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Conference Paper

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Provided in Cooperation with:

The Research Institute for Agriculture Economy and Rural Development (ICEADR), Bucharest

Suggested Citation: Gavrilă, Viorica; Bucur, Sorinel Ionel (2023) : Wine farms in Romania and wine production in the European context, In: Rodino, Steliana Dragomir, Vili (Ed.): Agrarian Economy and Rural Development - Trends and Challenges. International Symposium. 14th Edition, The Research Institute for Agricultural Economy and Rural Development (ICEADR), Bucharest, pp. 165-173

This Version is available at:

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WINE FARMS IN ROMANIA AND WINE PRODUCTION IN THE EUROPEAN CONTEXT

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Abstract: *This study presents a comparative analysis of the Romanian – EU vine and wine sector. Specialized reports and EUROSTAT structural statistics were extremely useful in providing comparable information. Other relevant data were taken from the European Commission. Unlike the EU average, with more than 82 % of the area dedicated to grape production for quality wines, Romania has a relatively low percentage, of 28%. According to turnover, 75% of the Romanian wine market is in the hands of ten large producers. The foreign trade in wine takes place predominantly on the EU market. The balance of trade is negative, with a growing trade deficit each year. Until 2021, Romania exported wines at prices higher than the prices of imported wines, but in the year 2021 wine import prices became higher.*

Keywords: *production, market, wine.*

JEL Classification: Q 10, Q 13.

INTRODUCTION

In the European Union, the vine and wine sector is regulated by a set of laws consisting of a basic regulation, delegated regulations, implementing regulations, supplemented by guidelines and legal interpretations.

Romania has benefited from EU financing for the vine and wine sector. From 2009 to 2013, the EU invested 42.5 million euros per year in Romania's viticulture. In the period 2014-2020, this funding increased to 47.5 million euros per year. The programme includes funding for structural reform and business development.

MATERIAL AND METHOD

Specific literature searches were conducted, in electronic databases in particular. Specialized reports developed by specialized bodies were analyzed. The following data were used in the paper from the EUROSTAT structural statistics: vineyard area, number of wine farms, size of wine farms, main varieties by category of grapevine age, year and colour, 2015 and 2020. The monitoring of the wine market in the EU is based on the structural statistics of vineyards. Data are collected every 5 years, and the holdings that produce only table grapes are excluded. In these statistics, only 16 Member States are included that have a minimum planted area of 500 hectares; their area represents 99.97% of the total area of the EU. According to (EC) Regulation no. 1337/2011, the main grapevine varieties are only those varieties that have an area larger than 500 hectares at national level. These were useful in providing comparable information at EU level. FAO statistics were also used. Other relevant data on wine production by types of wine were taken over from the European Commission. The utilized indicators allowed a comparative analysis of the Romanian – EU vine and wine sector.

RESULTS AND DISCUSSIONS

The historical and archaeological evidence points to an ancient wine culture. Similarly to modern physicians' vision, in the medical thought of ancient Greeks wine was considered a possible cause of troubles and even of health problems, mainly in the case of excessive drinking; thus, the

ancient physicians established the necessary precautions for its use. However, what is most unexpected, is that wine was considered a therapeutic agent not only for the mind but also for the body; thus, physicians largely used wine in their prescriptions, both for internal and external use (Jacques Jouanna, 2012). Avicenna (980-1037) mentioned that Persia had such a passion for wine that even after the Muslim conquest, the rigorous religion of Arabs could not eradicate this passion for centuries (Jean-Robert Pitre, 2009).

The world vineyard area was slightly over 7.3 million ha in 2020. The EU vineyard area accounts for about 45% of the world area under vineyards.

The world wine production in 2020 is estimated at 260 million hectoliters. The lowest production in recent years, under 250 million hectoliters, was obtained in 2017.

According to OIV estimates, the world wine consumption was 234 million hectoliters, down from previous years; the current situation was similar to that during the financial crisis of 2008-2009. The difference between the two situations is that at present the decline began before the crisis.

The EU vine and wine policy aims to ensure a viable wine production and also takes into consideration the other two general objectives of the CAP, namely a sustainable use of natural resources and a balanced territorial development. The types of grapes produced in the EU are classified into six different categories: for PDO, PGI wines, for table wines, grapes with dual destination (consumption/wine), for raisins and other vineyards where vines for the production of vegetative propagation material and other vines not classified elsewhere are included.

