

Voluntary Report – Voluntary - Public Distribution

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Report Name: Tree Nuts Annual

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Post: Sofia

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Report Highlights:

The steady growth of the tree nuts market in Bulgaria was interrupted in marketing year (MY) 2020/21 due to the pandemic and related economic challenges, such as the weaker tourist season and the closure of food service industry outlets during several lockdowns. U.S. exports of almonds to Bulgaria in the first nine months of MY 2020/21 were 880 metric tons (MT) (\$4.5 million), a 28-percent decline in volume and a 46-percent in value over the corresponding period in MY 2019/20. Since the start of the pandemic in March 2020, the Bulgarian tree nuts market has shifted to more retail sales and sales of nuts for further processing for the confectionary industry. Retail sales are estimated to grow by 6.6 percent in 2020 over 2019, more than previously expected, to \$64 million. The industry forecasts further growth of 5.2 percent in 2021 compared to 2020, to \$67 million.

Overview

Bulgarian almond production is small and inconsistent; the country is a growing importer to meet favorable consumer demand. Still, consumers remain price sensitive. Bulgarian walnut production is growing and the country is a net exporter, however, demand for quality product for direct consumption has driven imports to increase in the past four years.

Consumer demand has softened in MY 2020/21 due to the economic impact of the novel coronavirus, closed food industry outlets, and weaker tourist seasons. Retail sales, especially at specialized snacks-and-nuts retail outlets, proved to be more resilient. The official statistics ([National Statistics Institute](#)) data shows that nuts consumption per capita in 2020 grew from 1.3 kg/capita in 2019 to 1.4 kg/capita in 2020, or by 7.6 percent. However, this data includes retail sales and not consumption at the food service industry (horeca). Depending on the importance of the horeca segment for the different types of nuts, their total consumption has fluctuated over the last two years but has generally moderated.

Domestic Tree Nuts Supply MY 2020/21 and Forecast MY 2021/22:

In MY 2020/21, average tree nut yields decreased over the previous year due to another year of unfavorable weather. Almond yields declined by 29 percent and walnut yields decreased by 12 percent. Almond area harvested was down by eight percent while walnut area harvested was upward by 12 percent. As a result, local tree-nut supply was reduced: almond production dropped by 34 percent from the previous season. Walnut production declined less steeply, by two percent, due to higher area harvested, and was still above the average for the last five years (Table 1).

Lower local supply of almonds led to likely higher imports in MY 2020/21 while imports of walnuts are projected to stay stagnant or decline a little. Average import prices of almonds were lower in MY 2020/21 to date compared to the previous season and more affordable for price-sensitive customers. Since sales of almonds through horeca channels are substantial, total consumption of almonds (volume) is estimated to decline, although not by a significant amount (Table 2).

Lower walnut production, along with questionable quantity, was not offset by imports due to weaker local demand. Consumption dropped for the first time in the last five years, interrupting the continued growth (Table 3). Decreased domestic availability prevented exports which are estimated to decline substantially. As a result, the market accumulated higher ending stocks.

In MY 2021/22, based on the area harvested and yield data to date (industry information), almond production is expected to recover. Walnut production is likely to grow. According to the Ministry of Agriculture (MinAg) weekly bulletins, as of November 4, 2021, walnut area harvested was 12 percent higher, average yields 38 percent more and production 23 percent above that a year ago (MinAg Bulletin #43, November 10). Consumption is projected to steadily recover due to lack of lockdowns to date, better tourism, and slow improvement of the food service industry. Almond imports are projected to increase due to expected more favorable consumer demand, although to be still at below pre-pandemic levels. For walnuts, imports are projected to drop due to accumulated stocks in MY 2020/21 and higher domestic supply, although consumption is projected to increase.

