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EVOLUTION OF ROMANIA'S EXPORTS OF WINES, BEER AND MINERAL WATERS COMPARED TO THOSE OF NEIGHBORING COUNTRIES IN CENTRAL AND EASTERN EUROPE, BETWEEN 2017-2019

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Abstract

Wine continues to be one of the favorite drinks of Romanians, and in our country its production has been recorded since ancient times, practically before the Roman occupation, as evidenced by the presence in Romanian of terms of Dacian origin related to the cultivation of vines. Romania ranked 6th among European wine producers and a more than honorable 15th place in the top producers worldwide, but does not perform as well in terms of exports.

Key words: wine, exports, mineral waters, beer, market

INTRODUCTION

The International Wine Organization recently presented the situation of the wine industry in 2019 worldwide. The main conclusion that emerged from this presentation refers to the fact that world wine production (excluding juices and must) decreased to 260 mhl in 2019, registering a significant decline of 11% compared to 2018 production.

The report shall include the production potential of the global wine sector, data on world wine production and consumption, as well as data on world trade in wine.

After a slight decrease in wine consumption recorded in 2018, global wine consumption in 2019 is estimated at 244 mhl, marking an increase of 0.1% over the previous year. However, this apparent stabilization is the result of a counterbalance between countries with opposite trends.

At this early stage, the available information and statistics on the impact of the crisis caused by COVID 19 (triggered at the beginning of this year) are insufficient to provide an accurate forecast and to make future scenarios. Feedback from Member States reflects a radical change in the wine market. Overall, the decrease in consumption and the reduction in average prices led to a general decrease in total sales value, but also to a decrease in winery profit. In terms of exports, during this pandemic, the largest consuming countries were among the most affected, these being mainly the United Kingdom, USA, Germany, France, China, Russia, but also others. Trade flows can be recovered later, with the general economic recovery, but some changes will be, unfortunately, permanent.

MATERIAL AND METHOD

The main assessments on the state of the industry in 2019 are highlighted in the following:

1. The areas planted with vines stabilized at approximately the same level of 7.4 mha in 2019, a value approximately equal to that of 2016.
2. World production of wine (excluding juices and musts) is estimated at 260 mhl, a significant decrease compared to the historical production of 2018.
3. World wine consumption was around 244 mhl in 2019, increasing by 0.1% compared to the previous year.
4. World wine exports increased in quantity, being estimated at 105.8 mhl (1.7%), but also in value at 31.8 billion euros (0.9%).
5. Sparkling wines are on the rise in terms of production and consumption, as well as international trade, thus confirming their increasingly important role on the world wine market.

In 2019, the world area with vines, planted for all purposes (wine, table grapes and raisins), including young vines that are not fruitful, is estimated at 7.4 mha. Starting with this presentation with the northern hemisphere, we note that the vineyards in the European Union (EU) remain at the same level for the fifth consecutive year, respectively at 3.2 mha.

RESULTS AND DISSCUSIONS

Within the EU, the latest available data for 2019 indicate an increase for areas planted with vines in France (794 kha), Italy (708 kha), Portugal (195 kha) and Bulgaria (67 kha). The vineyards areas in Spain (966 kha), Hungary (69 kha) and Austria (48 kha), on the other hand, decreased slightly compared to last year. In East Asia, after more than 10 years of significant expansion, the growth of Chinese vineyards (855 kha), the second largest in the world, seem to slow down.

In the United States (USA), the area cultivated with vines has steadily decreased since 2014, and was estimated in 2019 at 408 kha. In South America, the evolution of the wine-growing area showed a downward trend for the fourth consecutive year. The only exception on the continent is Peru, whose area has increased by 7.1 kha (17% compared to 2018), reaching 48 kha in 2019.

On the other hand, the vines area in South Africa remained stable compared to 2018, at 128 kha. In Australia, the area also remains stable at 146 kha in 2019, and in New Zealand the area increases by 1.6%, reaching a record level of 39 kha.

World wine production (excluding juices and musts) in 2019 is estimated at 260 (259.0) mhl, marking a sharp decrease of 35 mhl (11.5%), compared to the volume recorded in 2018. Italy, the largest world wine producer (47.5 mhl), France (42.1 mhl) and Spain (33.5 mhl), which together represent 48% of world wine production in 2019, had a sharp decline in wine production compared to 2018.

Other EU countries that recorded a decrease in production compared to 2018 are Germany (9.0 mhl, 12%), Romania (5.0 mhl, 4%), Austria (2.5 mhl, 10%), Hungary (2.4 mhl, 34%) and Greece (1.9 mhl, 8%); the only EU country which recorded a growth of wine production in 2019 is Portugal, with an increase of 6.7 mhl (10% compared to 2018).

In Eastern Europe, weather conditions were favorable in Russia (4.6 mhl, 7% compared to 2018) and Ukraine (2.1 mhl, 6% compared to 2018), while in the Republic of Moldova the production of 2019 decreased at 1.5 mhl (23% compared to 2018).

In Asia, new data available for China indicate an estimate of wine production of 8.3 mhl in 2019, marking a 10% decrease in the already relatively low level of production compared to 2018.

In North America, wine production was estimated at 24.3 mhl, down 2% from 2018. It appears that the decline in production in 2019 did not depend on adverse weather conditions or the fires in California in October, but was a response to the local excessive supply of grapes and wine.