Quality wines are wines with protected designation of origin (PDO) and those with protected geographical indication (PGI). The protected designation of origin (PDO) identifies a product originating from a specific geographical area using the recognized and registered know-how. All PDO products must be produced exclusively from grapes from the respective area. The protected geographical indication (PGI) designates a product with a quality, reputation or other specific characteristics that can be attributed to a certain geographical area. All PGI products must be produced with at least 85 % grapes from the area in question. It is useful to specify that the viticultural year is the period that starts from August 1 and ends on July 31.

In the year 2020, the area under vineyards in the EU totaled 3.19 million hectares, accounting for 2% of UAA, out of which 3.14 million hectares were wine areas. Three quarters of the EU's area under vineyards is owned by three member states: Spain – 0.91 million hectares, France – 0.79 million hectares and Italy 0.69 million hectares.

The EU's area under vineyards remained relatively stable from 2015 to 2020.

More than half of the EU's area under vineyards (52.7%) is covered by red grape varieties, 44.6% by white grape varieties and 2.7 % by varieties of other colors.

Production was driven by the demand for quality wines, so that more than 82% of the vineyard area of the EU was used for the production of grapes for quality wines in the year 2020: 65.3% PDO, 17.1% PGI, 13.2% Table wine, Dual purpose 2.7%, Raisins 1.2%, 0.5% Other vines.

A limiting factor was the age of vineyards in the EU, where 36.7 % of grapevines were aged more than thirty years in 2020, with other 41.3 % aged from 10 to 29 years; only 4.5% are young vine plantations less than three years old.

The number of wine farms totaled 2.2 million. The top three large producers own one fifth of the number of wine farms (Spain – 483 thousand, France – 75 thousand, Italy – 302 thousand).

Compared to the size of farms growing field crops, wine farms in the EU are relatively small-sized, with an average size of plantation of 1.43 hectares in 2020. France had the largest average size, i.e. 10.5 hectares. In the EU, most farms are smaller, and only 3.2% of them have 10 hectares (Figure

1). As a trend in the EU, the number of farms decreased, mainly in the category of farms smaller than 1 hectare.

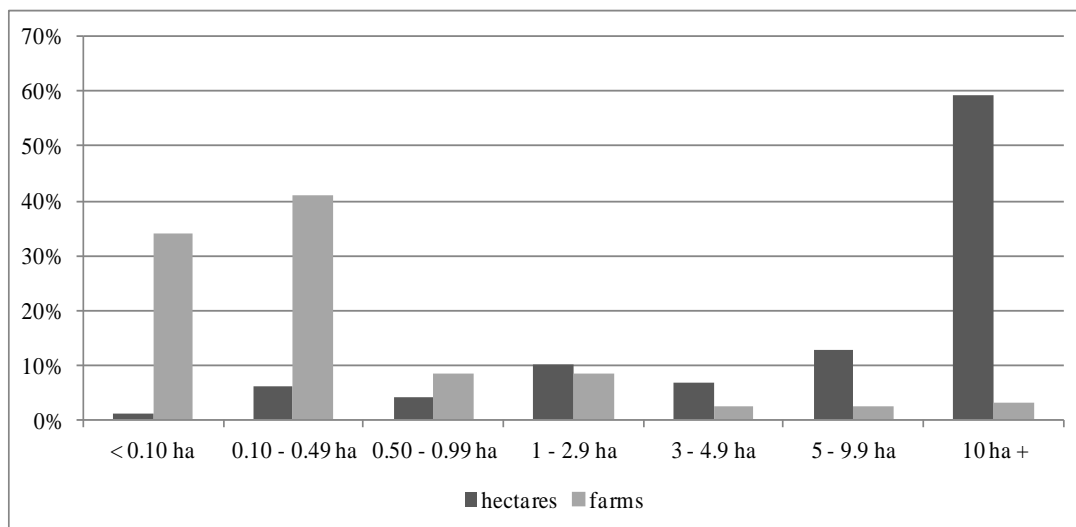


Figure 1. Distribution of areas and wine farms, by size classes in the EU, %
Source: Eurostat (vit_t2)

Quality wines represent almost 68% of the EU’s vinified production. PDO wines account for 45% of total production, while PGI wines account for 22.7% of total, varietal wines 24.8%; the production of other wines, out of which table wines, represent one fourth of total production (Figure 2).

