivated, processed, and consumed. In MY 2019/20, apples accounted for 9.6 percent of total orchard area harvested, down from 9.9 percent in the previous MY. In terms of total fruit production, apples accounted 18.6 percent, down from 22.0 percent the previous year MY. Apples ranked third in total Bulgarian fruit stocks, following cherries and plums.

MY 2020/21 Forecast: Post forecasts that Bulgaria's apple production will decline in MY 2020/21. The dry 2019/20 winter, early April frosts, dry weather in May, as well as additional hot and dry conditions in July and August negatively affected yields and quality. A November 11 Ministry of Agriculture (MinAg) weekly report (Bulletin #45) indicated that average yields decreased by three percent and production by seven percent, compared to the previous season. FAS Sofia forecasts apple production at 42,000 MT, based on current official data and supporting information from Post contacts.

Consumption

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

Table 1: Supply and Demand Estimates, Apples, MY 2017/18-MY 2020/21

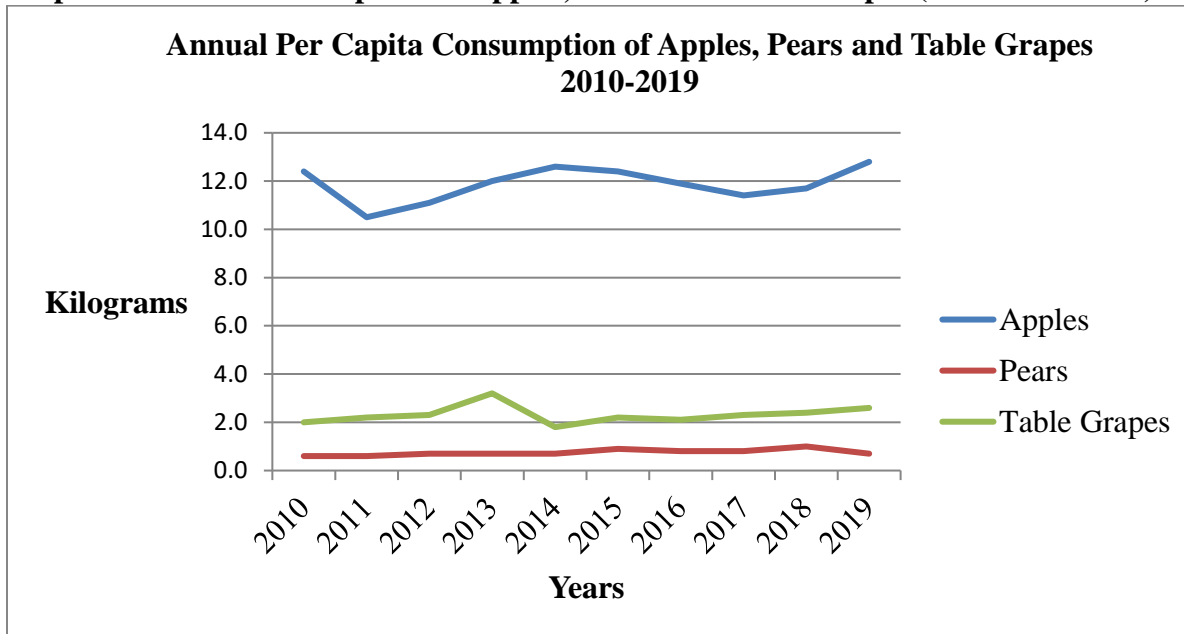
Apples	2017/18	2018/19	2019/20	2020/21	UOM
Calendar Year Begin	07/2017	07/2018	07/2019	07/2020	(MONTH/YEAR)
	Final	Final	Estimate	Forecast	
Area Planted	5,100	4,860	5,239	5,300	(HA)
Area Harvested	3,973	3,981	4,142	3,900	(HA)
Commercial production	40,927	46,298	40,122	39,000	(MT)
Non-commercial production	4,000	4,000	3,500	3,000	(MT)
Production	44,927	50,298	43,622	42,000	(MT)
Intra EU28 Imports	23,400	24,209	24,278	26,000	(MT)
Extra EU28 imports	8,481	40,401	29,434	31,000	(MT)
Total imports	31,881	64,610	53,712	57,000	(MT)
Including fresh apples for processing	4,170	4,915	11,996	11,000	(MT)
TOTAL SUPPLY	76,808	114,908	97,334	99,000	(MT)
Fresh domestic consumption	56,283	74,097	51,504	58,500	(MT)
Intra EU28 exports	936	2,200	1,457	1,400	(MT)
Extra EU28 exports	84	11	23	100	(MT)
Total exports	1,025	2,211	1,480	1,500	(MT)
For processing	19,500	38,600	44,350	39,000	(MT)
TOTAL DISTRIBUTION	76,808	114,908	97,334	99,000	(MT)

