

Voluntary Report – Voluntary - Public Distribution

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Report Name: Tree Nuts Annual

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Report Highlights:

The tree nut market in Bulgaria had a slow, but stable recovery in marketing year (MY) 2021/22 due to reopening of the food service industry and an improved tourist and travel season. However, economic challenges, food inflation, and high energy prices have negatively affected the demand for higher-end nuts. The tree nut market has steadily shifted to more retail sales, sales of less expensive nuts, and nuts for further processing for the confectionary industry. This favored demand for local nuts compared to higher quality/price imported product. Bulgaria's imports of almonds in MY 2021/22 declined by 6 percent and U.S. exports to the market fell by 12 percent over the corresponding period in MY 2020/21, due to higher prices and supply chain issues. Imports of walnuts, however, are estimated to grow by 16 percent, and the U.S. has increased exports to a new record of 431 metric tons (MT) (\$1.1 million). Domestic retail sales of nuts were estimated to grow by 7.7 percent in 2022 over 2021 to \$65 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 increasing and the country is a net exporter, though demand for quality product for direct consumption has driven imports to increase in the last 5 years. Lately, growing demand by the confectionary industry has also contributed to higher walnut imports.

Consumer demand improved in MY 2021/22 due to reopened food industry outlets and better tourism seasons. Retail sales, especially at specialized snacks-and-nuts retail outlets, proved to be more resilient and faster to recover. Official statistics data ([National Statistics Institute](#)) shows that nut consumption per capita in 2021 grew from 1.4 kg in 2020 to 1.5 kg in 2021, or by 7.1 percent. This data only includes retail sales and not consumption by the food service industry, thus actual market consumption is higher.

Domestic Tree Nuts Supply MY 2021/22 and Forecast MY 2022/23:

In MY 2021/22 average tree nut yields fluctuated due to mixed weather in different production regions and varied orchard management. Almond yields increased by 26 percent, but walnut yields decreased by 12 percent compared to MY 2020/21. Almond and walnut area harvested increased by 38 percent and 14 percent, respectively. As a result, local tree-nut supply grew by 6 percent, as almond production led with impressive 75-percent growth from the previous season while walnut production declined slightly by less than a percent (Table 1).

Higher local supply of almonds led to a 6 percent reduction in imports in MY 2021/22. Average import prices of almonds were 4 percent higher in MY 2021/22 compared to the previous season and less affordable for price-sensitive customers. U.S. exports to the market in MY 2021/22 fell by 12 percent to 998 MT. The main challenge, reportedly, was more complicated and slower logistics. Nevertheless, sales of almonds were well supported by the hotel, restaurant and institutional (HRI) channels and total consumption of almonds (volume) is estimated to recover, although it remained below the pre-pandemic level (Table 2).

Slightly lower/stagnant walnut production, along with often questionable quality of the local product, was offset by higher imports stimulated by stronger demand for both direct consumption and for processing in the confectionary industry. Imports of walnuts are projected to increase by about 16 percent. Consumption is estimated to increase by 2 percent, contributing to the continued growth over the last 6 years (Table 3). Better total supply allowed for exports to resume, although it remained below pre-pandemic levels. Traders report that local demand by the confectionary industry has improved and become more favorable than exports (Table 3).

In MY 2022/23, based on the area harvested and yield data to date (industry information), production of both almonds and walnuts is expected to be stable or increase slightly. According to the Ministry of Agriculture (MinAg) weekly bulletins (tentative, collected by phone survey data), as of the end of November 2022, walnut production was reported at over 8,000 MT (MinAg Bulletin #49, December 7).

Almond imports are projected to increase modestly in MY 2022/23 due to expected more favorable consumer demand and easier deliveries. This is likely to support consumption's recovery to its pre-pandemic levels. Walnut consumption is projected to continue its growth due to thriving demand by

confectionary processors, improved tourism, and travel. Imports are projected to drop due to better domestic supply.