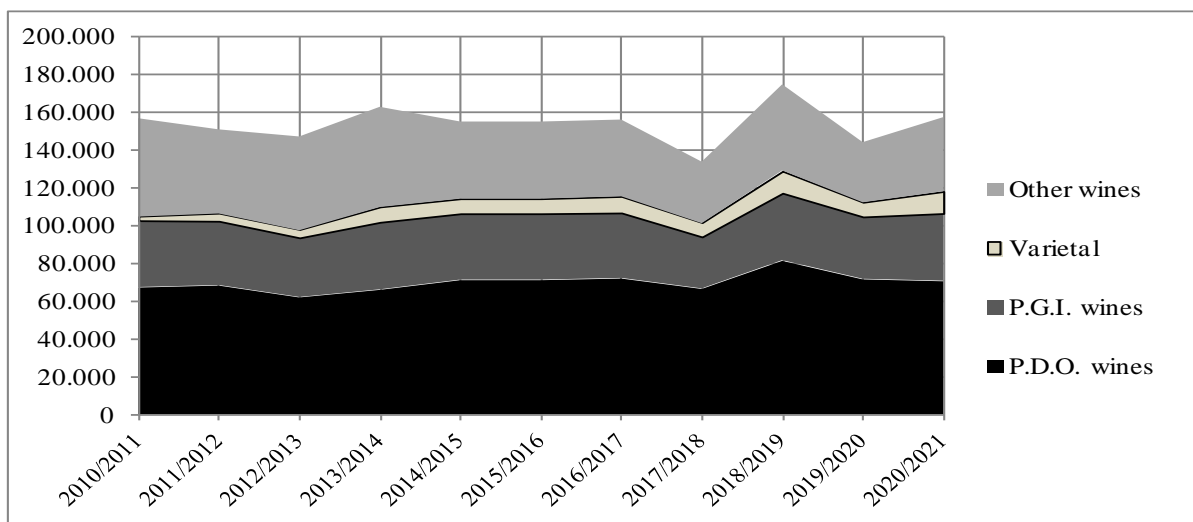


Figure 2. EU’s wine production by types of wine, in the period 2010/2011-2020/2021 – thousand hl.

Source: Eurostat, Wine production (production from grapes harvested in the year n-1)

Romania’s vineyard area totaled 180683 hectares in the year 2020, representing 5.7 % of the EU’s vineyard area. Almost 28% of this area is dedicated to quality wines, mainly for PDO wines (Figure 3). The vineyards that are not in bearing yet are also included in these areas. (Table 1).

Compared to 2015, the area in production destined to wine grapes decreased by more than 10 thousand hectares, but the area that was not in bearing yet increased, as an effect of the vine and wine programme.

Table 1. Area under vineyards in Romania – hectares

| VINETYPE (Labels) | 2015 | 2020 | 2020/2015 | |
|---|---------|---------|-----------|-------|
| Total area under vines (in/not yet in production) | 183,717 | 180,683 | -3,034 | -2% |
| Vines in production – total | 179,361 | 169,189 | -10,172 | -6% |
| Vines in production - wine grapes – total | 179,361 | 169,189 | -10,172 | -6% |
| Vines in production - grapes for PDO wines | 29,572 | 25,052 | -4,520 | -15% |
| Vines in production - grapes for PGI wines | 17,315 | 13,970 | -3,345 | -19% |
| Vines in production - grapes for wines with neither PDO nor PGI | 132,402 | 130,167 | -2,235 | -2% |
| Vines in production - dual purpose grapes | 72 | 0 | -72 | -100% |
| Vines in production – raisins | 0 | 0 | 0 | |
| Vines not yet in production – total | 4,171 | 11,494 | 7,323 | 176% |

