

Voluntary Report – Voluntary - Public Distribution

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Report Name: Tree Nuts and Products Annual Report

Country: Bulgaria

Post: Sofia

Report Category: Tree Nuts

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Report Highlights:

Imports and sales of U.S. tree nuts in marketing year (MY) 2019/20 are above MY 2018/19 year, despite the challenging market dynamics. U.S. almond exports to Bulgaria during the first nine months of MY 2019/20 were at \$8.3 million, a 43-percent increase over the same period in MY 2018/19. During the first half of MY 2019/20, the Bulgarian tree nuts market continued to develop and diversify. However, the novel coronavirus outbreak has slowed that growth since March. Estimated 2020 retail sales for tree nuts is \$59.5 million, 4.4 percent above 2019.

Overview

Bulgaria is a small almond producer and relies on imports to meet increasing consumer demand. Still, Bulgarian consumers remain price sensitive. Bulgarian is a net walnut exporter and its production continues to grow. Nonetheless, walnut imports have also increased over the last three years, as consumers look for higher quality for direct consumption.

Domestic Tree Nuts Supply MY 2019/20 and Forecast MY2020/21:

In MY 2019/20, average tree nut yields declined from the previous year due to unfavorable weather. Almond yields were 39 percent lower and walnut yields decreased by eight percent. The almond area was eight percent lower, while the walnut area harvested was up by three percent. Almond production down 44 percent from last year's record high. Walnut production declined by five percent and was still above the last five years' production average (Table 1).

Lower tree nut production has also led to lower domestic stocks and higher imports. However, consumer demand softened following the COVID-19 outbreak, particularly due to the destabilization of the hotel, restaurant, and institutional (HRI) sectors. Retail sales, particularly at specialized retail outlets, have been more resilient. Average MY 2019/20 prices for imported almonds were higher than the previous MY and therefore more expensive for price-sensitive consumers. Since almond sales through HRI channels are substantial, almond consumption by volume is estimated lower (Table 2).

Lower walnut production was offset by high stocks leftover from the previous MY and growing imports. Increased availability has driven consumption, especially among the nut processing and confectionary sectors (Table 3). However, about half of Bulgaria's walnut stocks are estimated to be of poor quality and unsuitable for direct consumption.

Based on the area harvested and yield data, to date, MY 2020/21 almond production is expected to increase, while walnut production is likely to decline. Consumption is projected to recover. Almond imports are expected to increase due to favorable consumer demand. Walnuts imports are projected to drop due to accumulated stocks in MY 2019/20, although consumption is projected to keep growing.

Demand, Market Size and Structure: The Bulgarian retail market for tree nuts in 2019 was valued at 97.7 million leva (\$57.1 million) and is estimated at 100 million leva (\$59.5 million) in 2020. This reflects 4.4 percent year-on-year sales growth, down from 5.1 percent achieved in 2019 over 2018. Retail growth for 2021 is projected at above five percent, reaching 105 million leva (\$62.5) million. Tree nuts retail sales have been more resilient in the wake of COVID-19 compared to food retail sales, mainly because consumer demand for products perceived healthful has remained strong. Retailers report favorable demand for less expensive tree nuts.

Market concentration continued to occur, with the top three companies, [Detelina](#), [Victoria Nuts](#), and [Elit](#) accounting for 42.5 percent of market share in 2020. The next five companies, [Kronos](#), [Dani](#), [Kerpi](#), [Milena-Hristo Hristov ET](#) and [Ivtoni Shopov Ltd.](#) continued to account for 28.9 percent of the national market. Smaller companies, with one to three percent market share each, jointly accounted for 28.6 percent of the market (source: Euromonitor).

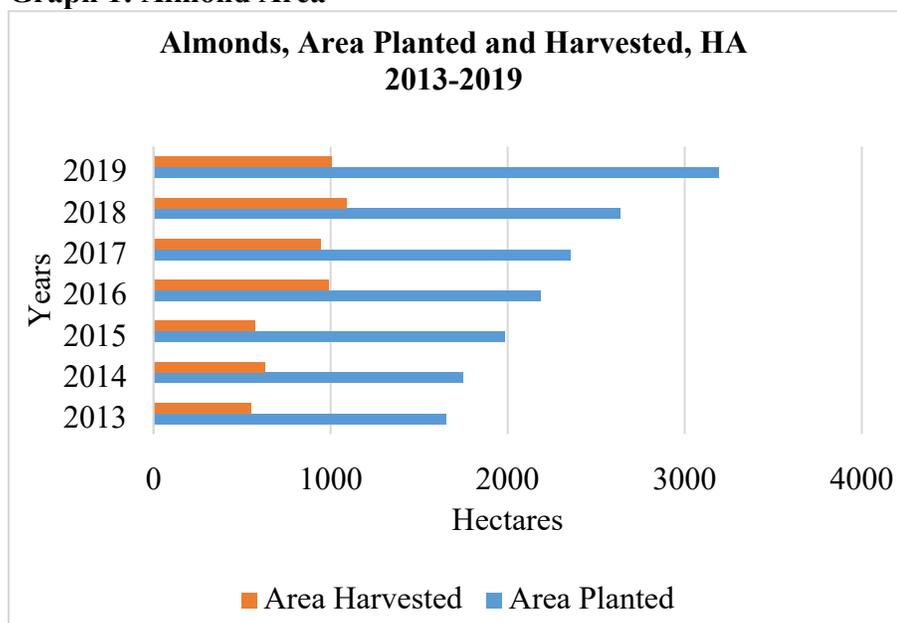
Bulgarian processors are increasingly using tree nuts in bakery and confectionary products like waffles, cookies, and chocolates. Exports of confectionary products (HS#1905) achieved \$279 million in 2019, up from \$263 million in 2018. From January to June 2020, exports declined by 14.2 percent. During this period, the main processors expanded production capacity and invested in new equipment and larger storage facilities.