Demand, Market Size, and Structure: The Bulgarian retail market for tree nuts (nuts, seeds, and trail mixes) in calendar year (CY) 2021 was valued at 110.4 million Bulgarian leva (BGN) (\$67 million) and is estimated at 120.0 million BGN (\$65 million) in 2022 (please note, the change in the exchange rate affects the amount in U.S. dollars). This represents a growth of 7.7 percent in 2022 over 2021, and 5.2 percent in 2021 over 2020. Tree nut retail sales proved to be resilient due to stronger consumer focus on a healthier lifestyle and diet. However, due to inflation pressure in 2022 retailers have reported favorable demand for more price-affordable tree nuts. Due to a less optimistic economic forecast for 2023, growth in retail sales is expected to slow to 5.1 percent.

Market concentration was stagnant and the market share of the three top brands/companies ([Detelina](#), [Victoria Nuts](#), and [Elit](#)) remained almost flat at 42.6 percent in 2022 compared 43.3 percent in 2021. The next five companies, [Kronos](#), [Dani](#), [Kerpi](#), [Milena-Hristo Hristov ET](#), and [Ivtoni Shopov Ltd](#) accounted for 29.6 percent of the national market. Small companies (one to three percent share each) jointly accounted for 27.6 percent in 2022, compared to 27.0 percent in 2021 (source: Euromonitor).

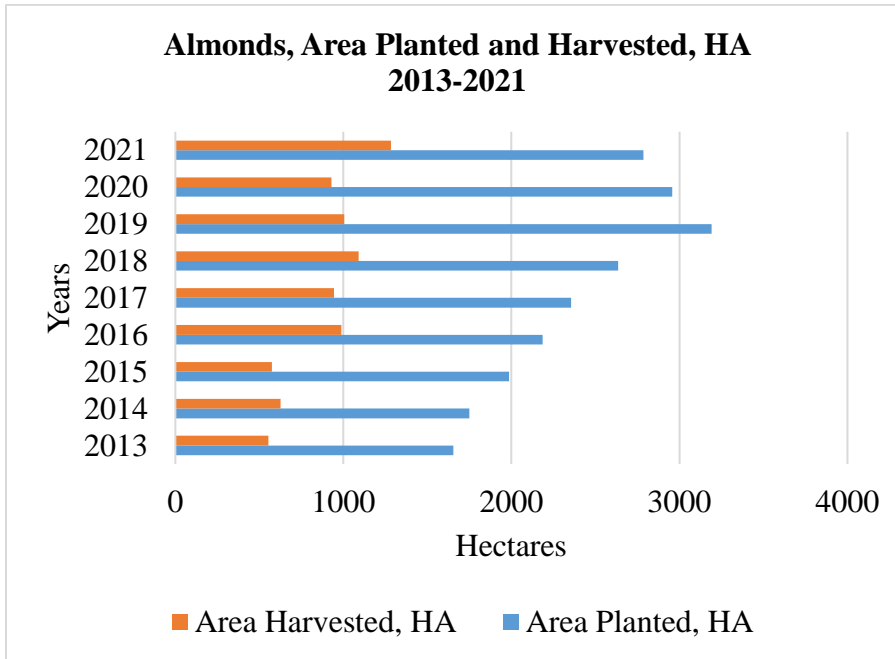
Bulgarian processors are increasingly using tree nuts in sweet and confectionary products like waffles, cookies, desserts, and chocolate. Exports of confectionary products (HS#1905) increased by 19 percent to \$316 million in 2021 compared to \$266 million in 2020. From January-August 2022 exports increased by about 4 percent (source: Trade Data Monitor/TDM). The main nuts processors/confectionary producers continued to expand production and to invest in new equipment and larger storage facilities.

Almonds

Production: Although area planted under almonds continued to decline, more favorable demand for domestic product stimulated a growth in area harvested. As a result, area harvested in MY 2021/22 increased by 38 percent compared to MY 2020/21. The share of harvested area to planted area grew from 31 percent in MY 2020/21 to 46 percent in MY 2021/22 (Table 1, Graph 1).