Source: Eurostat vit_t1

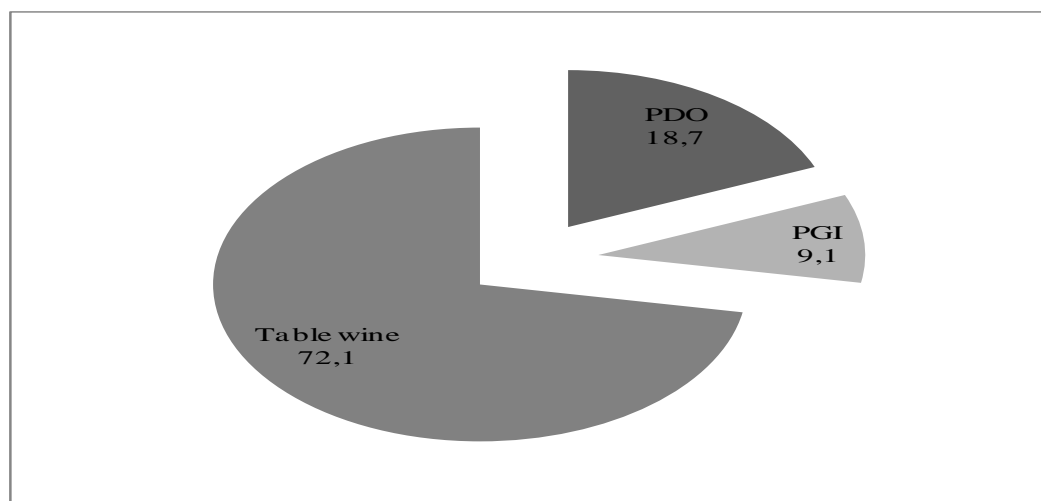


Figure 3. Share of vineyard areas in the EU, by production destination, 2020, %

Source: Eurostat, vit_t1)

Romania has the largest number of farms in the EU, i.e. 844015 farms, accounting for 38% of the European wine farms. More than 51% of farms have less than 0.10 hectares, and 45% have 0.10-0.49 hectares; the remaining 4% of farms larger than 0.5 hectares operate 50% of the area. It is worth noting that 0.1% of the farms larger than 10 hectares operate 31% of total area (Figure 4).

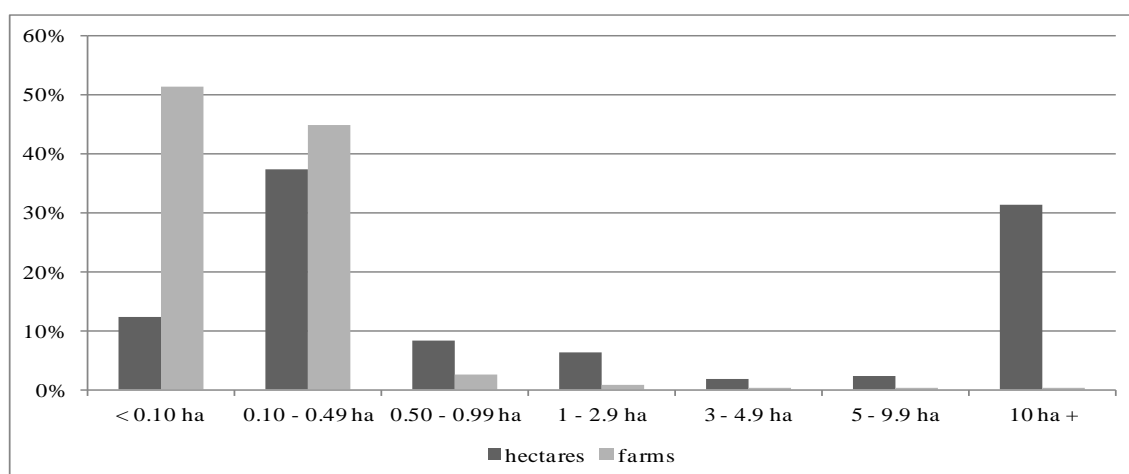


Figure 4. Distribution of vineyard areas and farms in Romania, by size classes %

Source: Eurostat (vit_t2)

The average area of the grapevine plantation is 0.21 hectares, the lowest in the EU. As compared to 2015, the number of farms decreased by 1.3%. While in the EU the red grape varieties prevail, in Romania white grape varieties are mostly grown (62.7%) and only 37.3% are red grape varieties. The age of plantations is essential for production efficiency. In our country, a restrictive factor, in addition to the small average size of plantation, is the high share of old plantations, aged more than 30 years. However, a positive effect of the vine and wine programme is that the share of plantations younger than three years has increased, currently representing 12.2 % compared to the EU average of 4.5%.

