

## RESEARCH CONCERNING THE DEVELOPMENT OF ROMANIA'S WINE MARKET IN THE LAST DECADE

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### ABSTRACT

*In 2010, Romania produced 495.7 Million liters wine, coming on the 6<sup>th</sup> position in the EU and the 12<sup>th</sup> position in the world. Wine consumption was 509.7 million liters placing Romania on the 6<sup>th</sup> position in the EU and 11<sup>th</sup> position in the world. With 22.94 liters wine consumed per inhabitant, Romania came on the 12<sup>th</sup> position in the EU and 22<sup>nd</sup> position at global level. Romania's wine import was higher than export. Romania occupies the 19<sup>th</sup> position for wine export and the 18<sup>th</sup> position for wine import in the EU. At world level, it came on the 27<sup>th</sup> position for wine export and the 30<sup>th</sup> position for wine import value. Romanian producers have to pay a special attention to wine production growth, quality, marketing and promotion.*

### INTRODUCTION

Grapes are among the most desired fruits having a juicy consistence and sweet pleasant taste. Their chemical composition (water 78.85 %, sugar 15-25 %, organic acids 0,2-5 %, phenols 0.2-1 %, nitrogenous substances 0.5-1.2 %, fats 0.08- 0.2 %, enzymes, minerals 1-3 %, B,C, PP vitamins etc) varies according to wine variety, vineyard geographical position, soil and climate conditions, applied growing technology (Pomohaci et al., 2000). Grapes are mainly used for producing wine but also for other food products and could be consumed fresh as such (Beldescu et al., 2012).

Wine is among the most preferred drinks, but also it is considered a food and medicine, having a nutritional and health effect when it consumed in a moderate manner (Motofeala et al., 2011, Dejeu, 2000, Cotea et al., 1996).

Romania has favorable soil and climate conditions for vine growing and also a long tradition in producing grapes and white and red wines well appreciated at international fairs and competitions. Vine varieties produced in the country have a high biological and productive potential being adapted to the local conditions, resistant to drought, diseases and pests ( Popescu Agatha, 2007).

Romania's area planted with *Vitis vinifera* as well as grape and wine production have recorded a continuous decline because of the old and low productive vine plantations and climate change (Zahiu et al., 2010, Macici, 1996, Motofeala et al., 2011) with a deep impact on consumption and trade on the domestic and external market (Beldescu et al., 2012, Soare et al., 2011).

In this context, the paper aimed to analyze the evolution of Romania's grape and wine market in the last decade, 2000-2010, regarding area planted with vine, grape yield and production, wine production, consumption, export and import and to compare its performance to the one recorded by the top producers in the EU and finally to establish Romania's position in the EU-27 and global wine market.

### MATERIALS AND METHODS

In order to set up this paper, the data have been collected from FAO Stat data base, 2012, Romanian Statistical Yearbook, 2011, Wine Institute and other information

sources. The data have been processed using index and share methods as well as comparison method.

The analysis is based on the main specific indicators as follows: surface planted with *Vitis vinifera*, grape yield and production, wine production, consumption, consumption per inhabitant, and trade, pointing out the evolution of each indicator in the period 2000-2010 and Romania's position among the EU-27 member states and at world level as well.

## RESULTS AND DISCUSSIONS

**Romania's vineyards area** has continuously decreased, so that in the year 2010 it accounted for 176.9 thousand ha, being by 28.53 % smaller than in the year 2000. The vine reform aimed to diminishing the old and low productive plantations, as provided by the EU policy. About 51.13 % of vineyards area is represented by grafted bearing vineyards. (Table 1).

About 85 % of viticultural area is covered by vine varieties for producing white wines (Feteasca alba and Feteasca regala, followed by Riesling, Aligote, Sauvignon and Muscat) and 15 % for red wines (Merlot and Cabernet Sauvignon) (Beldescu et al., 2012).

Table 1

**Romania's vineyards area, 2000-2010 (Thousand ha)**

	2000	2005	2010	2010/ 2000 %
Total vineyards	247.5	190.6	176.9	71.47
Grafted vineyards	128.5	98.5	90.0	70.03
Hybrid vineyards	119.0	90.1	86.9	73.02
Share of grafted vineyards (%)	51.91	51.67	51.13	-

Source: Romania's Statistical Yearbook, 2011, Own calculations

Romania comes on the 5<sup>th</sup> position in the EU-27 based on the surface planted with vine. Its market share is 4.89 % and follows after Spain, France, Italy and Portugal, whose surface planted with vine is much larger, being the top vine cultivators in Europe and in the world (Table 2).

**Grape yield** varied from a year to another, depending on the region, vine variety, climate conditions, applied growing and maintenance technology etc. The severe droughts and hard winter from the last years have had a negative impact on grape yield. But, the drought had a benefic effect on the content of sugar in grape berries stimulating a higher quality of wine production.

In 2010, grape yield accounted for 4,182 kg/ha being by about 20 % smaller than in the year 2000. In 2010, the grafted vineyards produced 5,055 kg grapes/ha compared to hybrid vineyards, 3,277 kg/ha. The yield of grafted vineyards decreased by about 14 %, while average production of grapes produced by hybrid plantations declined by about 25 % (Table 3).