Fresh Consumption

Fresh apple consumption has trended upward along with consumer demand for more healthful eating, although demand remains price sensitive. 2017 per capita consumption grew from 11.4 kg per capita to 12.8 kg per capita in 2019 (Graph 1). Official 2019 statistics indicate more apples purchased per household (23.6 kg in 2019 over 21.5 kg in 2018) at five percent lower prices. This data does not include food-service industry consumption, which had increased its share of fresh apple consumption. This trend was reversed in March 2020 following the novel coronavirus pandemic. Slacking consumer demand, logistical challenges, and higher prices negatively affected MY 2019/20 apple imports, which decreased by 17 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 2019/20 dropped below 100,000 MT.

Fresh year-on-year apple consumption in MY 2019/20 is estimated to decline by 30 percent. Usually, 50-80 percent of Bulgarian apples are consumed as fresh. In MY 2019/20, this share was just 53 percent, down from 64 percent in MY 2018/19, due to the pandemic and quality issues with local apples.

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



Source: Bulgarian National Statistical Institute

Consumption for Processing:

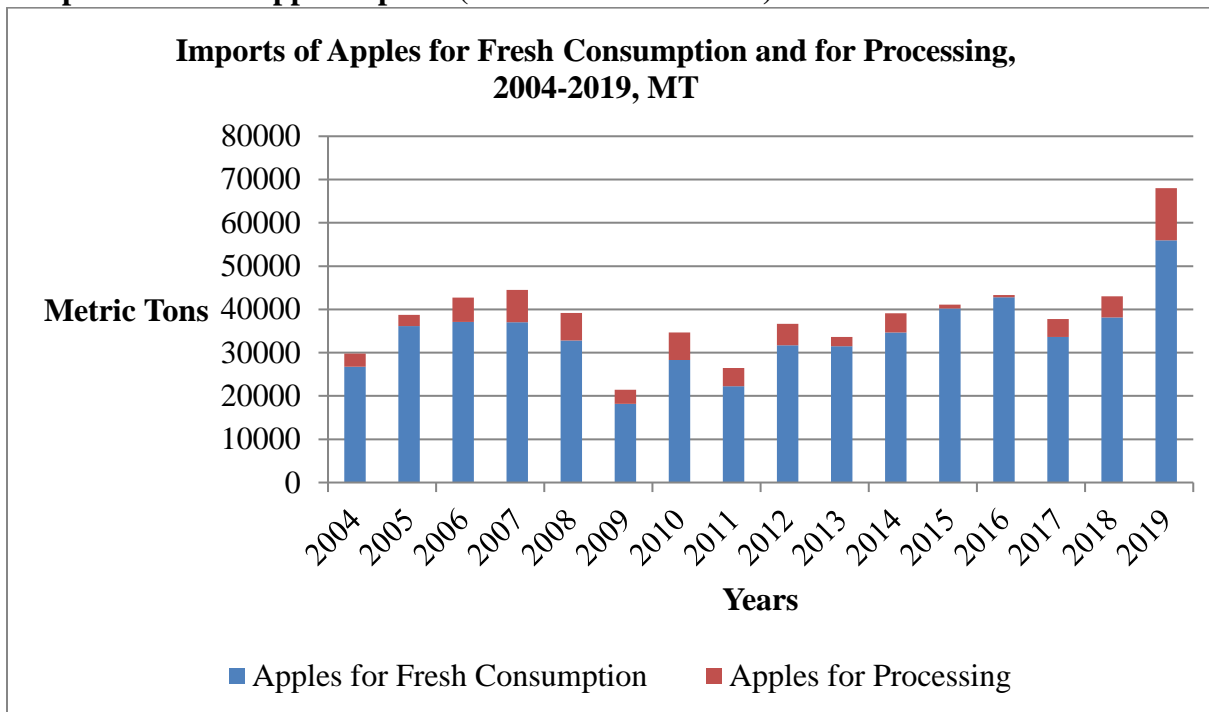
In MY 2019/20 apples accounted for 39 percent of all processed fruits (MinAg Bulletin#379/July 2020). 37 commercial processors used apples in 2019, up from 31 in 2018. Per the MinAg data, food processors used 32,940 MT of imported apples, meaning 74 percent of the apples used by processors were imported, up from 55 percent in the previous MY. As a result, apple processing reached record levels of production (Table 1). Higher apple processing was also driven by reduced fresh consumption during the second half of the MY and the shift by consumers to more processed, longer shelf-life products. MinAg data for total fruit processing confirms this trend showing 16.6 percent more processed fruits compared to MY 2018/19.

