

# Assessing the Current Situation of the Grape Market in Romania

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## Abstract

*Romania's high potential for grape production is due to its geographical position, climatic conditions, and sandy soils, conducive to the cultivation of vines. This branch of agriculture has an old tradition, being at the same time an opportunity for economic growth if the vine is exploited in different forms for export. In the last decade, domestic grape producers have lacked competitiveness due to the high level of imports and unsatisfactory prices for them. The present paper aims to identify the main problems in the sector, analyze Romania's ability to support a sufficient quantity for the entire population, and find practical solutions, both for boosting the wine market and increasing competitiveness in the European market. The analysis of the wine sector is carried out throughout the study of statistical data provided by the National Statistical Institute to delineate framework aspects on the evolution of this market segment, focusing on indicators such as price flow, production, and cultivated area, consumption, and trade balance.*

**Key words:** grapes, market, foreign trade, consumption

**J.E.L. classification:** Q13

## 1. Introduction

Viticulture presents essential aspects due to the flexibility of adapting the crops to soils unsuitable for other crops, capitalizing on the sloping land with sandy soils, obtaining the equivalent production of 5-10 ha of cereal crops in one hectare.

The proper area for this type of culture is the hilly area, bringing an economic benefit to the population living in this region.

Wine or "liquor left by the gods" as it was called in ancient cultures, consumed in reasonable quantities has increased benefits for the body due to the chemical composition with a high content of sugars (glucose, fructose) 12-25%, organic acids (tartaric, citric, malic) 1-2%, mineral salts (Ca, Fe, K, P, etc.) about 1%, nitrogenous compounds 0.15-0.2%, vitamins (C, B1, B2, PP, A, E), enzymes, polyphenols.

Grapes are the most cultivated and appreciated fruits globally, so table grapes' production remained at 24.7 million tons in 2020, below the record recorded in 2017-2018. For this year (2021), record figures of up to 3.4 million tons were estimated in imports and exports.

The total area that includes vine crops worldwide, planted for various purposes, namely wine production, table grapes, or raisin production, totals approximately 7.4 million ha.

The most prominent part of the grape market is occupied by the wine sector or the production and marketing of wines. The increased variety of the winemaking branch is determined by factors such as grape variety, territories, types of aging or winemaking methods.

## 2. Literature review

Specific to the temperate continental zone, the vine culture is a multiannual one that dates back to 7000 BC on the territory of our country, suffering various modifications and derivations over time. The development of this crop was possible due to the favorable climatic conditions and the sandy soils on the hills of Romania.

Also, rainfall in hilly areas and temperatures make annual harvests increase progressively, making this culture of national importance (Stefan et al., 2017). Besides the positive effects of vine cultivation on the environment, especially soils, the main externality is represented by the occupation of problematic lands (sloped, sandy, and poorly solificated land) that could not be used in agriculture because it does not offer favorable results conditions for crops development. (Popescu et al., 2009)

The economic importance of wine-growing crops materializes through the wine production and processing sector (Borcea, 2017), grapes being the raw material for compotes, preserves, juices, raisins, jams. Besides all these, grape seeds are used intensively in oil production.

The socio-economic impotence of the vineyards is illustrated by the generation of jobs for people active in the agricultural sector, serving at the same time as a market and consumption for the plant protection products chain (pesticides, insecticides, fungicides, herbicides, etc.).

Another positive aspect brought by the wine culture to the human consumer is the ratio of nutrients and antioxidants with a mineralizing and active therapeutic role. Vines is a culture with tradition in many rural areas of Romania, the center of social and economic life. (Vasile, 2015)

The largest area of land cultivated with vines in Romania was reached in 1976 and totaled 100,000 hectares. There was a progressive decrease, reaching that in 2005 only 79000 hectares to be cultivated with vines. (David, 2014)

In 2020, the National Institute of Statistics registered an area of 180000 hectares, of which less than half is in the south-eastern region. (NIS, 2021)

Although Romania is one of the largest grape growers in the EU, it faces difficulties in responsibly applying the circular economy and sustainability principles, which can unbalance the economic and social life of farmers and the entire population. (Chirurgiu et al., 2018)

As the primary desideratum, the Romanian wine sector must increase the competitiveness of domestic producers towards foreign producers and increase the level of exports of Romanian wines on the European market. So that once the appreciation of consumers is increased, a modest price increase is expected so that Romanian farmers can financially support themselves and purchase more land to increase grape production. (Popescu et al., 2009)