Table 2

**Romania's position in the EU based on the surface planted with vine (thousand ha)**

Country	2000	2005	2010	2010/ 2000 %	Share, 2010 (%)
Spain	1,168	1,161.0	1,082.0	92.63	29.88
France	860.9	854.8	819.0	95.13	22.62
Italy	872.7	793.0	798.0	91.44	22.04
Portugal	231.9	222.5	243.0	104.78	6.71
Romania	247.5	190.6	176.9	71.44	4.89
EU-27	3,920.2	3,748.7	3,620.0	92.34	100.0

Source: FAOStat, 2012, Own calculations

Romania's grape yield is still low compared to the one registered at the EU-27 level. In 2010, the EU-27 average grape production was 7.670 kg/ha, being by 45 % higher than the one recorded in Romania (FAOStat, 2012).

Table 3

**Romania's Average Grape Production, 2000-2010 (kg/ha)**

	2000	2005	2010	2010/ 2000 (%)
Average grape production	5,213	2,530	4,182	80.22
Grafted vineyards	5,857	2,716	5,055	86.30
Hybrid vineyards	4,398	2,284	3,277	74.51

Source: Romania's Statistical Yearbook, 2011, Own calculations

Romania's **grape production** was deeply influenced both by the reduction of planted area and decline in grape yield. As a consequence, grape production has substantially fallen recording 737 tons in the year 2010, by 43.09 % less than in the year 2000 (Table 4).

Table 4

**Romania's Grape and Wine Production, 2000-2010**

	MU	2000	2005	2010	2010/ 2000 %
Grape production	Tons	1,295	505.8	737	56.91
Wine Production	Million liters	545.3	260.2	495.7	90.90

Source: Romania's Statistical Yearbook, 2011. Own calculations.

In 2010, Romania's grape production represented 2.65 % of the EU-27 grape production (27,764 thousand tons) and 1.04 % of the world grape production (71,008 thousand tons).

**Wine Production.** Compared to 545.3 Million liters in 2000, in 2010, Romania produced 495.7 Million liters, but about 10 % less than at the beginning of the analyzed period.

The production decline was similar in the EU-27, where production decreased by about 16 %, because of the wine reform focused on the reduction of surfaces planted with vine in order to eliminate the old less productive plantations, to diminish the overproduction and wine consumption on the domestic market.

Romania is placed among the top EU wine producers, coming on the **6<sup>th</sup> position** after France, Italy, Spain, Germany and Portugal. Its market share is 3.08 % in the EU wine production (Table 5).

About 10 % of Romania's wines have protected origin, that is they are DOP wines and 18 % are IGP wines, that is geographical protected indication. The most important wine producers in Romania are Cotnari, Odobești, Recas, Dealu Mare, Jidvei, Murfatlar, Tohani, Sâmburești and Segarcea vineries.

Table 5

**Romania's position among the top EU-27 wine producers (million liters)**

Country	2000	2005	2010	2010/ 2000 (%)	Share, 2010 (%)
France	5,754.1	5,344.1	4,626.9	80.4	28.76
Italy	5,408.8	5,056.6	4,580	84.7	28.47
Spain	4,117.3	3,643.7	3,606.0	87.6	22.42
Germany	1,008.1	945.3	932.0	92.4	5.79
Portugal	784.4	706.3	587.2	74.9	3.65
Romania	545.3	260.7	495.7	90.9	3.08

Source:FAO Stat, 2012, Own calculations

In Romania about 402 types of wines are produced, of which 11 types are stable wines, 42 types are high quality wines, 118 types are high quality wines with protected origin and 231 types are wines with designation of origin and quality (Soare et al., 2011).

**Wine consumption** accounted for 509.7 million liters in 2010 being by about 10 % smaller than in 2000. This was due to the change in consumers' behaviour more oriented to beer, which is cheaper and more drinkable in the hot period of the year. However, wine consumption has fallen for premium wines, but it has remained relatively constant for average and inferior quality wines. A similar trend was noticed in the EU-27, where wine consumption declined by about 11.3 % from 14,886 million liters in 2000 to 13,209 million liters in 2010. Romania comes on the **6<sup>th</sup> position** in the EU for wine consumption with a market share of 3.85 % in 2010, after France, Italy, Germany, United Kingdom and Spain (Table 6).

Table 6

**Position of Romania in the EU regarding wine consumption (million liters)**

Country	2000	2005	2010	2010/ 2000 (%)	Share, 2010 (%)
France	3,336.4	3,652.7	2,892	86.7	21.89
Italy	3,378.6	2,988.5	2,450	72.5	18.55
Germany	2,246.4	2,238.6	2,020	89.9	15.29
United Kingdom	1,020.6	1,432.3	1,320	129.3	9.99
Spain	1,574.8	1,714.7	1,060	67.3	8.02
Romania	564.4	474.1	509.7	90.3	3.85

Source:FAO Stat, 2012, Own calculations

**Wine consumption per inhabitant** declined from 23 liters in the year 2000 to 19.8 liters in 2005 and then it registered an increase again reaching 22.9 liters/capita in 2010. In the EU-27, wine consumption per inhabitant decreased by 15 % from 30.83 liters in 2000 to 26.36 liters in the year 2010.