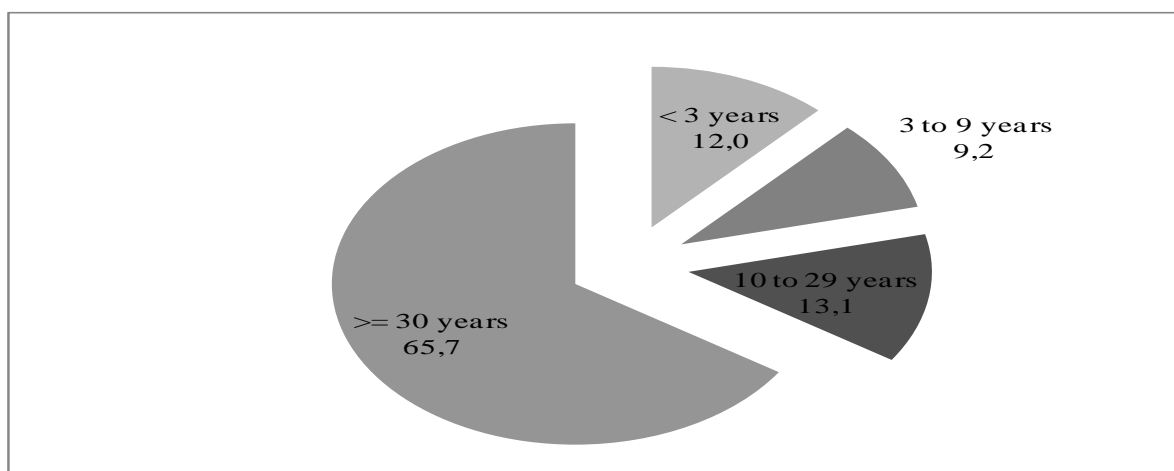


Figure 5. Distribution of grapevine plantations in Romania by age categories in 2020, Source: Eurostat vit_t4

From 2007 until now, the programme of reconversion of vine plantations has been running, with specific measures, of which the largest share responded to the structural needs, namely the restructuring and reconversion of grapevine plantations.

According to the www.TopFirme.com site, there are 252 economic operators in the wine industry (NACE code 1102), with a turnover of 255.3 million euros. The number of employees is 2529, and the net profit is 38.7 million euros, the figures being established on the basis of the latest balance sheets submitted. Recaş SA Winery ranks first, both in terms of turnover and profit.

| | Turnover | Rank | | Profit | Rank |
|-----------------------------------|----------|------|-------------------------------|--------|------|
| Recas SA Winery | 57.2 | 1 | Recas SA Winery | 16.7 | 1 |
| Zarea SA | 33.2 | 2 | Ceptura SRL Winery | 5.4 | 2 |
| Ceptura SRL Winery | 33.1 | 3 | Zarea SA | 3.9 | 3 |
| Beciul Domnesc SA | 27.7 | 4 | Casa de Vinuri Cotnari SA | 1.5 | 4 |
| Vinexport Trade Mark SA | 10.3 | 5 | Beciul Domnesc SA | 1.1 | 5 |
| Domeniile Viticole Tohani SRL | 8.4 | 6 | Domeniile Sahateni SRL | 1 | 6 |
| Domeniile Alexandru Rhein 1892 SA | 6.4 | 7 | European Project Sud Est SRL | 0.934 | 7 |
| Carl Reh Vinery SRL | 6.1 | 8 | Tenuta Odobesti SRL | 0.513 | 8 |
| Vitipomicola Samburesti | 5.7 | 9 | Domeniile Viticole Tohani SRL | 0.513 | 9 |
| Casa de Vinuri Cotnari SA | 5.2 | 10 | Carl Reh Vinery SRL | 0.463 | 10 |

Box 1. Ranking of economic operators in the wine industry by turnover and profit, million euros

Source: www.TopFirme.com

Romania's wine production represents less than 3% of the production in the EU. In the market year 2020/2021, Romania vinified 3984 thousand hectoliters of wine, out of which PDO 16%, PGI 5%, varietal wines 4%, and the remaining 75% other wines. The years with the best productions, of over 5000 thousand hectoliters were 2013/2014 and 2018/2019; the smallest vinified quantity was obtained in 2016/2017, i.e. 3301 thousand hectoliters. While in the market year 2010/2011, with a production of 3287 thousand hectoliters, quality wines represented 28% of production, in the year 2020/2021 quality wines represented only 21% of total production. However, in quantitative terms, the PDO production doubled, while the production of PGI wines decreased three times (Figure 6).