### **3. Research methodology**

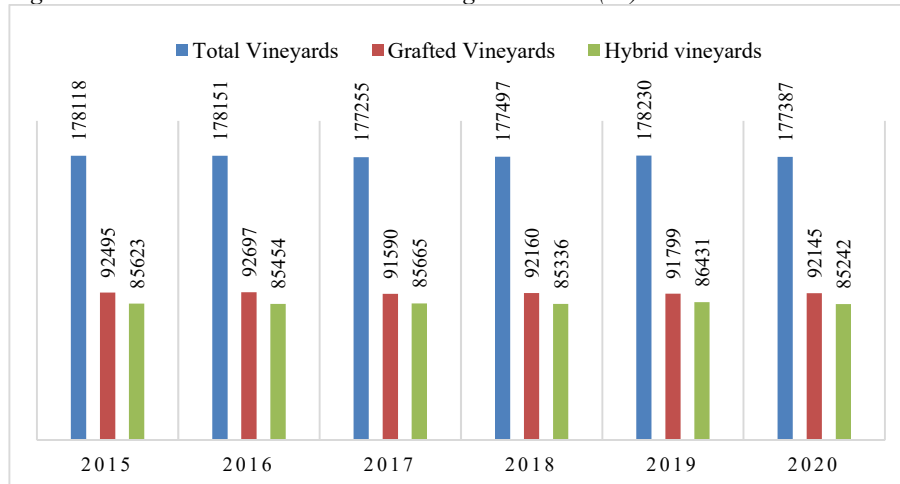
The main objective of this paper is to draw a complete picture of the Romanian grape market and examines in detail the indicators such as the total cultivated area, the average yield per hectare and the total, the price, the average consumption, and the external trade.

This study uses both qualitative and quantitative methods of researching statistical data from 2015-2020 taken from the National Institute of Statistics database to provide an overview of the current market situation.

### **4. Findings**

According to the data taken from the National Institute of Statistics database in the period 2015-2020, the area cultivated with vines in Romania recorded small fluctuations from year to year. More specifically, in 2020, we have a crop that stretches over 177387 hectares, less by 731 hectares compared to 2015 when an area of 178118 hectares was registered.

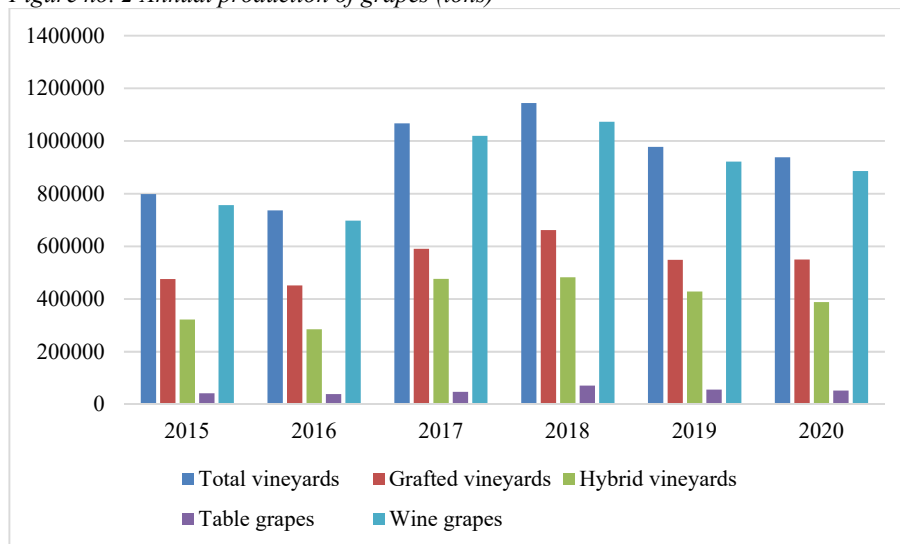
Figure no. 1 Area cultivated with vines during 2015-2020 (ha)



Source: Own processing based on National Institute of Statistics data

In terms of total production at the national level, 2018 has the highest grape production. The quantity in this period slightly exceeds 1,144,000 tons, subsequently decreasing by 18%, reaching the value of 938244 tons in 2020. It can be seen that more than half of the quantity comes from the culture of grafted vines and 41.4% from hybrid vineyard cultivation, while 94.4% of production are grapes for wine and only 5.57% are table grapes.