Demand, Market Size, and Structure: The Bulgarian retail market for tree nuts (nuts, seeds, and trail mixes) in 2020 was valued at 104.9 million leva (\$64 million) and is estimated at 110.4 million leva

(\$67 million) in 2021. This represents higher growth of 6.6 percent in 2020 over 2019, compared to 4.8 percent achieved in 2019 over 2018. Retail growth for 2021 is projected at 5.2 percent, compared to 2020. Tree nuts retail sales proved to be more resilient to the negative impact of COVID-19 compared to food industry sales mainly due to stronger consumer focus on healthier lifestyle and diet. Retailers have reported favorable demand for more price-affordable tree nuts.

Market concentration continued and the market share of the three top brands/companies, [Detelina](#), [Victoria Nuts](#), and [Elit](#) grew to 43.3 percent in 2021 compared 42.5 percent in 2020. The next five companies, [Kronos](#), [Dani](#), [Kerpi](#), [Milena-Hristo Hristov ET](#), and [Ivtoni Shopov Ltd](#), account for 29.7 percent of the national market versus 28.9 percent in 2020. At the same time, small companies (one to three percent share each) jointly account for 27.0 percent in 2021, compared to 28.6 percent in 2020 (source: Euromonitor).

Bulgarian processors are increasingly using tree nuts in sweet and confectionary products like waffles, cookies, desserts, and chocolate. Exports of confectionary products (HS#1905) declined to \$264 million in 2020, compared to \$279 million in 2019, due to the pandemic-hit supply. However, in January-July 2021, exports increased by 22.3 percent. The main nuts processors/confectionary producers continued to expand production and to invest in new equipment and larger storage facilities.

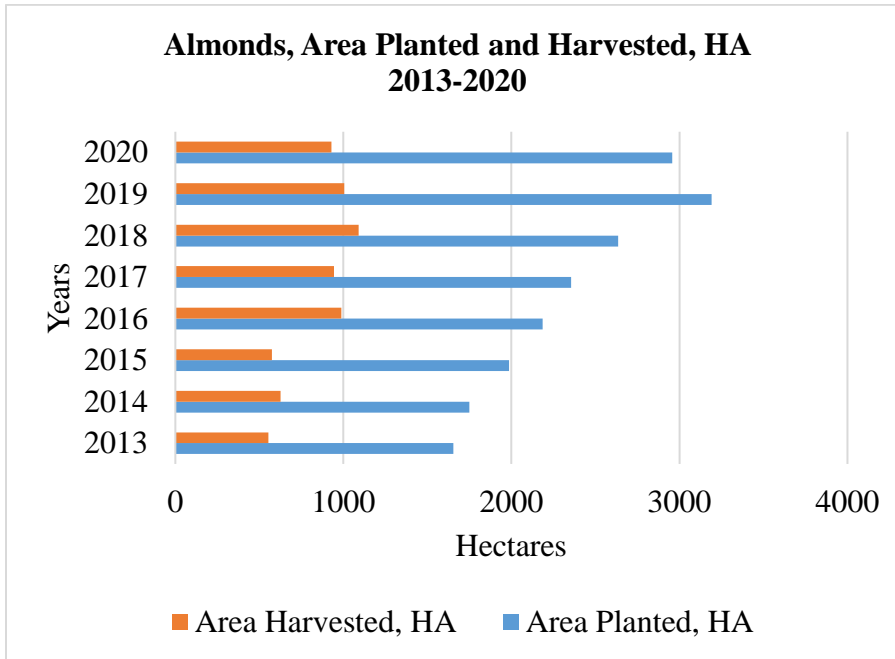
Almonds

Production: Area planted under almonds in MY 2020/21 declined for the first time in the last 10 years. It dropped by seven percent vs. 2019, due to economic uncertainty and more challenging market conditions. The harvested area declined by eight percent compared to the previous year and was 31 percent of area planted (Table 1, Graph 1).

Area planted for organic tree nuts (almonds, walnuts, hazelnuts, and chestnuts) kept declining and in 2019 (the latest available data) was at 14,135 hectares (HA), down by nine percent from 2018. Fully converted into organic area, however, increased by 23 percent to 12,202 HA (86 percent of total). The rest 14 percent of area is under conversion.