In South America, the general trend of wine production in 2019 is negative compared to 2018. However, while in Argentina (13.0 mhl) and Chile (12.0 mhl) wine production in 2019 is lower, compared to 2018, but overall in line or even higher than the average of the last five years, Brazil (2.0 mhl) recorded a sharp decrease in wine production in 2019, over 1 mhl (34% compared to 2018).

In South Africa, production in 2019 reached 9.7 mhl, an increase of 3% compared to 2018, but it is still far from the average level of production recorded before the onset of the drought, which severely affected the country for three consecutive years (2016, 2017 and 2018).

In Oceania, Australian wine production is declining for the second year in a row, reaching 12.0 mhl in 2019 (6% compared to 2018), while in New Zealand wine production was 3.0 mhl in 2019, with a slight decrease of 1% compared to 2018.

In 2019, wine exports increased compared to 2018 both in volume, estimated at 105.8 mhl (1.7%) and in value, by 31.8 billion euros (0.9%).

Strong quantitative increases can be seen in exports from Italy (2.0 mhl), Spain (1.3 mhl), Canada (0.4 mhl) and Chile (0.3 mhl). Significant reductions in exports are recorded for Australia (1.1 mhl), South Africa (1.0 mhl), Ukraine (0.4 mhl) and Hungary (0.3 mhl).

France continued to be the world's largest exporter in terms of value, with 9.8 billion Euros exported in 2019. There were increases in the value of exports to many large exporting countries such as France (425 million Euros), Italy (211 million Euros) and New Zealand (84 million Euros). The largest decreases in exports were recorded by Spain (234 million euros) and South Africa (73 million euros).

In 2019, international trade in wine in terms of volume was mainly dominated by three European countries: Italy, Spain and France, which together exported 57.1 mhl, representing 54% of the volume worldwide.

In 2019, the top three importers in terms of volumes were Germany, Great Britain and the USA, which together imported 40.4 mhl, respectively 38% of the world total. At the same time, these three countries represent 39% of the total value of wine imports worldwide, reaching 11.9 billion euros.

The first importer in 2019 is still Germany with 14.6 mhl, even if the volume of wine imports decreased by 0.6% compared to 2018.

China recorded a significant decrease in these imported volumes for the second consecutive year (11% compared to 2018), reaching 6.1 mhl in 2019. In value, the trend is similar, with an overall decrease of 9.7% compared to 2018, reaching 2.1 billion euros.

The only category that increased both in terms of volume (8%) and value (8%) is sparkling wine, although it represents only 2% of the total volume imported.

Romania's world trade in wines, beer and mineral waters.

Romania ranked 6th among European wine producers and a more than honorable 15th place in the top producers worldwide, but does not perform as well in terms of exports, which were only 23,4 million liters of wine in 2019 or 6% of total production (domestic consumption being the majority).

However, it should be noted that although the share of exports in total production is particularly small, the volumes exported last year reached an all-time high, practically doubling in the period 2016-2019 (this translates, however, also by a significant reduction in total receipts).

The main destination countries for Romanian wine exports were, in 2019:

- Germany (6.275 million euros for a total of 4.204 million liters),

- Great Britain (5.200 million euros for a total of 3.105 million liters),
- the Netherlands (3.997 million to a total of 2.503 million liters),
- China (EUR 2.335 million to a total of 0.678 million liters),
- Spain (2.887 million euros for a total of 3.128 million liters),
- USA (1.422 million euros for a total of 0.817 million liters),
- Italy (1.335 million euros for a total of 1.245 million liters),
- Poland (1.096 million euros for a total of 0.544 million liters),
- Greece (0.696 million euros for a total of 3.338 million liters)
- Japan (0.681 million euros for a total of 0.253 million liters).

The total wine exports from Romania totaled in 2019 30.866 million euros, at a volume of 23.347 million liters.

Regarding Romania's trade in beverages with the USA (wines, beer and mineral water, included in tariff category 22), the following aspects are noted: general Romanian exports were of $ 3.172 million, which represents an increase of 3.6% in 2019, compared to 2018 and 24.9% compared to 2017.

Wines accounted for the majority of exports in the category (50.7%), registering an increase of 33.5% compared to 2018 and 16.8% compared to 2017. Mineral waters (both those with sugar content and those without) have represented 44.6% of the total exports of the category, registering a decrease of 1.6% compared to 2018 and an increase of 52.9% compared to 2017.

Romanian beer contributes only 2.2% in the total exports of the category, having uniform deliveries for the last 3 years, respectively of about 72 thousand dollars.

Romania was the 27th exporter of fresh grape wines on the US market (out of a total of 67 exporters) and the 5th in our geographical region, after Greece, Slovenia, Hungary and the Republic of Moldova.

Romania was the 15th exporter of mineral and natural waters on the US market (out of a total of 69 exporters) and the 2nd in our geographical region, after Poland.

Romania was the 64th beer exporter on the US market (out of a total of 88 exporters) and the 8th in our geographical region.

CONCLUSIONS

We appreciate that the evolution of Romanian wine exports (such as mineral water or plain water on the American market, as well as beer, not to mention spirits) continues to be below the real potential, expected by our producers and exporters. But the explanations are related to the fierce competition on this market, but also to the insufficient preparation and promotion of Romanian exports or the reluctance of Romanian exporters to approach this market, considered distant in terms of logistics.

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