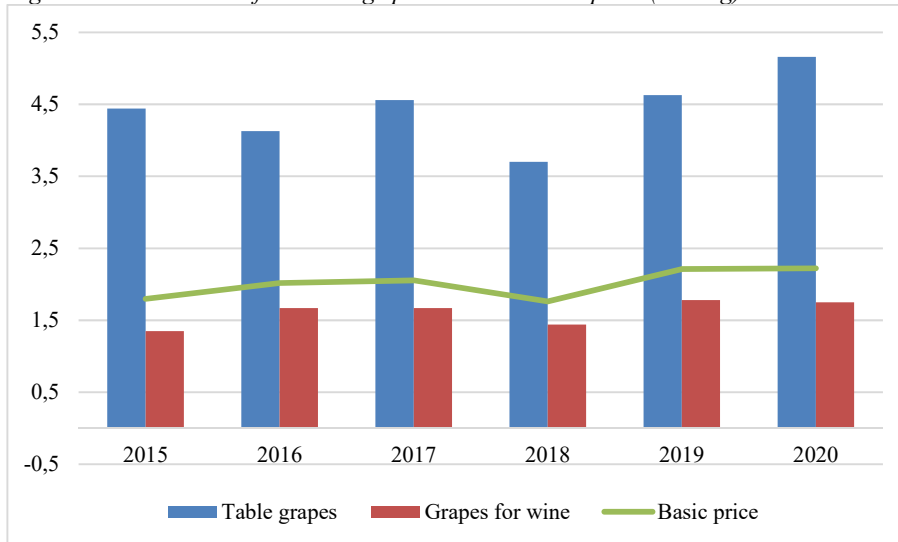
Figure no. 2 Annual production of grapes (tons)



Source: Own processing based on National Institute of Statistics data

The evolution of the average grape production per hectare in the analyzed period is oscillating. Thus, the quantity increases from 4136 kg / ha in 2016 to the value of 6447 kg / ha in 2018, then decreases to the average quantity of 5289 kg / ha per hectare in 2020.

Figure no. 3 Evolution of the average price and the basic price (Lei / kg)

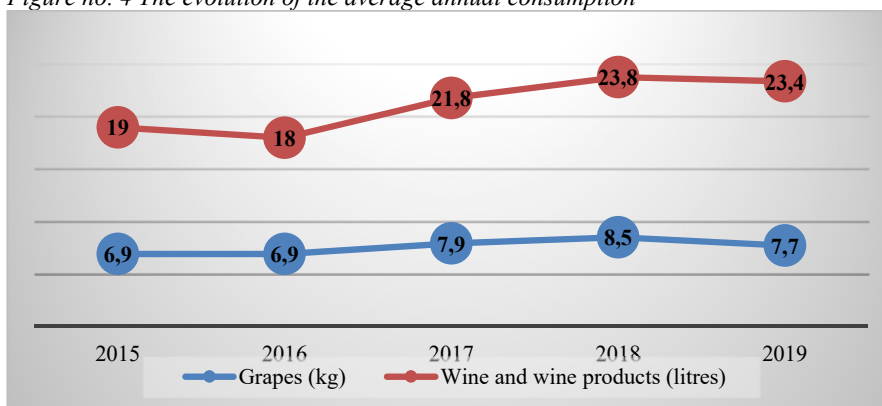


Source: Own processing based on National Institute of Statistics data

Analyzing chart no.3 we can deduce that the base price per kilogram in the case of vine culture has a predominantly upward trend, the minimum value being recorded in 2018 when a kilogram of grape cost 1.76 lei, and the maximum value of 2.22 lei per kilogram was reached in 2020.

Regarding the average price, a substantial difference between the category of table grapes and those for wine can be noticed. The values of this indicator fluctuate but with an increasing trend. Thus, the average price for table grapes is increased by 0.72 lei/kg from 2015 to 2020, while the value for one kilogram of grapes for wine increased from 1.35 lei/kg in 2015 to the value of 1.75 lei/kg in 2020.