Almonds

Production: The MY 2019/20 almond area planted increase by 21 percent over MY 2018/19 due to orchard expansions. The harvested area declined by eight percent from the previous year and reached only 31 percent of area planted (Table 1, Graph 1).

The 2018 (most recent data) area planted for organic almonds, walnuts, hazelnuts, and chestnuts declined by 14 percent from 2017 to 15,520 hectares (HA). The fully converted organic area, however, increased by 56 percent to 9,894 HA and accounted for 64 percent of total organic land (36 percent is still under conversion). 2018 organic tree nut production was 1,798 metric tons (MT), 58 percent over 2017. See the latest almond orchard [inventory](#) data in [GAIN](#).

Graph 1: Almond Area



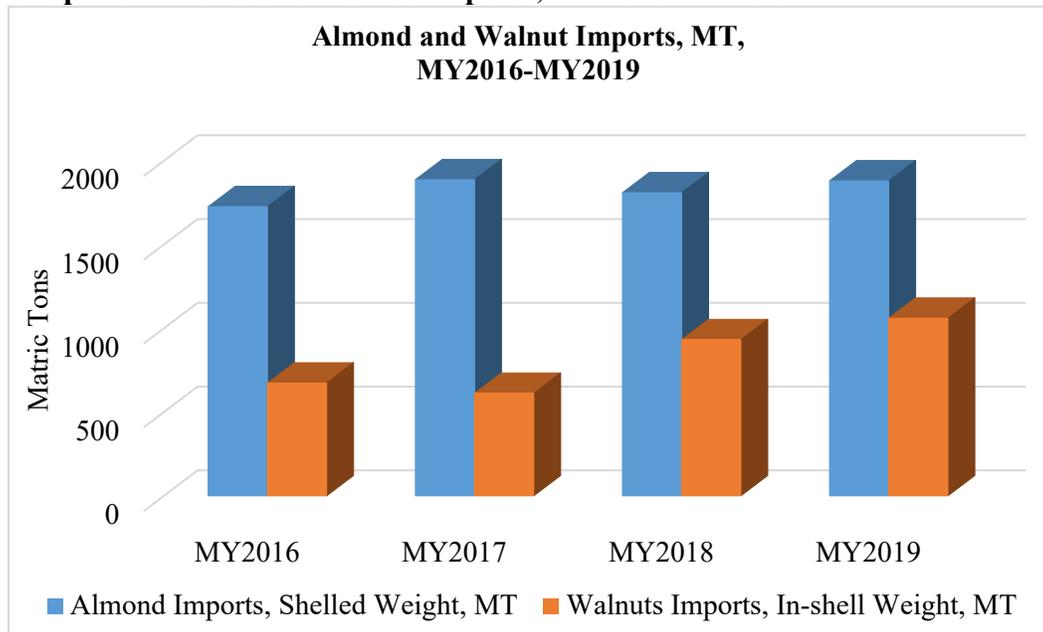
Source: Ministry of Agriculture, Foods and Forests

Consumption: FAS Sofia estimates MY 2019/20 almond consumption at 2,143 MT, 13 percent below the previous year. MY 2020/21 almond consumption is estimated at 2,250 MT, a five percent increase over the previous MY due to an expected consumer demand recovery (especially HRI) and from processors (Table 2).

Trade: Bulgaria is a net importer and consumer of almonds. Annual imports are 1,700-1,900 MT. Most imports are shelled almonds (HS#080212). From September 2019 to June 2020, shelled-almond imports were 1,724 MT, 18-percent above the same period in MY 2018/19. In value terms, imports during this period reached \$11.67 million, a 22-percent increase, also due to higher average

import prices. Imports from the United States during this period increased by 36 percent in volume and 43 percent in value terms. U.S. market share expanded and accounted for 70 percent (61 percent a year ago) both in volume and value terms (Table 4).

