



Romania

Country Profile

August 2019

BACKGROUND

The principalities of Wallachia and Moldavia - for centuries under the suzerainty of the Turkish Ottoman Empire - secured their autonomy in 1856; they were de facto linked in 1859 and formally united in 1862 under the new name of Romania. The country gained recognition of its independence in 1878. It joined the Allied Powers in World War I and acquired new territories - most notably Transylvania - following the conflict. In 1940, Romania allied with the Axis powers and participated in the 1941 German invasion of the USSR. Three years later, overrun by the Soviets, Romania signed an armistice. The post-war Soviet occupation led to the formation of a communist "people's republic" in 1947 and the abdication of the king. The decades-long rule of dictator Nicolae CEAUSESCU, who took power in 1965, and his Securitate police state became increasingly oppressive and draconian through the 1980s. CEAUSESCU was overthrown and executed in late 1989. Former communists dominated the government until 1996 when they were swept from power. Romania joined NATO in 2004 and the EU in 2007.

Geography: Southeastern Europe, bordering the Black Sea, between Bulgaria and Ukraine. Total area 238,391 sq km.

People: Total population is 21,529,967 and median age is 41.1 years.

Agriculture: Wheat, corn, barley, sugar beets, sunflower seed, potatoes, grapes; eggs, sheep.

Industries: Electric machinery and equipment, auto assembly, textiles and footwear, light machinery, metallurgy, chemicals, food processing, petroleum refining, mining, timber, construction materials.

Environment: Soil erosion and degradation; water pollution; air pollution in south from industrial effluents; contamination of Danube delta wetlands.



Economy and Infrastructure: Romania, which joined the EU on 1 January 2007, began the transition from communism in 1989 with a largely obsolete industrial base and a pattern of output unsuited to the country's needs. Romania's macroeconomic gains have only recently started to spur creation of a middle class and to address Romania's widespread poverty. Corruption and red tape continue to permeate the business environment.

Economic growth rebounded in the 2013-17 period, driven by strong industrial exports, excellent agricultural harvests, and, more recently, expansionary fiscal policies in 2016-2017 that nearly quadrupled Bucharest's annual fiscal deficit, from +0.8% of GDP in 2015 to -3% of GDP in 2016 and an estimated -3.4% in 2017. Industry outperformed other sectors of the economy in 2017. Exports remained an engine of economic growth, led by trade with the EU,

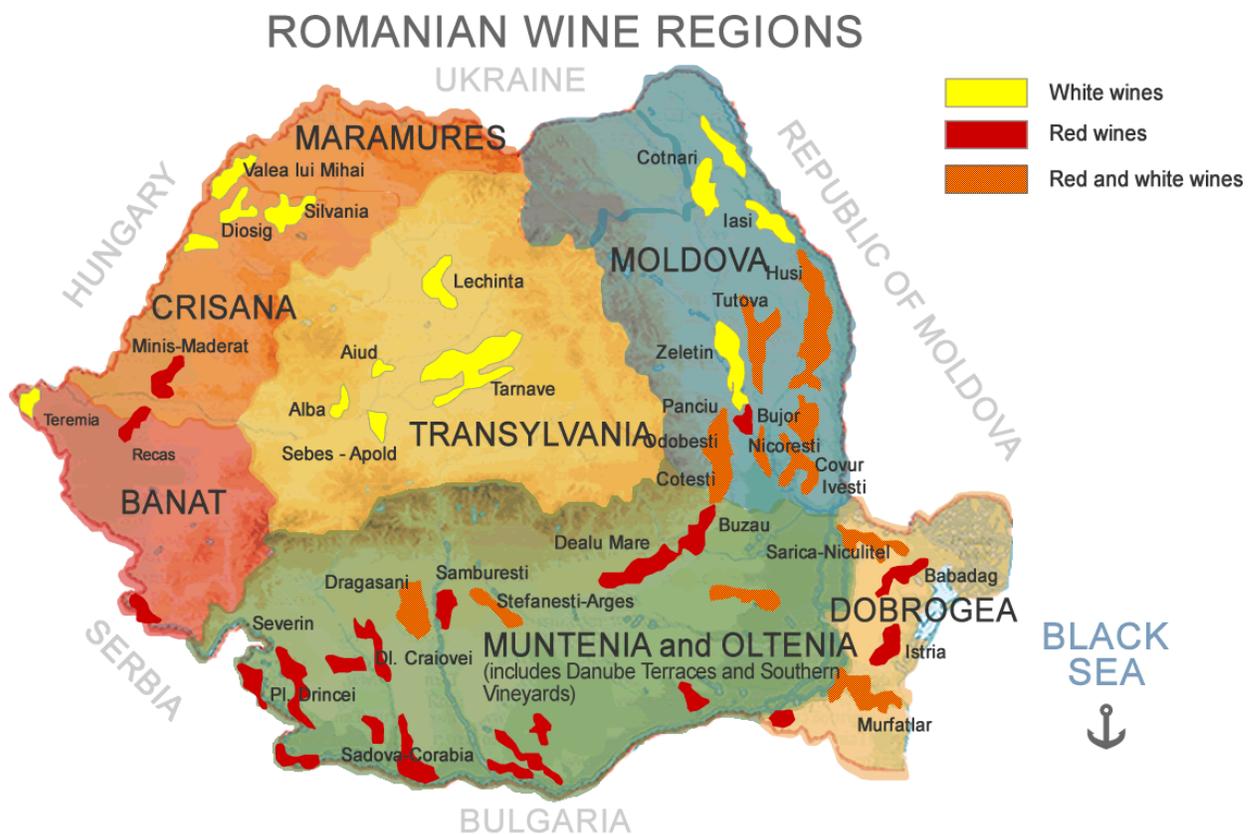
which accounts for roughly 70% of Romania trade. Domestic demand was the major driver, due to tax cuts and large wage increases that began last year and are set to continue in 2018.