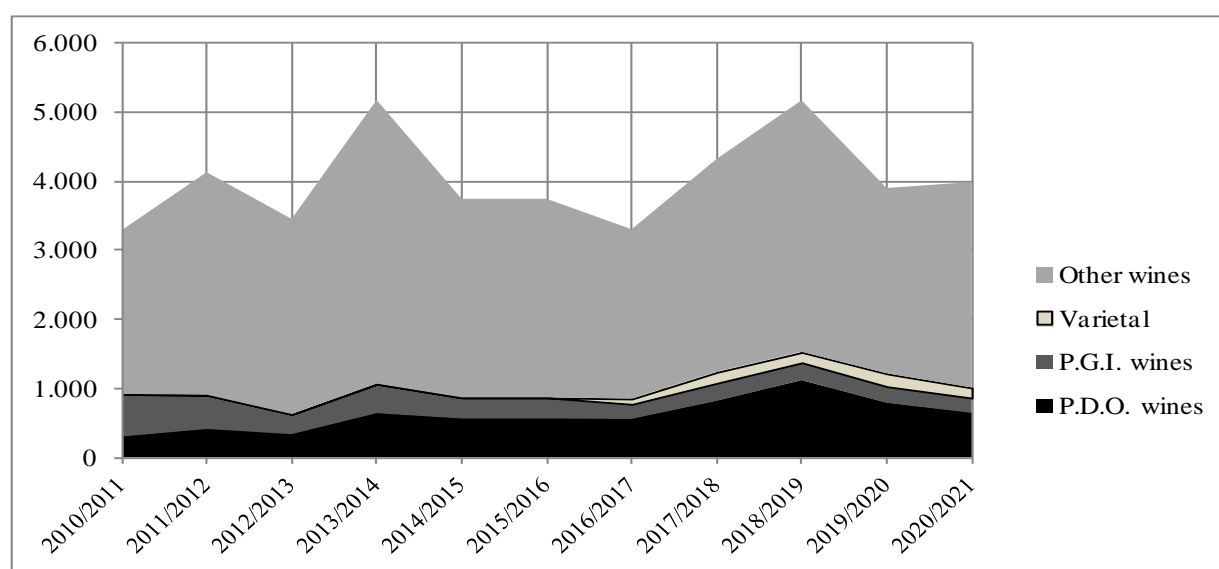


Figure 6. Romania's wine production

Source: Eurostat, Wine production (production from grapes harvested in the year n-1)

Average yields per hectare fluctuated, yet they are lower than the EU average (Table 2)

Table 2. Wine yields (hectoliters/hectare)

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2021/2020 | 2021/last 5year av. |
|-----------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|---------------------|
| EU | 56.5 | 57.2 | 57.6 | 49.0 | 61.7 | 50.5 | 54.8 | 53.6 | -2.1 | -1.3 |
| Spain | 42.2 | 41.1 | 43.3 | 35.1 | 48.9 | 36.9 | 44.9 | 38.8 | -13.6 | -6.9 |
| France | 66.3 | 67.5 | 64.9 | 51.5 | 62.5 | 52.2 | 56.4 | 45.7 | -18.9 | -19.8 |
| Italy | 81.9 | 79.3 | 83.7 | 72.2 | 90.5 | 76.6 | 76.7 | 94.0 | 22.5 | 19.0 |
| Romania | 75.9 | 33.0 | 30.3 | 38.6 | 46.3 | 34.6 | 35.7 | 43.2 | 21.2 | 19.0 |

Source: DG Agriculture and Rural Development based on MS notifications

Consumption in the EU has had a historical decreasing trend, being about 23 liters/capita at present. In the year 2020, Portugal had the highest wine consumption per capita, with 51.9 liters, Italy with 46.6 liters, France with 46 liters, followed by Switzerland, with 35.7 liters. In Romania, wine consumption followed the production trend. The highest consumption was 22.7 liters in 2014 and the lowest 12.3 liters in 2018 (Figure 7).