Area planted for organic tree nuts (almonds, walnuts, hazelnuts, and chestnuts) continued to decline, and in 2020 (the latest available data) was at 12,744 HA, down by 10 percent from 2019 (14,135 hectares (HA)). “Fully converted into organic” area declined by 11 percent to 10,492 HA in 2021 compared to 2020 (11,844 HA). Organic tree nut production in 2021 was at 2,400 MT compared to 1,972 MT in 2020.

Graph 1: Almond Area

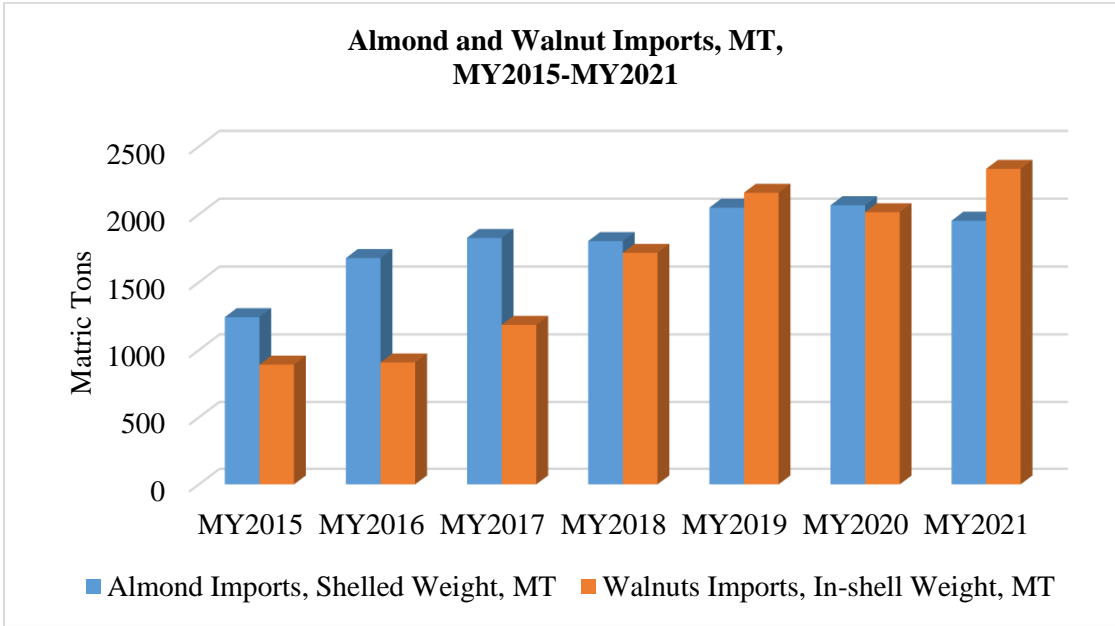


Source: Ministry of Agriculture

Consumption: FAS/Sofia estimates almond consumption at 2,250 MT in MY 2021/22, a 9.5 percent increase over the previous year. Almond consumption is estimated at 2,280 MT in MY 2022/23, 1.3 percent more than in the previous MY due to expectations for moderated demand from consumers (Table 2).

Trade: Bulgaria is a net importer and consumer of almonds. Annual imports range from 1,700-2,000 MT. The bulk of imports are shelled almonds (HS#080212). From October 2021 through June 2022 shelled-almond imports were at 1,106 MT, 30 percent lower than the corresponding period in MY 2020/21. In value terms, imports during this period declined to \$7.45 million, a 10-percent decrease since the average import price was higher. Imports from the United States for the same period decreased by 45 percent in volume and by 42 percent in value terms. U.S. market share narrowed and accounted for 44 percent and 35 percent, respectively, in volume and value terms compared to 55 percent a year ago (Table 4). Bulgaria exports small quantities of almonds and Greece is the main export market.