An aging population, emigration of skilled labor, significant tax evasion, insufficient health care, and an aggressive loosening of the fiscal package compromise Romania’s long-term growth and economic stability and are the economy’s top vulnerabilities.

THE WINE INDUSTRY

1. WINE REGIONS

Romania, a member of the International Organisation for Vine and Wine since 1927, has one of the oldest wine making traditions in the world with earliest sign of viticulture dating back more than 6,000 years.



Moldova 38% of vineyard area is the biggest and the most important. Situated in the hills of the Northwest of Iasi, this region produces some of the most beautiful sweet wines of Romania. Region specialized in white wine growing, with controlled name of origin (DOC) and controlled name of origin and quality levels (DOCC). Red cultivars include Grasa de Cotnari, Tamaioasa Romaneasca, and white cultivars Feteasca and Francusa

Muntenia & Oltenia 29%, including **Danube Terraces** 13%. Spreading approximately 400 square kilometres over sub-Carpathian Hills this is the most compact vine region in Romania. Old in tradition the Dealu Mare vineyard is the cradle of the red wines, whose special taste and flavour are given by the local soil and climate. Cabernet Sauvignon, Merlot, black Feteasca,

Pinot Noir, white Feteasca, Sauvignon blanc, Muscat Ottonel, and Tamaioasa Romaneasca are cultivated here.

Dobregea 9%, is located in the south-east part of Romania being surrounded mainly by the Danube River in the west and north, the Danube Delta and the Black Sea in the east. The Black Sea provides freshness and necessary humidity to permit the culture of the grape and possibility to produce noble rot. Range of white cultivars - Pinot Gris, Chardonnay, Italian Riesling, Sauvignon blanc and Muscat Ottonel; red cultivars - Cabernet Sauvignon, Merlot, black Feteasca, Pinot Noir.

Crisana-Maramures 5%, located in the north-west part of Romania. The wine making here is influenced by the west European style. Cultivars mostly produced are Cadarca and Mustoasa de Maderat.

Transylvania 4 %. This region is located in the center of Romania, like a fortress surrounded by the highest Romanian mountains and enjoys a cool climate due to the high altitude and humidity provided by the nearby rivers. The cultivar range include quality white wines Pinot Gris, Italian Riesling, Sauvignon, Furmint, Chardonnay, Feteasca Alba; aromatic wines: Muscat Ottonel; Sparkling wines: Royal Feteasca, Italian Riesling, White Feteasca.

Banat 2%. The region is in the south-west part of Romania and is the smallest region in term of surface. The production covers the main grapes varieties, while the export business is a very important local industry part.

Source: *Wines and Vines Crame Romania indigenewines decanterchina.*

2. AREA UNDER VINES

YEAR	HECTARES
2013	192 000
2014	192 000
2015	191 000
2016	191 000
2017	191 000
2018*	191 000

*Provisional

Source: OIV

3. CULTIVARS

Romania's most cultivated grape cultivars are white wines, including Fetească Albă, Fetească Regală, Pinot Gris, Muscat, Sauvignon blanc, Chardonnay, Riesling, Aligoté, Tămâioasă Românească, Grasă de Cotnari, Galbenă de Odobești and Traminer. Fetească is the most proliferate and known typical Romanian wine.

The main red cultivars are Merlot, Cabernet Sauvignon, Băbească Neagră, Fetească Neagră, Pinot Noir, Dornfelder, Syrah, Burgund and Busuioacă de Bohotin.