Trade

Imports

Bulgaria is a net importer of fresh apples (Graph 2). In MY 2019/20, higher import prices, along with logistical problems, led to a 17-percent reduction in imports from the previous MY (Table 5). The average import price in MY 2019/20 was at \$287/MT, 75 percent higher than the previous MY. North Macedonia, Poland, and Greece were Bulgaria's primary apple suppliers.

Graph 2: Annual Apple Imports (Calendar Year Trade)



Source: Eurostat/Trade Data Monitor

Exports

Bulgarian apple exports in MY 2019/20 exports declined to below 2,000 MT due to lower production and inconsistent quality. The average export price dropped by 25 percent to \$405/MT. Bulgaria's main apple export markets were Romania and Italy.

Pears

Production

MY 2019/20 Estimates: Pear production in MY 2019/20 increased 62 percent over MY 2018/19 following a 22-percent increase in area harvested and a 32-percent increase in average yields over the previous MY (Table 4). Most Bulgarian pear production came from the country's southwest, which accounted for 32 percent of the total pear area and 47 percent of production in 2019. Organic production in 2018 accounted for about nine percent of total production. The latest information about pear orchards by variety and age can be found [here](#).

MY 2020/21 Forecast: MY 2020/21 prospects look favorable. A MinAg report from early November indicated higher area harvested and yields by 27 percent and 10 percent, respectively, resulting in 40 percent higher production. Based on current official data and industry sources, FAS Sofia expects MY 2020/21 pear production at about 5,500 MT (Table 2).

Table 2: Supply and Demand Estimates, Pears, MY 2017/18-MY 2020/21

Pears	2017/18	2018/19	2019/20	2020/21	UOM
	Final	Final	Estimate	Forecast	
Calendar Year Begin	07/2017	07/2018	07/2019	07/2020	(MONTH/ YEAR)
Area Planted	625	712	894	900	(HA)
Area Harvested	449	571	696	700	(HA)
Commercial production	2,600	3,000	5,000	5,100	(MT)
Non-commercial production	240	358	425	400	(MT)
Production	2,840	3,358	5,425	5,500	(MT)
Intra EU27 Imports, fresh	3,510	2,454	2,476	2,600	(MT)
Extra EU27 imports, fresh	1,652	1,156	1,657	1,600	(MT)
Total imports, fresh	5,162	3,610	4,133	4,200	(MT)
TOTAL SUPPLY	8,002	6,968	9,558	9,700	(MT)
Fresh domestic consumption	6,500	6,400	7,500	7,550	(MT)
Intra EU27 exports, fresh	38	10	139	150	(MT)
Extra EU27 exports, fresh	-	-	-		(MT)
Total exports, fresh	38	10	139	150	(MT)
For processing	1,464	558	1,919	2,000	(MT)
TOTAL DISTRIBUTION	8,002	6,968	9,558	9,700	(MT)

Consumption

Fresh pear consumption per capita has increased in recent years to about 1.0 kg annually. Favorable consumer demand increased imports by 14 percent in MY 2019/20, despite higher local production. As a result of improved local production and increased imports, fresh consumption increased by roughly 17 percent over the previous MY. Processing demand, mainly for juice, more than tripled over MY 2018/19 (Table 2). In MY 2020/21, fresh consumption is forecast to increase further. Consumption by processors will increase slightly and then stabilize.

Trade

MY 2019/20 pear imports increased over MY 2018/19 (Table 6) despite the higher average import price (\$571/MT) over the previous MY. Greece and Turkey were Bulgaria's primary suppliers to Bulgaria. In MY 2020/21, imports are forecast to remain stable, perhaps with moderate growth to meet growing local demand.

Table Grapes

Production

MY 2019/20 Estimates: The table grapes area harvested in MY 2019/20 increased 3.7 percent over the previous MY (Table 4). Average yields were lower at 6.4 MT/HA compared to 6.7 MT/HA in MY 2018/19. This resulted in a slight 0.5 percent production decline from the previous year. The table grape crop accounted for 7.2 percent (6.6 percent in the previous MY) of the total grape crop. The main southcentral production region accounted for 58 percent of the total 2019 crop. Information about the variety and age of local vineyards can be found [here](#).