Graph 2. Almond and Walnut Imports, MY2015-MY2021

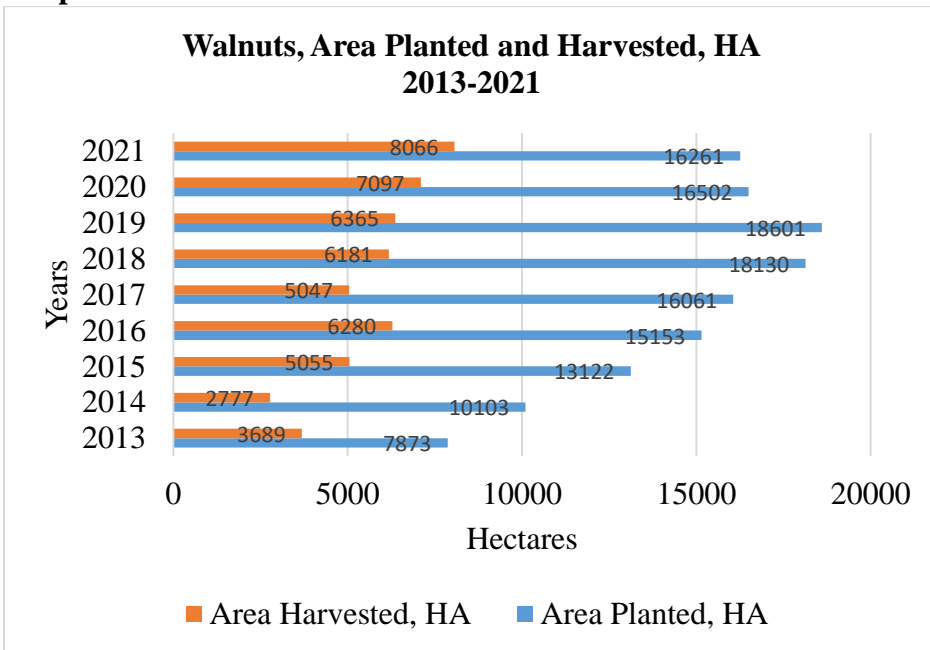


Source: Trade Data Monitor

Walnuts

Production: MY 2021/22 was a mixed year for walnut production. Total area planted has stagnated, however area harvested increased by 14 percent over MY 2020/21 and accounted for 50 percent of the area planted (43 percent a year ago) (Table 1).