Organic tree nut production in 2019 was 2,198 MT, 22 percent more than in 2018. In 2020, organic nut production decreased by 10 percent to 1,972 MT. The share of organic nuts to total nut production was at 37 percent in 2019 and at 32 percent in 2020.

Graph 1: Almond Area

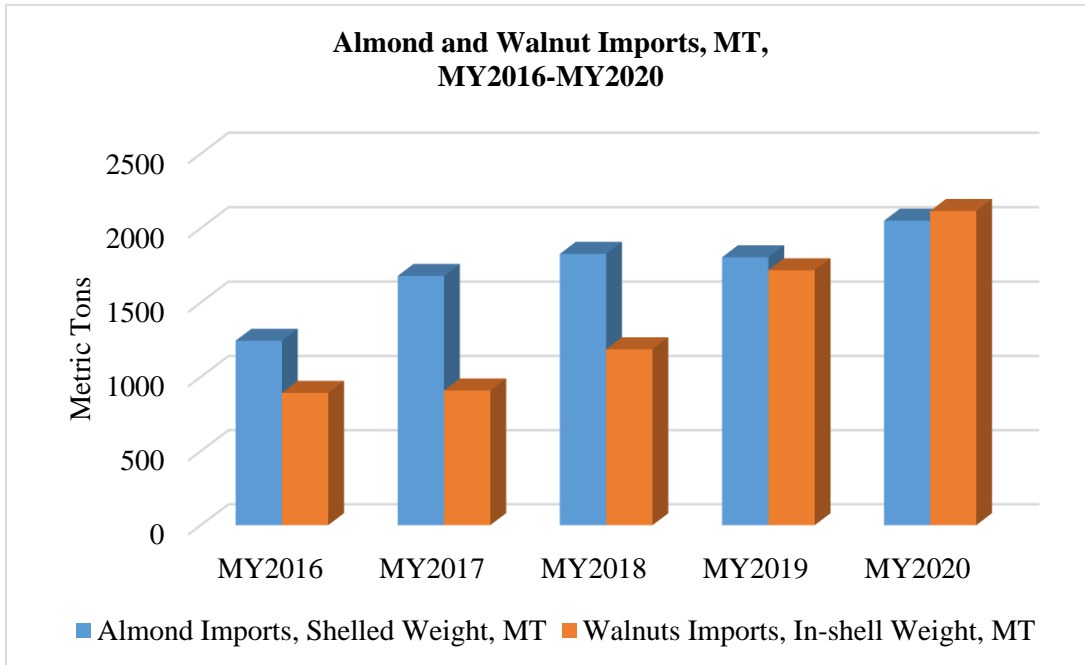


Source: Ministry of Agriculture, Foods and Forests

Consumption: FAS Sofia estimates almond consumption at 2,274 MT in MY 2020/21, about a one percent decrease from the previous year. Almond consumption is estimated at 2,350 MT in MY 2021/22, a 3.3 percent increase over the previous MY due to expectations for recovering demand from consumers (especially at the horeca outlets) and from processors (Table 2).

Trade: Bulgaria is a net importer and consumer of almonds. Annual imports range between 1,700-2,000 MT. The bulk of imports are shelled almonds (HS#080212). From October 2020 through June 2021, shelled-almond imports were at 1,589 MT, eight percent lower than the corresponding period in MY 2019/2020. In value terms, imports during this period declined to \$8.24 million, a 29-percent decrease, also due to the lower average import price. Imports from the United States for the same period decreased by 28 percent in volume and by 46 percent in value terms. U.S. market share narrowed and accounted for 55 percent (70 percent a year ago) both in volume and value terms (Table 4). Bulgaria exports small quantities of almonds and Greece is the main export market