Figure no. 4 The evolution of the average annual consumption



Source: Own processing based on National Institute of Statistics data

The evolution of the average annual consumption results in the Romanian people preferring to consume wine and its derived products at the expense of fresh grapes. Thus, we can deduce from graph 3 that the consumption of wine increased from the value of 19 liters per person in 2015 to 23.4 liters per person in 2019, while the consumption of grapes in fresh form increases to the value of 8.5 kg in 2018 and decreases to a value of 7.7 kg the following year.

Table no. 1 Foreign trade

Trade (Mii euro)	Product	2015	2016	2017	2018	2019	2020
Export	Grape	300	920	756	440	367	438
Export	Fruit juices	13942	13853	18077	17789	17891	12981
Export	Wines of fresh grapes	24053	22518	26771	30464	30849	30885
Import	Grape	32766	42393	48376	46772	50426	52167
Import	Fruit juices	30144	33980	37849	41953	45931	42490
Import	Wines of fresh grapes	44581	49692	59162	62694	62836	70561
Balance	Grape	-32466	-41473	-47620	-46332	-50059	-51729
Balance	Fruit juices	-16202	-20127	-19772	-24164	-28040	-29509
Balance	Wines of fresh grapes	-20528	-27174	-32391	-32230	-31987	-39676

Source: Own processing based on National Institute of Statistics data

According to the analyzed data, we can see that the value of grape import has a positive evolution and has increased from 32766 thousand euros in 2015 to 52167 thousand euros in 2020, and the import of fruit juice increases from 13942 thousand euros in 2015 to 17891 thousand euros in 2019 and sharply decreases the humbling year to the value of 12981 thousand euros.

The highest growth rate is found in the fresh grape wines category, where the import increased by 58.2 percent in 2020 compared to 2015.

Analyzing the above table, we deduce that the export value is reduced by 7.4% in the fruit juice category in 2020 compared to 2017 and by 52.4 percent in the case of grapes in 2020 compared to 2016, and the export value of fresh grape wines is increased from 22518 thousand euros in 2016 to 30885 thousand euros in 2020.

## SWOT Analysis

### Strengths

- High pedological potential conducive to grape cultivation
- Varieties and technologies with a vast history
- Continuous development of varieties
- The emergence of modern technologies in the processing process
- Wide range of products
- Expanding production by amplifying investments
- High profitability rate

### Weaknesses

- Deficient quantity of raw materials
- Poor production quality
- Too high production costs
- Lack of a country brand and a well-defined strategy
- Insufficient agricultural roads
- Poor competitiveness on the external market
- The prospecting of the internal and external market is inexistent

### Opportunities

- Creating a strategy to increase competitiveness
- Modernization of existing infrastructure
- Intensive promotion of wine abroad
- Increased export due to high global demand
- Attracting foreign investors

### Threats

- Increase in raw material costs
- Mass import of wine products

- Continuous reduction of surfaces cultivated with grapes
- The emergence of new protection measures on foreign markets
- Inability to attract foreign investments due to the volatility of the economic environment

## 5. Conclusions

From the processed data, the area cultivated with rapeseed in 2015 -2020 has a negative evolution, decreasing from 178118 hectares in 2015 to the minimum value of 177387 hectares in 2020.

The total production and the average yield per hectare of grapes show fluctuating values over the analyzed period. Thus, the total production reaches the maximum value in 2018 with a national harvest of 1144305 tons of grapes, and the minimum being recorded in 2016 with a value of 736892 tons. The average yield per hectare decreases by 348 tons in 2016 compared to 2015, increases to the threshold of 6447 tons per hectare in 2018, then decreases again until 2020 (5289 tons l a hectare).

The basic price for one kilogram of grapes in the reference period is variable; it has slight increases from 2015 (1.80 lei / kg) until 2017 (2.06 lei / kg), then decreases in 2018 (1.76 lei / kg), and will increase significantly by 2020 (2.22 lei / kg).

A large part of Romania's foreign trade was capitalized by selling wines from fresh grapes. In 2020 the import reached the maximum value of 70561 thousand euros, 56.2% lower than the maximum value (30885 thousand euros) of the export in the same year.

The trade balance for the grape trade is an unfavourable one, but with values increasing from one year to the next.

The Romanian grape market has undergone drastic changes in recent years, and it is expected that the trade deficit will deepen in the next period. The event that will influence the market the most in the next period is the covid-19 pandemic and the adverse weather phenomena.

## 6. Acknowledgement

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