Graph 2. Almond and Walnut Imports, MY2016-MY2019

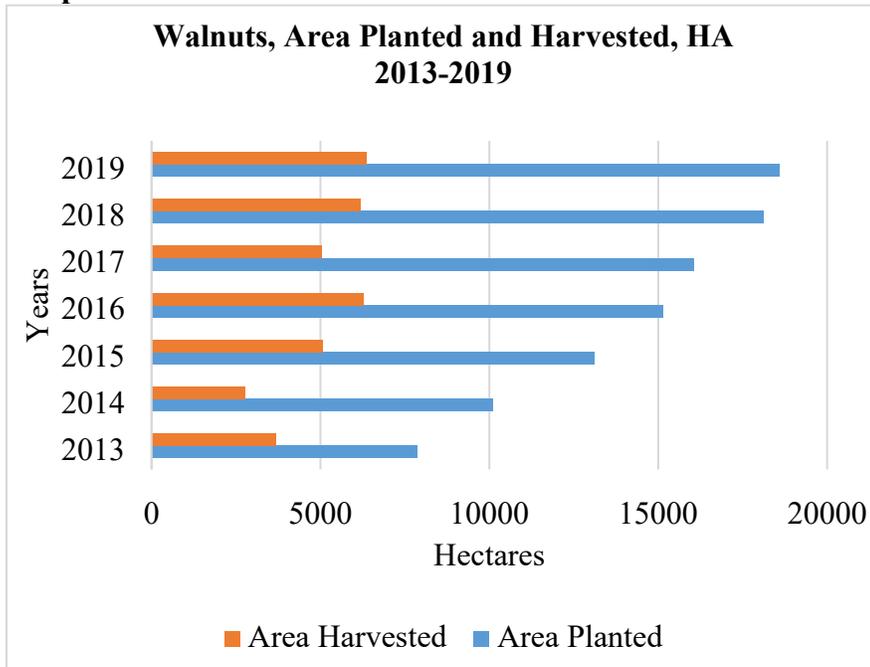


Source: Eurostat/Trade Data Monitor

Walnuts

Production: MY 2019/20 was not a favorable year for Bulgarian walnut production. Total area planted expanded by 2.5 percent, stimulated largely by EU subsidies. The area harvested also increased by three percent over MY 2018/19, although only reached still 34 of the area planted (Table 1). Please, see the latest orchard [inventory](#) data about walnut varieties in [GAIN](#).

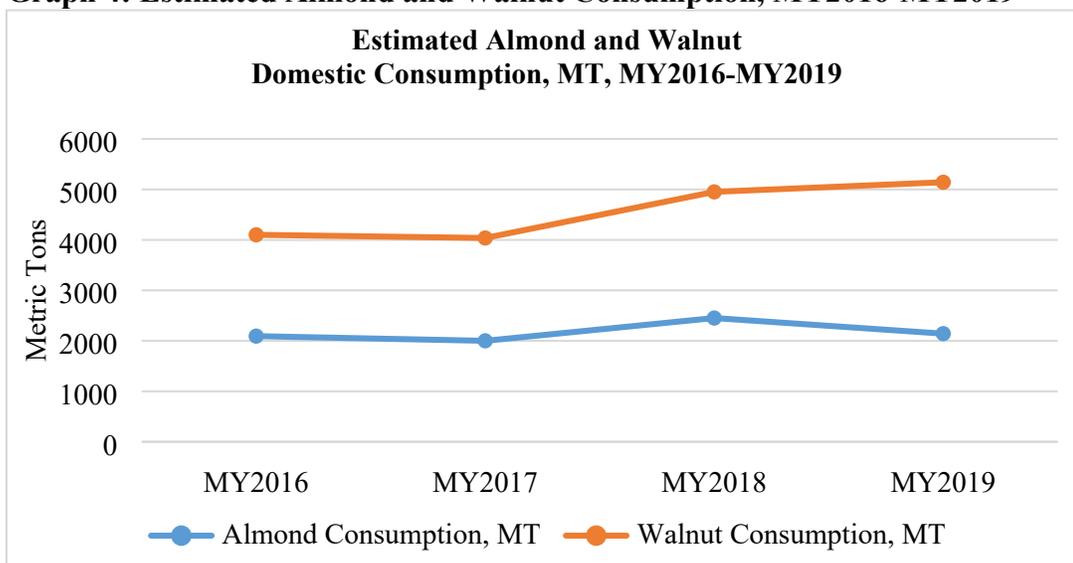
Graph 3: Walnut Area



Source: Ministry of Agriculture, Foods and Forests

Consumption: Walnut consumption estimates are based on interviews with trade sources and statistical data. Walnut production and consumption, especially in the rural areas, is largely outside commercial channels. Post estimates MY 2019/20 consumption at 3,000 MT, a 20-percent increase over the previous MY, mainly due to higher industrial use. Retail sales are estimated to stagnate. Walnut sales through HRI channels are small and will not impact total consumption. MY 2020/21 consumption is forecast to continue to grow an additional 17-percent over MY 2019/20 (Table 3).