Graph 2. Almond and Walnut Imports, MY2016-MY2020

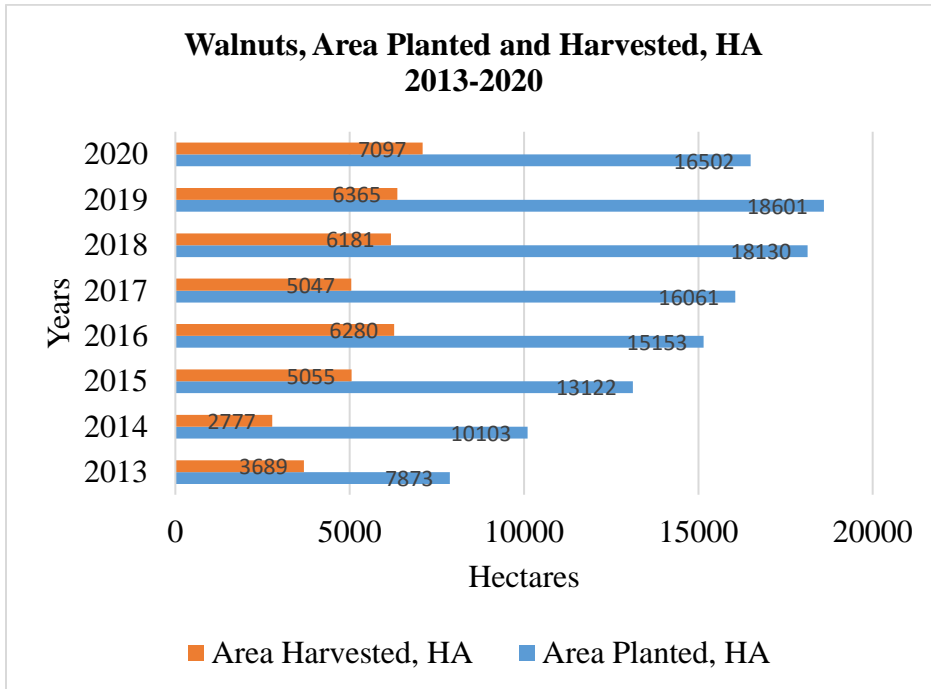


Source: Eurostat/Trade Data Monitor

Walnuts

Production: MY 2020/21 was a mixed year for walnut production. Total area planted dropped by 11 percent, however, area harvested increased by 12 percent over MY 2019/20, and accounted for 43 percent of the area planted (34 percent a year ago) (Table 1).