Based on this indicator, Romania is placed on the 12<sup>th</sup> position in the EU-27 after Luxembourg, France, Italy, Portugal, Slovenia, Denmark, Austria, Belgium, Spain, Germany and Hungary.

**Romania's wine trade** has recorded a deep decline regarding export and high increase concerning import. In 2010, Romania exported 10.9 million liters wines, by 57 % less than in the year 2000, while the EU wine import increased by 60 % (Table 7).

Based on the amount of exported wine, Romania is situated on the 19<sup>th</sup> position among the EU wine exporters. Its market share in the EU declined from 0.56 % in 2000 to 0.15 % in 2010.

Table 7

**Romania's wine export and import and its share in the EU wine trade (million liters)**

	2000	2005	2010	2010/ 2000 (%)
Romania's wine export	25.3	26.9	10.9	43.1
EU-27 wine export	4,522.4	5,314.7	7,251.9	160.3
Share in the EU-27 (%)	0.56	0.51	0.15	-
Romania's wine import	1.3	4.2	24.6	1,892.3
EU-27 wine import	3,737.4	4,907.6	5,894.0	157.7
Share in the EU-27 %	0.03	0.09	0.42	-

Source: FAO Stat, 2012, Own calculations

In 2010, the main beneficiaries of Romanian wines produced of fresh grapes, have been: China, USA, Italy, Estonia, Canada, United Kingdom, Spain, Poland, Germany and Slovakia. The first 5 export partners accounted for 66 % of Romania’s wine export. Among the beneficiaries of the Romanian spumant wines have been: Germany, Czech Republic, Bulgaria, Estonia, Russia, Belarus, Denmark, Japan, Poland and China ( International Trade Center/UNCTAD/WTO-Comtrade UNSD) (Beldescu et al., 2012).

Table 8

**Romania’s wine export and import value and the EU-27, 2000-2010 (USD Million)**

	2000	2005	2010	2010/ 2000 (%)
Romania’s wine export value	17.7	22.3	17.0	96.0
EU-27 wine export value	9,845.1	15,011.3	19,801.0	201.1
Share in the EU-27 (%)	0.18	0.15	0.09	-
Romania’s wine import value	1.2	9.1	27.1	2,258
EU-27 wine import value	7,205.3	11,479.3	13,653.5	189.5
Share in the EU-27 %	0.02	0.08	0.20	-

Source: FAO Stat, 2012, Own calculations

Romania’s wine import increased by 18.92 times, accounting for 24.6 million liters in 2010. It came on the **18<sup>th</sup> position** in the EU in the year 2010. Its share in the EU increased from 0.03 % in 2000 to 0.42 % in 2010. The major wine suppliers for Romania are France, Italy, Republic of Moldova, Slovakia, Germany, Hungary, Chile, Bulgaria, Czech Republic and Spain (International Trade Center/UNCTAD/WTO-Comtrade UNSD, Beldescu et al., 2012).

Romania’s wine export value declined by 4 % from USD 17.7 million in the year 2000 to USD 17 million in 2010. As a consequence, Romania’s market share in the EU-27 decreased from 0.18 % to 0.09 % in the analyzed period, placing Romania in the **20<sup>th</sup> position** in the EU. Romania’s wine import value increased by 22.85 times from USD 1.2 million in the year 2000 to USD 27.1 million in the year 2010. Its market share increased from 0.02 % to 0.20 % placing Romania on the **21<sup>th</sup> position** in the EU-27 (Table 8).

**CONCLUSIONS**

Romania has a high potential for producing grapes and wines, sustained by its favorable climate conditions, high performance vine varieties and long tradition in wine growing.

Romania is on the 5<sup>th</sup> position in the EU for the area planted with vine, on the 6<sup>th</sup> position for wine production, on the 6<sup>th</sup> position for wine consumption, on the 12<sup>th</sup> position regarding wine consumption/inhabitant, on the 19<sup>th</sup> position for wine exported amount, and on the 18<sup>th</sup> position for imported wines. At world level, Romania comes on the 11<sup>th</sup> position based on vineyard average (453,000 acres) on the 17<sup>th</sup> position for grape production (740 metric tons), on the 12<sup>th</sup> position based on wine production (495.7 million liters), the 11<sup>th</sup> position based on the wine consumption (509.7 million liters), on the 22<sup>nd</sup> position based on wine consumption per inhabitant (22.94 liters). In 2010, Romania came on the 40<sup>th</sup> **position** for wine export value (USD 11.4 million) and on the 59<sup>th</sup> position regarding import value (USD 11.98 Million). Taking into account the wines made of fresh grapes, Romania

came on the 27<sup>th</sup> position in the world for wine export value (USD 4.8 Million) and on the 30<sup>th</sup> position for wine import value (USD 8.7 Million).

The increased competition in the wine international market involves a more flexible and efficient wine production and marketing for Romanian producers.

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