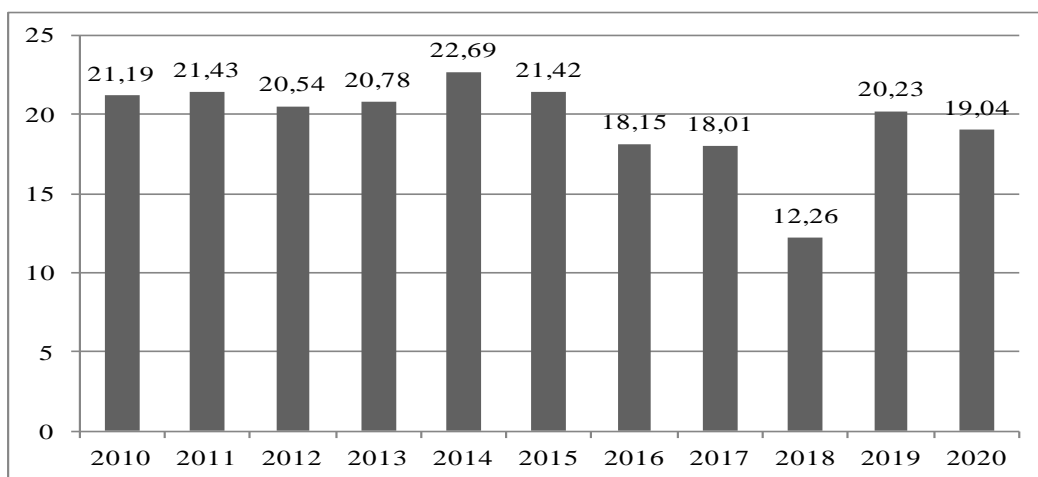


Figure 7. Evolution of wine consumption in Romania

Source: FAOSTAT

Compared to the year 2013, exports doubled in quantitative terms, and increased by 87% in value terms. In the year 2020, Romania exported 20.7 thousand tonnes of wine; in value terms, exports increased by 87%, from 16.5 million euros to 30.9 million euros. Quantitative imports increased from 36.7 to 44.7 million euros (+22%); in value terms, imports increased by 86%, from 38 to 70.5 million euros. The balance is negative both in quantitative and value terms. The trade deficit deepened (Figures 8 and 9). Wine trade mainly takes place on the EU market, and only 9% of the quantitative export is intended for third markets; 62% of import wines originate in the EU.

The value-to-quantity ratio reveals that cheaper wines are exported than in 2013.