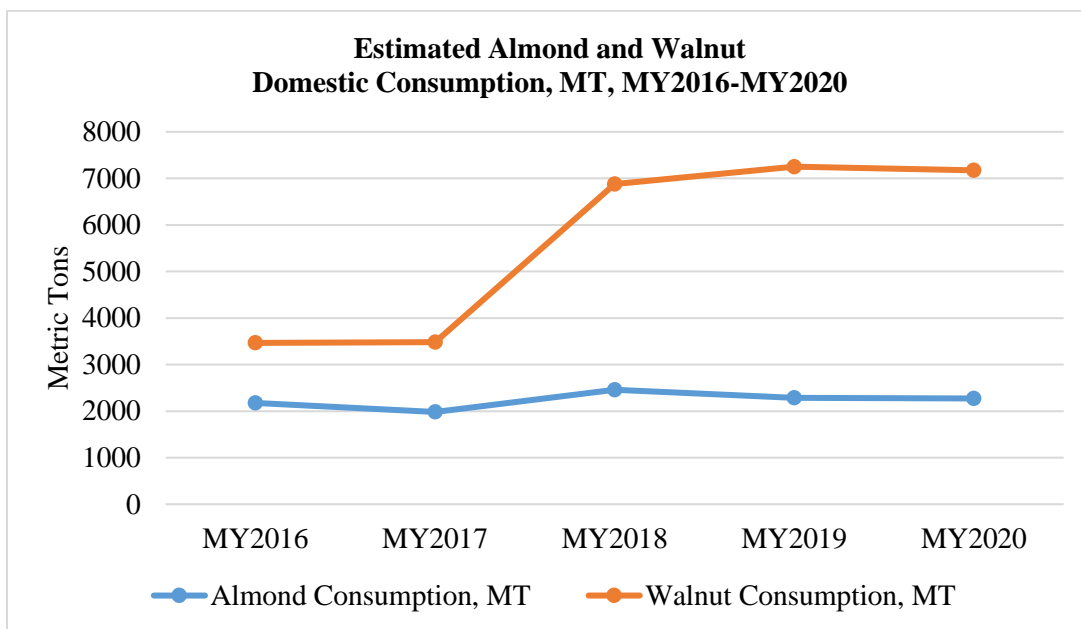
Graph 3: Walnut Area



Source: Ministry of Agriculture, Foods and Forests

Consumption: Consumption estimates are based on interviews with trade sources and statistical data for consumption patterns. Walnut production and consumption, especially in the rural areas, is substantial and outside commercial channels. In MY 2020/21, consumption is estimated at 4,900 MT, a one percent decrease over the previous MY, mainly due to stagnated industrial use while retail sales are estimated to recover. Walnut sales through horeca channels are small and don't impact considerably the total consumption. In MY 2021/22, consumption is projected to grow by an additional four percent over MY 2020/21 (Table 3).

Graph 4. Estimated Almond and Walnut Consumption, MY2016-MY2020



Source: FAS Sofia estimates

Trade:

Walnut imports have increased since MY 2017/18, as Post forecasted, due to stronger consumer and processing demand for quality product. Walnut imports from September 2020 to June 2021, which typically go into consumer-oriented channels, decreased by about 10 percent (to 1,889 MT vs 2,087 MT) over the same period the last MY, and is projected to be lower for MY 2020/21. U.S. exports to Bulgaria to date in MY 2020/21 were at \$197,000 (140 MT).

Shelled walnuts are in higher demand and their imports decreased less than that of in-shell walnuts, by six percent for the above time period, compared to 21 percent for in-shell walnut (Table 4). In value, shelled walnuts imports grew by 23 percent, compared to the corresponding period in the previous MY.

Major walnut export markets are Romania, Greece, and Albania. In MY 2020/21 (September 2020-June 2021 trade data), walnut exports declined by 54 percent (to 877 MT vs 1,919 MT) compared with the corresponding period in the previous MY. FAS Sofia estimates total MY 2020/21 walnut exports to be lower due to more domestic market sales and depressed international demand.

Appendix:

Table 1. Walnut and Almond Production, 2014-2020

Walnut and Almond Production, 2014-2020			
Years	Harvested Area, HA	Average Yield, kg/HA	Production, MT
Almonds			
2020	928 HA harvested (2,957 planted, 963 HA young plantations)	510	473 (284 in shelled basis)

2019	1,006 HA harvested (3,191 HA planted, 1,151 HA young plantations)	718	722 (433 in shelled basis)
2018	1,091 HA harvested (2,636 HA planted)	1,179	1,286 (772 in shelled basis)
2017	944 HA harvested (2,356 HA planted)	755	713 (428 in shelled basis)
2016	987 HA harvested (2,184 HA planted, 730 HA young plantations)	852	841 (505 in shelled basis)
2015	574 HA harvested (1,986 HA planted, 770 HA young plantings; 1,412 HA non harvested)	739	424 (254 in shelled basis)
2014	627 HA harvested (1,750 HA planted; 603 HA young plantings; 1,123 HA non harvested)	699	438 (262 in shelled basis)
Walnuts			
2020	7,097 HA (16,502 HA planted, 6,141 HA young plantations)	669	4,750
2019	6,365 HA harvested (18,601 HA planted, 7,699 HA young plantations)	760	4,838
2018	6,181 HA harvested (18,130 HA planted)	828	5,116
2017	5,047 HA harvested (16,061 HA planted)	703	3,549
2016	6,280 HA harvested (15,153 HA planted, 7,579 HA young plantations, 8,873 HA non harvested)	790	4,959
2015	5,055 HA harvested (13,122 HA planted; 7,210 HA young plantations; 8,067 HA non harvested)	718	3,627
2014	2,777 HA harvested (10,103 HA planted; 5,193 young plantings; 7,326 HA non harvested)	601	1,670
Source: Ministry of Agriculture and Foods, Bulgaria, Statistical Office. Eurostat data is identical to the local data			