MY 2020/21 Forecast: The MY 2020/21 crop is expected to decrease due to lower average yields. Early November MinAg data indicated average yields were seven percent below last season.

Consumption

Table grape fresh consumption grew to reach 2.6 kg per capita in 2019. Fresh consumption usually varies depending on the quality of the local crop. Local table grape fresh consumption reached 14,000 MT in MY 2019/20. Total MY 2019/20 fresh consumption is estimated nine percent lower from the last MY due to lower stocks, pandemic measures, and more expensive imports. Post forecasts consumption to rebound in MY 2020/21 due to softened quarantine conditions and expected better imports driven by more favorable consumer demand.

Table 3: Supply and Demand Estimates, Table Grapes, MY 2017/18-MY 2020/21

Table Grape	2017/18	2018/19	2019/20	2020/21	UOM
	Final	Final	Estimate	Forecast	
Calendar Year Begin	06/2017	06/2018	06/2019	06/2020	(MONTH/YEAR)
Area Planted	2,500	2,500	2,500	2,800	(HA)
Area Harvested	2,126	1,938	2,010	2,600	(HA)
Commercial production	12,850	11,900	11,800	11,700	(MT)
Non-commercial production	1,447	1,001	1,043	800	(MT)
Production	14,297	12,901	12,843	12,500	(MT)
Intra EU27 Imports, fresh	7,602	7,453	5,479	5,800	(MT)
Extra EU27 imports, fresh	3,259	2,904	2,191	2,300	(MT)
Total imports, fresh	10,861	10,357	7,670	8,100	(MT)
TOTAL SUPPLY	25,158	23,258	20,513	20,600	(MT)
Fresh domestic consumption	24,068	22,168	20,259	20,300	(MT)
Intra EU27 exports, fresh	987	1,027	113	150	(MT)
Extra EU27 exports, fresh	103	63	141	150	(MT)
Total exports, fresh	1,090	1,090	254	300	(MT)
TOTAL DISTRIBUTION	25,158	23,258	20,513	20,600	(MT)

Trade

Table grape imports in MY 2019/20 were 16 percent lower from the previous MY and the average import price was nine percent higher (\$490/MT) than MY 2018/19 (Table 7). Greece and Turkey were main the table grape suppliers to Bulgaria. Post expects MY 2020/21 imports to increase in meet the rebounding demand for fresh consumption.

Agricultural Policy and Domestic Support

Agricultural Policy: Bulgarian's 'National Strategic Plan for Operational Programs of Fresh Produce Producers 2017-2021' recognized the horticulture industry as a political priority. In 2019 and 2020,

MinAg increased its level of domestic support (mainly coupled support) and improved the dialogue with the industry.

Following the COVID-19 outbreak, the Government of Bulgaria (GOB) approved a temporary measure from June to December 31, 2020 (Decree 118 of June 12/2020) mandating retail chains to allocate store shelf space for locally produced foods, including fresh horticulture. Retailers also made efforts to voluntarily expand their inventories of local horticultural and display them on dedicated shelves. Some retailers introduced new private labels for domestic products.

Taxation: Since 2019, MinAg has noted its support for industry demands to reduce the value added tax (VAT) for horticulture producers, processors, and traders. In the spring of 2020, the industry renewed its request to eliminate the VAT or reduce it to five percent. As of November 2020, GOB officials have not indicated clear 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) for farms up to 30 HA and 1,250.95 leva/HA (\$758/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 the spring of 2020, the GOB was criticized by some industry groups for inefficient coupled support payouts. These groups claimed that a significant portion of these subsidies were paid to fraudulent farmers and/or payments for products not actually produced (mainly vegetables). As a result, MinAg has committed to increase on-site inspections for horticulture.

In the middle of 2020, the GOB announced \$64 million of COVID-related support program for various agricultural sectors, including 15 percent national co-financing. Horticulture farmers are eligible for up to \$8,300 per farm. Eligible farmers need to demonstrate a sales reduction of least a 20 percent stemming from the pandemic from January to April 2020.

In August, MinAg's Paying Agency dispersed 19 million leva (\$11.5 million) for horticulture farmers. The program targeted COVID-related and drought affected farmers.

Also in August 2020, MinAg announced \$1.9 million COVID-related support for fruit processors with at least 15 percent higher fruit procurements over 2019. The rate was set at 26 leva/MT (\$15.7/MT) for apples and 42 leva/MT (\$25.5/MT) for pears.