Native cultivars are Reds – Feteasca Neagra, Babeasca, Mustoasa de Maderat, Negru de Dragasani; Whites – Feteasca Regala, Feteasca Alba, Galbena de Odobesti, Zghihara de Husi and Zaibăr.

Cultivar and hectares (2014)	
Fetească Regală	12 973
Fetească Albă	12 851
Merlot	11 407
Aligoté	6 568
Riesling	6 333
Sauvignon blanc	4 973
Cabernet Sauvignon	4 833
Muscat Ottonel	3 987
Rosioara	2 876
Babească Neagră	2 771
Fetească Neagră	2 349

4. PRODUCTION

Domestic Wine Production

YEAR	'000 litres
2013	510 000
2014	370 000
2015	360 000
2016	330 000
2017	430 000
2018*	510 000

**Provisional
Source: OIV*

5. CONSUMPTION

Consumption is currently at 9.3 litres per capita.

YEAR	'000 litres
2013	460 000
2014	470 000
2015	400 00
2016	380 000
2017	410 000
2018*	500 000

**Provisional
Source: OIV*

Per capita consumption

YEAR	LITRES
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	PER CAPITA
2011	7.6
2012	7.9
2013	8.1
2014	7.4
2015	7.9
2016	8.6
2017	9.3

Source: 2018 Euromonitor International

6. INTERNATIONAL TRADE

Total exports

Exports represent 3.5% of total wine production. Main exports countries are Spain (20%), the UK (20%), Germany (18%) and The Netherlands (9%).

YEAR	'000 LITRES
2011	10 300
2012	11 000
2013	10 200
2014	10 400
2015	13 900
2016	12 900
2017	16 000
2018	18 000

Source: OIV, Comtrade

Total imports

Imports mainly from Spain (43%), Moldova (25%), Italy (13%), and Hungary (6%).

YEAR	'000 LITRES
2011	91 000
2012	54 000
2013	36 700
2014	34 100
2015	50 800
2016	50 200

2017	48 000
2018	450 000

Source: Comtrade

7. INTERNATIONAL POSITION

10th in vineyard area.

13th in global wine production.

8. TRENDS & FORECASTS

- Still rosé wine sees the fastest growth of 13% in total volume terms in 2017, followed by still red wine with 12% growth.
- The average unit price of wine increases in 2017.
- ReVino, in collaboration with Romanian wineries, is developing a project for wine tourism, aiming to map all the wineries in the country.
- Jidvei leads wine in 2017, with a 17% total volume share; it sees a strong increase due to the bankruptcy of Murfatlar.
- In the forecast period, wine in Romania is expected to see a total volume CAGR of 10% in the context of the decline of home-produced wine.

Legal sales grow strongly

Romania is a country with a strong and old wine tradition. The market is still influenced by the consumption of home-made wine, which is thought by consumers to be more natural, since they know how the grapes were grown and how the product was manufactured. However, home-made production and consumption are falling. This is due to higher employment in factories, leaving consumers with less time to engage in agricultural activities, and the migration of the young population either abroad or to urban areas. This decline was reflected in the growth in sales of legal wine. Another factor impacting this category was the efforts of local producers, with more than 90% of the wine consumed being locally-produced. They invested in rebranding and actions to inform and re-educate consumers, both on-trade and off-trade.

Drivers of the popularity of wine

Consumer concern about the authenticity of wine led to an initiative by ReVino to map the wineries in the country and promote wine tourism, increasing consumer awareness of alternatives to home-made wine. Whilst visiting the wineries, consumers can see how the wine is produced, taste a variety of products and get advice about the different types of wine, which can be purchased at the end of the visit. After finding they like a specific type of wine, consumers tend to look for it in other channels. Digitalisation is leaving its mark, with the availability of products in online shops being very important. It does not contribute to sales of wine only through the availability of products; digitalisation also plays a big part in recommendations. Bloggers and vloggers are very popular, especially amongst the younger generation, and are a source of inspiration when it comes to the latest trends regarding travelling, dining and drinking. Consumers' interest in specialised shops where assistance is offered has also been evident, boosting sales of wine.

The door is left open by Murfatlar's bankruptcy

Murfatlar was the leader in wine for several years, holding a high share in still white wine, which has the highest sales. In 2017, a door opened due to its bankruptcy. As consumers are becoming more aware of what they are buying, and they have the necessary resources to

upgrade to better-quality products, the disappearance from the market of the main player in the economy segment might stimulate a shift to better-quality products. As they are becoming willing to spend more money, consumers are also more sensitive to the benefits that products offer. Moreover, looking at the per capita consumption of taxable sales of wine and the total consumption per capita including home-made wine, there is plenty of room for growth. Companies can take advantage of the perfect business climate in Romania.

Source: Euromonitor International