Table 2. Production, Supply and Demand, Almonds, MY2016-2021, MT

Bulgaria	MY2016 (Sep.2016 - August 2017)	MY2017 (Sep.2017 -August 2018)	MY2018 (Sep. 2018 - August 2019)	MY2019 (Sep. 2019 - August 2020)	MY2020 (Sep. 2020 - August 2021)	MY2021 (Sep.2021 - August 2022)

	Final	Final	Final	Final	Estimate for the current year	Forecast
Beginning Stocks	0	0	0	0	0	0
Production	505	428	772	433	284	350
Imports from EU	408	675	658	560	680	690
Imports from non-EU	1,271	1,152	1,146	1,490	1,550	1,560
Total Imports	1,679	1,827	1,804	2,050	2,230	2,250
Total Supply	2,184	2,255	2,576	2,483	2,514	2,600
Exports EU	130	175	112	190	200	200
Exports to non-EU	5	98	5	7	40	50
Total exports	135	273	117	197	240	250
Human Consumption	2,179	1,982	2,459	2,286	2,274	2,350
Ending Stocks	0	0	0	0	0	0
Total Distribution	2,184	2,255	2,576	2,483	2,514	2,600

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 (TDM/PSD Almond, SH) for imports and for exports. Data for MY2020/21 is currently available as of June 2021 and it is estimated on this basis, while MY 2021/22 is forecast.

Table 3. Production, Supply and Demand, Walnuts, MY2016-2021, MT

Bulgaria	MY2016 (Sep.2016- August 2017)	MY2017 (Sep.2017- August 2018)	MY2018 (Sep.2018- August 2019)	MY2019 (Oct.2019- Sep.2020)	MY2020 (Oct.2020- Sep.2021)	MY2021 (Oct. 2021- Sep.2022)
	Final	Final	Final	Final	Estimate for the current year	Forecast
Beginning Stocks	0	1,670	0	0	0	850
Production	4,959	3,549	5,116	4,838	4,750	5,300

Imports from EU	297	133	227	401	300	300
Imports from non-EU	612	1,053	1,490	1,714	1,700	1,500
Total Imports	909	1,186	1,717	2,115	2,000	1,800
Total Supply	5,868	6,405	6,833	6,953	6,750	7,950
Exports EU	1,699	3,439	1,173	974	450	1,000
Exports to non-EU	1,212	1,463	1,243	1,013	550	1,200
Total exports	2,911	4,902	2,416	1,987	1,000	2,200
Human Consumption	1,287	1,503	4,417	4,966	4,900	5,100
Ending Stocks	1,670	0	0	0	850	650
Total Distribution	5,868	6,405	6,833	6,953	6,750	7,950

Notes: *Production* data is in in-shell basis for the purpose of the Supply and Demand Table. 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 (TDM/PSD Walnuts, ISH) for imports and for exports. Data for MY2020/21 is currently available as of June 2021 and it is estimated on this basis, while MY2021/22 is forecast.

Table 4. Imports of Almonds and Walnuts, MY 2018/19 – MY 2020/21

	Imports October 2020- June 2021	Imports October 2019- June 2020	Imports October 2018- June 2019	Change in Percentage MY2020/21 over MY2019/20
<i>Shelled Almonds HS#080212</i>				
In Metric Tons (SH)	1,589	1,724	1,459	-8%
In millions U.S. Dollars	8.24	11.67	9.56	-29%
--From the United States				
In Metric Tons (SH)	880	1,209	886	-28%
In millions U.S. Dollars	4.47	8.26	5.79	-46%
<i>In-shell Walnuts HS#080231</i>				
In Metric Tons (ISH)	333	421	266	-21%
In million U.S. dollars	0.61	0.82	0.57	-26%
<i>Shelled Walnuts HS#080232</i>				

In Metric Tons (ISH)	1,398	1,492	1,213	-6%
In million U.S. dollars	2.97	2.41	2.08	+23%
<i>Source: Eurostat/Trade Data Monitoring SH- Shelled Weight; ISH- In-Shell Weight</i>				

Attachments:

No Attachments.