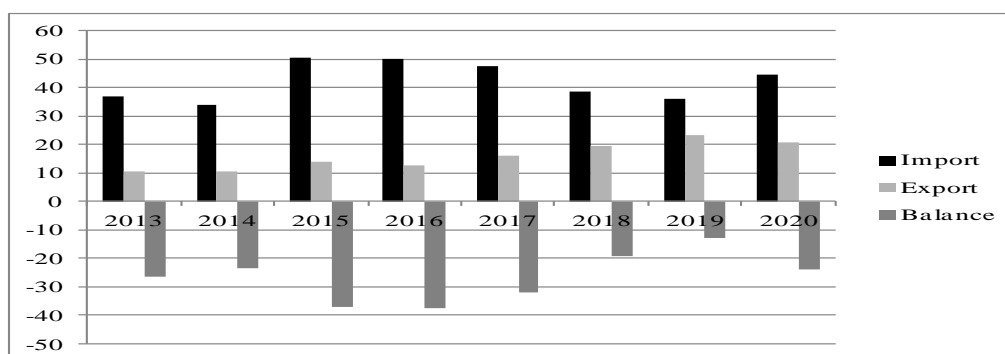


Figure 8. Wine trade in quantitative terms – thousand tonnes

Source: MARD

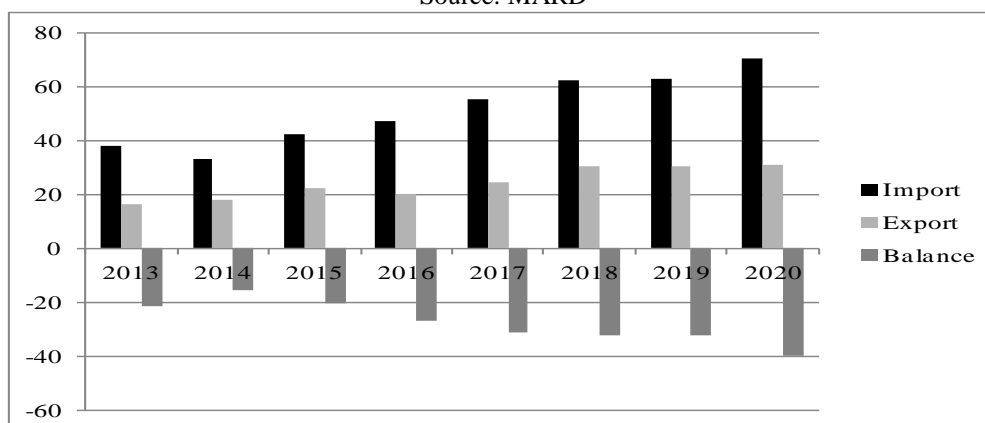


Figure 9. Wine trade in value terms – million euros

Source: MARD

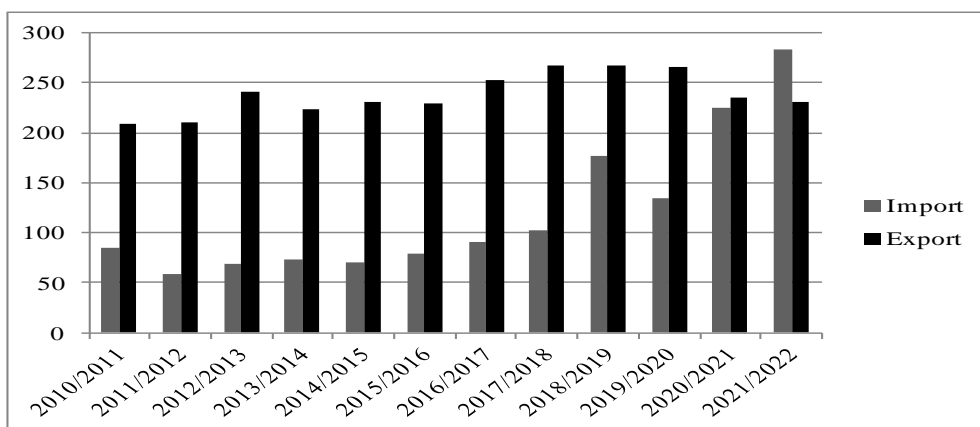


Figure 10. Average value of wine in foreign trade, euros/hl

Source: <https://agridata.ec.europa.eu/extensions/DashboardWine/WineTrade.html>

Overall, export prices were higher than import prices until 2021, when the value of import prices became higher. The difference in 2010 in favor of export was 123 euros/hl; in 2022, the price difference was 79 euros/hl in favor of imports (Figure 10).

CONCLUSIONS

Even though the area under vineyards slightly decreased, an improvement was noticed in terms of the new investments made through the support programme. A limitation in the sector is represented by the small size of plantations by farm.

Yields oscillate from year to year and are smaller than the EU average. Wine production fluctuates, being dependent on weather conditions. A restrictive factor is the unfavourable structure of wines, with a 75% share of other wines. In this sense, the support programme only succeeded in renewing the areas dedicated to quality wines and not the areas dedicated to other wines.

The top ten economic operators in the wine industry cumulate 75% of the sector's turnover and 83% of the profit obtained in this industry.

Wine consumption is close to the EU average, being partially covered by imports, which vary depending on domestic production. In value terms, imports have an upward trend.

The balance of trade is negative, and the deficit has increased each year. Overall, export prices were higher than import prices until 2021, when import prices became higher. The foreign trade in wine takes place mainly on the EU market, the measure of promotion on third markets having a minimal impact.

An opportunity of the sector, besides the continuation of the specific support programme, is the development of the wine tourism. In Romania, wine routes were established and launched around the year 2000.

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