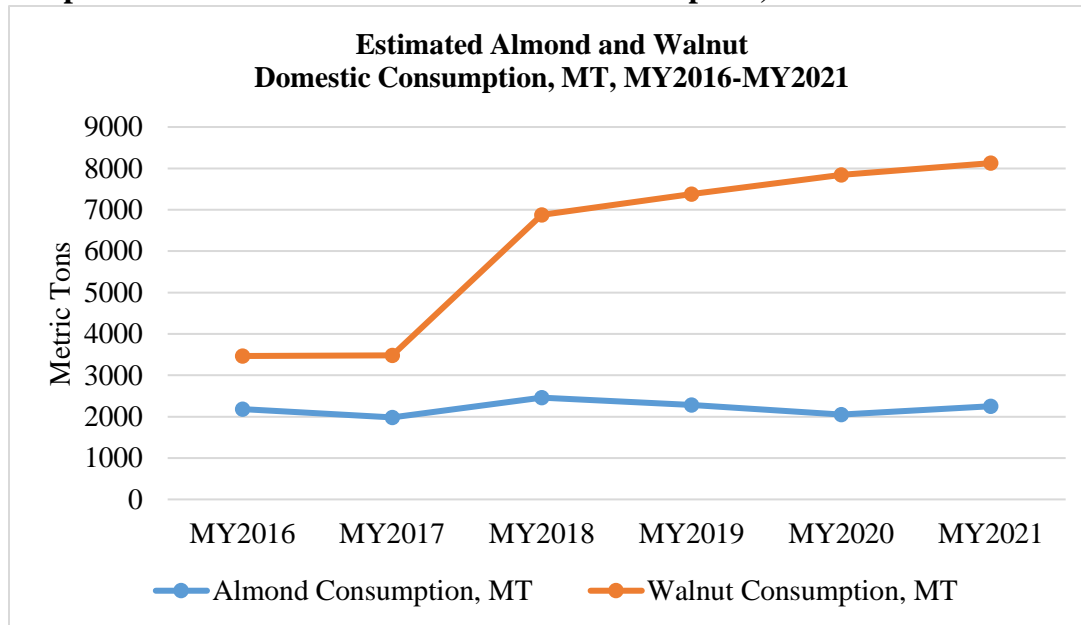
Graph 3: Walnut Area



Source: Ministry of Agriculture

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 2021/22 consumption is estimated at 4,787 MT, a 14 percent increase over the previous MY, due to improved processing/industrial use and recovering retail sales. Walnut sales through HRI channels are small and don't considerably impact total consumption but were reported to have grown in MY 2021/22. In MY 2022/23 consumption is projected to grow by an additional 2 percent (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 October 2021 to August 2022, which typically go into consumer-oriented channels, increased by about 15 percent (to 2,336 MT vs 2,016 MT) over the same period the last MY, and are projected to be higher for MY 2021/22.

U.S. exports to Bulgaria in MY 2021/22 (until August) were at \$1.1 million (431 MT). This is a considerable increase both in tonnage and in value, compared to MY 2020/21 (\$437,000/160 MT) (TDM, PSD Walnuts). The main category was in-shell walnuts (HS#080231). In MY 2021/22 (until August) U.S. exports are at 342 MT/\$862,000, or more than double MY 2020/21 tonnage (160 MT) and almost double the value (\$437,000). U.S. exports of shelled walnuts were small at 89 MT/\$221,000 delivered in the third quarter of MY 2021/22.

Shelled walnuts are generally in higher demand and their imports grew considerably by 32 percent between October 2021 and June 2022, while imports of in-shell walnuts for the above period declined by 11 percent (Table 4). In value, shelled walnut imports grew by 27 percent, compared to the corresponding period in the previous MY. Imports of in-shell walnuts also increased, but more modestly, by 13 percent (Table 4).

Major walnut export markets are Romania, Greece, and Albania. In MY 2021/22 (September 2021-June 2022 trade data) walnut exports increased by 33 percent (to 1,137 MT vs 853 MT) compared with the corresponding period in the previous MY. FAS/Sofia estimates total MY 2021/22 walnut exports to increase 21 percent due to better domestic availability and improved international demand. Both Greece and Albania have enjoyed better tourist seasons and recovering import 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 | | | |
| 2021 | 1,284 HA harvested (2,785 HA planted, 625 HA young plantations) | 645 | 828 (497 in shelled basis) |
| 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) |
| Walnuts | | | |
| 2021 | 8,066 HA harvested (16,261 HA planted, 4,993 HA young plantations) | 587 | 4,731 |
| 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 |
| Source: Ministry of Agriculture, Bulgaria, Statistical Office. Eurostat data is identical to the local data | | | |

Table 2. Production, Supply and Demand, Almonds, MY2016-2022, 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) | MY2022 (Sep.2022 -August 2023) |
|----------------------------|--|---|---|---|---|--|---|
| | Final | Final | Final | Final | Final | Estimate | Forecast |
| Beginning Stocks | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Production | 505 | 428 | 772 | 433 | 284 | 497 | 500 |
| Imports from EU | 408 | 675 | 658 | 560 | 719 | 802 | 650 |
| Imports from non-EU | 1,271 | 1,152 | 1,146 | 1,490 | 1,349 | 1,152 | 1,400 |
| Total Imports | 1,679 | 1,827 | 1,804 | 2,050 | 2,068 | 1,954 | 2,050 |
| Total Supply | 2,184 | 2,255 | 2,576 | 2,483 | 2,352 | 2,451 | 2,550 |
| Exports EU | 130 | 175 | 112 | 190 | 248 | 189 | 220 |
| Exports to non-EU | 5 | 98 | 5 | 7 | 50 | 12 | 50 |
| Total exports | 135 | 273 | 117 | 197 | 298 | 201 | 270 |
| Human Consumption | 2,179 | 1,982 | 2,459 | 2,286 | 2,054 | 2,250 | 2,280 |
| Ending Stocks | 0 | 0 | 0 | 0 | 0 | 0 | |
| Total Distribution | 2,184 | 2,255 | 2,576 | 2,483 | 2,352 | 2,451 | 2,550 |