In the fall of 2020, the MinAg approved 19.4 million leva (\$11.8 million) budget for *de minimis* program for horticulture producers. The subsidy rate was set at up to 250 leva (\$152/HA) for apples, pears, stone fruits and berries; and up to 150 leva (\$91/HA) for table grapes and plums. It is estimated that about 10,000 farmers will be able to benefit from this program. As of late October, 9.8 million leva (\$5.9 million) were paid to 7,200 farmers.

Pest Control Program: Pest control subsidies for orchards pay farmers in the spring and the fall. The approved 2020 subsidy rate is 100 leva (\$61/HA) for plant protection chemicals.

Marketing: To support fresh produce marketing, MinAg approved funds (\$60,000 for 2020) for GLOBAL G.A.P certification for 2019 and 2020. The program covers annual individual farmer expenses up to \$700 and up to \$3,000 per producer group.

In 2019, Kaufland introduced a program to reduce pesticide residues, similar to an existing program by Billa, another retail chain. In July 2020, Lidl also introduced a \$100,000 program for Global G.A.P. in partnership with the European Bank for Reconstruction and Development, targeting 15 small- and medium-sized farmers.

In May 2020, the MinAg Paying Agency allocated \$2.4 million under a COVID support measure for farmers to deliver produce to retailers, including fresh deciduous fruit. In July, MinAg announced short supply chain and local farmers market programs valued at 15.6 million leva (\$9.5 million). The maximum subsidy per a beneficiary is \$364,000. In October, MinAg launched a consultation with stakeholders to update the short supply chain regulation. The regulation sets limits on agricultural products which can be sold by a small farmer. For most fruits and table grapes the limit is set at 2.0 MT.

School Program: Since 2017, Bulgaria’s school lunch program has included dairy products and fresh produce. In 2019, the EC allocated to Bulgaria \$3.1 million for fresh produce and \$1.4 for dairy products (total \$4.5 million) for the 2019/20 school year. In 2020, the program struggled following the introduction of virtual education and some families lack of interest in food and fresh produce deliveries. As of October 2020, the MinAg Paying Agency has approved 111 vendors to deliver horticultural products to 420,000 children in 3,247 schools.

Appendix:

Table 4: Production of Apples, Pears and Table Grapes 2014-2019

Apples						
Years	2014	2015	2016	2017	2018	2019
Harvested Area, HA	3,951	4,765	4,111	3,973	3,981	4,142
Crop, MT	54,502	58,419	44,755	44,927	50,298	43,622
Average Yields, MT/HA	13.8	12.3	10.9	11.3	12.6	10.5
Pears						
Harvested Area, HA	336	528	410	449	571	696
Crop, MT	2,154	2,953	1,992	2,840	3,358	5,425
Average Yields, MT/HA	6.4	5.6	4.9	6.3	5.9	7.8
Table Grapes						
Harvested Area, HA	1,610	2,254	2,009	2,126	1,938	2,010
Crop, MT	7,079	16,320	10,066	14,297	12,901	12,843
Average Yields, MT/HA	4.4	7.2	5.0	6.7	6.7	6.4
Total Fresh Deciduous Fruits Production, MT	63,735	77,692	56,813	62,064	66,557	61,890

Source: MinAg Statistical Bulletins

Table 5: Apple Trade, 2017-2019, MT

Apples Imports and Exports, HS#080810 (MT) MY2017/18 - MY2019/20			
	MY2017/18	MY2018/19	MY2019/20
Imports	31,881	64,610	53,712
Exports	1,025	2,211	1,480
	CY2017	CY2018	CY2019
Imports	37,784	43,046	67,991
Exports	951	1,861	1,568

Source: Eurostat/TDM

Table 6: Pear Trade, 2017-2019, MT

Imports of Pears, HS#080830 (MT) MY2017/18 - MY2019/20			
	MY2017/18	MY2018/19	MY2019/20
Total	5,162	3,610	4,133
	CY2017	CY2018	CY2019
Total	4,920	4,350	3,757

Source: Eurostat/TDM

Table 7: Table Grape Trade, 2017-2019, MT

Table Grape Imports and Exports, HS#080610 (MT) MY2017/18 - MY2019/20			
	MY2017/18	MY2018/19	MY2019/20
Imports	10,861	10,357	7,670
Exports	1,090	1,090	254
	CY2017	CY2018	CY2018
Imports	10,749	10,356	7,642
Exports	1,085	1,084	231

Source: Eurostat/TDM

Attachments:

No Attachments.