Graph 4: Estimated Almond and Walnut Consumption, MY2016-MY2019



Source: FAS Sofia estimates

Trade: Bulgaria's major walnut export markets are Romania, Greece, Albania, and Turkey. In MY 2019/20 (October 2019-June 2020), despite higher local stocks, walnut exports declined. FAS Sofia estimates that total MY 2019/20 walnut exports will be lower due to more domestic sales and reduced international demand.

Imports have increased since MY 2017/18 due to stronger consumer and processing demand, particularly for higher quality product. Shelled-walnut imports from October 2019 to June 2020, which typically go into consumer-oriented channels, increased 23 percent in volume and 16 percent in value over the same period in the last MY. Imports of in-shell walnuts were also 58 percent higher in volume and by 44 percent in value (Table 4). U.S. exports to Bulgaria, to date, were at \$389,000 (120 MT, imported in January-June 2020) compared to \$223,000 (47 MT) in the previous season.

Appendix:

Table 1: Walnut and Almond Production, 2014-2019

Walnut and Almond Production, 2014-2019			
Years	Harvested Area, HA	Average Yield, kg/HA	Production, MT
Almonds			
2019	1,006 HA harvested (3,191 HA planted, 1,151 HA young plantings)	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 plantings, 1,197 HA non-harvested)	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			
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			

Table 2: Production, Supply and Demand, Almonds, MY2016-2020, 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)
	Final	Final	Final	Estimate for the current year	Forecast
Production	505	428	772	433	500
Imports from EU	455	735	661	630	640
Imports from non-EU	1,271	1,152	1,148	1,250	1,300
Total Imports	1,726	1,887	1,809	1,880	1,940
Total Supply	2,231	2,315	2,581	2,313	2,440
Exports EU	133	266	124	165	180
Exports to non- EU	4	48	5	5	10
Total exports	137	314	129	170	190
Human Consumption	2,094	2,001	2,452	2,143	2,250
Total Distribution	2,231	2,315	2,581	2,313	2,440

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). *Trade data* is given in shelled weight (TDM/PSD Almond, SH) for imports and for exports. Data for MY2019/20 is currently available as of June 2020 and it is estimated on this basis, while MY2020/21 is forecast.

Table 3: Production, Supply and Demand, Walnuts, MY2016-2020, 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)
	Final	Final	Final	Estimate for the current year	Forecast
Beginning Stocks*	0	1,600	0	1,975	3,673
Production	4,959	3,549	5,116	4,838	3,800
Imports from EU	255	59	123	230	120
Imports from non-EU	418	553	809	830	800
Total Imports	673	612	932	1,060	920
Total Supply	5,632	5,761	6,048	7,873	8,393
Exports EU	1,033	2,640	636	600	800
Exports to non-EU	992	1,084	937	600	950
Total exports	2,025	3,724	1,573	1,200	1,750
Human Consumption	2,007	2,037	2,500	3,000	3,500
Ending Stocks*	1,600	0	1,975	3,673	3,143
Total Distribution	5,632	5,761	6,048	7,873	8,393

Notes: *Production* data is in in-shell basis for the purpose of the Supply and Demand Table.

Trade data is given in in-shell weight (TDM/PSD Walnuts, ISH) for imports and for exports. Data for MY2019/20 is currently available as of May 2019 and it is estimated on this basis, while MY2020/21 is forecast.

Stocks – Beginning and ending stocks may include losses.

Table 4: Imports of Almonds and Walnuts, MY 2017/18 – MY 2019/20

	Imports October 2019- June 2020	Imports October 2018- June 2019	Imports October 2017 – June 2018	Change in Percentage MY2019/20 over MY2018/19
<i>Shelled Almonds HS#080212</i>				
In Metric Tons	1,724	1,459	1,338	+18.2%
In millions U.S. Dollars	11.67	9.56	8.78	+22.1%
<i>--From the United States</i>				
In Metric Tons	1,209	886	612	+36.4%
In millions U.S. Dollars	8.26	5.79	4.36	+42.6%
<i>In-shell Walnuts HS#080231</i>				
In Metric Tons	421	266	183	+58.3%
In million U.S. dollars	0.82	0.57	0.29	+43.8%
<i>Shelled Walnuts HS#080232</i>				
In Metric Tons	638	519	415	+22.9%
In million U.S. dollars	2.41	2.08	2.15	+15.9%
<i>Source: Eurostat/Trade Data Monitoring</i>				

Attachments:

No Attachments.