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 MY2021/22 is currently available as of August 2022 while MY2022/23 is forecast.

Table 3. Production, Supply and Demand, Walnuts, MY2016-2022, 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) | MY2022 (Oct.2022- Sep. 2023) |
|----------------------------|---|---|---|--|--|---|---|
| | Final | Final | Final | Final | Final | Estimate | Forecast |
| Beginning Stocks | 0 | 1,670 | 0 | 0 | 0 | 0 | 0 |
| Production | 4,959 | 3,549 | 5,116 | 4,838 | 4,750 | 4,731 | 4,800 |
| Imports from EU | 297 | 133 | 227 | 406 | 323 | 271 | 300 |
| Imports from non-EU | 612 | 1,053 | 1,490 | 1,754 | 1,693 | 2,065 | 1,900 |
| Total Imports | 909 | 1,186 | 1,717 | 2,160 | 2,016 | 2,336* | 2,200 |
| Total Supply | 5,868 | 6,405 | 6,833 | 6,998 | 6,766 | 7,067 | 7,000 |
| Exports EU | 1,699 | 3,439 | 1,173 | 961 | 462 | 530 | 500 |
| Exports to non-EU | 1,212 | 1,463 | 1,243 | 940 | 517 | 660 | 600 |
| Total exports | 2,911 | 4,902 | 2,416 | 1,901 | 979 | 1,190* | 1,100 |
| Human Consumption | 1,287 | 1,503 | 4,417 | 5,097 | 5,787 | 5,877 | 5,900 |
| Ending Stocks | 1,670 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Distribution | 5,868 | 6,405 | 6,833 | 6,998 | 6,766 | 7,067 | 7,000 |

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 MY2021/22 is currently available as of August 2022 and it is estimated on this basis, while MY2022/23 is forecast.

Consumption data is FAS Sofia estimates and may include stocks.

Table 4. Imports of Almonds and Walnuts, MY 2019/20 – MY 2021/22

| | Imports October 2021- June 2022 | Imports October 2020- June 2021 | Imports October 2019- June 2020 | Change in Percentage MY2021/22 over MY2020/21 |
|----------------------------------|--|--|--|--|
| <i>Shelled Almonds HS#080212</i> | | | | |
| In Metric Tons (SH) | 1,106 | 1,589 | 1,724 | -30% |
| In millions U.S. Dollars | 7.45 | 8.24 | 11.67 | -10% |
| --From the United States | | | | |
| In Metric | 487 | 880 | 1,209 | -45% |

| | | | | |
|--|-------|-------|-------|------|
| Tons (SH) | | | | |
| In million U.S. Dollars | 2.6 | 4.47 | 8.26 | -42% |
| <i>In-shell Walnuts HS#080231</i> | | | | |
| In Metric Tons (ISH) | 296 | 333 | 421 | -12% |
| In million U.S. dollars | 0.69 | 0.61 | 0.82 | +13% |
| <i>Shelled Walnuts HS#080232</i> | | | | |
| In Metric Tons (ISH) | 1,844 | 1,398 | 1,492 | +32% |
| In million U.S. dollars | 3.76 | 2.97 | 2.41 | +26% |
| <i>Source: TDM; SH- Shelled Weight; ISH- In-Shell Weight</i> | | | | |

Attachments:

No Attachments.