

## **1,333 small wineries**

During the recent years the situation of vine and wine production in Bulgaria is serious and this is for several reasons. The process began with the fragmentation of agricultural land, destruction of machinery, lack of specialized lending, but the biggest reason is the refusal of the government and the Ministry of Agriculture to exercise their regulatory functions. This resulted in a reduction of vineyards in Bulgaria from 1,310,000 acres to 497,000 acres currently which is almost three times less and is very worrying trend.

According to official data the cultivable land in Bulgaria is 54 million hectares, of which only 29 million are cultivated and 6 million of them are set aside. This shows that Bulgaria needs only 45% of the land, while the remaining 55% are desert.

Amid all of this is very surprising, the crisis in the Bulgarian agriculture can be largely explained by the lack of initiative and diligence in Bulgarian people. The reason is not that there is no one to cultivate the land, but the fact that the finished product cannot be sold. To get out of this difficult situation are necessary several steps. The first thing is the country and the Ministry of Agriculture to enter into their role as a coordinating authority and not to act as the sole authority allotting funds in the pockets of various officials.

When opportunities for agricultural development are exhausted, one of the main features is the development of agriculture

through the development of domestic tourism. When we talk about tourism in Bulgaria, it is important that rural development that would be of interest to tourists. The tourist stays at a hotel, not because of the hotel itself, but because of the interesting sights of the city, spas and more.

Not surprisingly, the funds for the operational programs and the national plan for "Rural Development" - the biggest part of the funds allocated to the development of non-agricultural activities, of which the most important is the development of tourism. In the countries from the European Union are employed in agriculture between 2.5% and 3.5%, while in Bulgaria they are about 26% of the population, but these are people who really just "tinker" ground (if it can comfort us Turkey is 27%). From the European Union are provided around 4 billion through Axis 'leader' and measures for rural development through the development of non-agricultural activities in tourism. The trend is the redeployment of more people to work, not related to agriculture and other types of business, to stimulate rural development. This is the meaning of the so-called diversification.

Bulgarian agriculture should take advantage of this opportunity, including the development of Bulgarian vine and winemaking. Until recently, vine and wine were some of the most lucrative industries in agriculture. Unfortunately, now the situation is such that the vineyards in the country decreased more and more, and new vineyards cannot compensate for "aging." Bulgaria currently

has 124 registered wineries. About 80 of them are active in the wine-production, while about 60 of these 80 wineries produce over 1 million bottles.

When production has over 1 million bottles, the price is determined by cost plus 10-20% profit. The reduction of our external markets let much of this production to be exported to the CIS countries, and there the price is beating. So over 90% of the wines produced in Bulgaria belong to the classification of cheap mass wines, regardless of their quality characteristics.

This reflects hardest on the wine grape producers and causes people to give up this activity, which was profitable until recently. The only way for the Bulgarian vine-growers is these, who have from 20 to 100 acres of vineyards, a group of neighbors in a vineyard or a long-term tenant of the same size property alone begin to produce wine and sell it. The wine grapes are not a product which brings profit. The product is the already bottled wine. In France the wine grapes have not price. For generations those who produce grapes are in close contact with those who produce wine. There wine-growers give, and don't sell the grapes to the wineries, and after the sale of wine they share out the profit. It is impossible for large Bulgarian wine producers to sell wine for 30, 40 or 100 euro per bottle, while in small French wineries this has become a normal practice.

The creation of these small wineries, which initially estimated to be over 1000 (in France, for information they have about 10,000)

is the issue of Bulgarian vine and wine, as the trend of reducing the cost of buying grapes from winery has no real reasons to stop. In 2005 the price per pound of wine grapes was 0,90 leva, and in 2006 – 0,50 leva, and this process continues.

Moreover in Bulgaria there are examples for wine production from own vineyards and it is quite successfully. In the story remained the glory of the wines produced by the producer from Assenovgrad -Chorbadzhaka, which shows that Bulgaria has traditions related to small wineries.

The biggest market, remained in the last years is the Russian and already has more than half of our exports of wine. This is an incredibly specific market in which the most characteristic feature is the volatility and effort in recent years for consumption of high quality. But the high quality of the wine is a complex, involving series of difficult definable qualities: regionalism, prestige, history, traditions and more.

Our traditional ties in tourism and lack of communication difficulties are the basis for the construction of another channel for export of Bulgarian wines in Russia- the best export - exports through the tourism.

Another factor that will be beneficial for the successful implementation of the projects is land available to wineries. If vineyards are located in the so-called tourist routes: "The Way of Dionysus", "The Way of Orpheus" and others, they would have guaranteed chance of success.

The third factor for the success of these projects is in the National Plan "Rural Development". It has means to recover 50% of the investment. This fact makes the banks look kindly on this initiative and consider the project to successful. Because of the crisis in agriculture will be difficult for many businesses to make separate investments, but the possibility of recovering 50% of the money, this is very real and the risks are minimized. The RVWC "Trakia" has established working groups to develop projects and help people to put funds to use.

The fourth factor is that small wineries are not competitors of the big wine producers. The wineries - giants are not threatened in any way by small wineries and have no reason to interfere with this project.

Small series of wines from 20 to 100 thousand bottles improve the image, the quality and the price of Bulgarian wines in general, including the price of the wines of the major producers. Moreover, small wineries will bring tourists who come in big factories too. Small wineries and big wineries have two adjacent niches in the economic area which have no confrontation. An example is the world-famous wine company in the U.S. - the giant "Gallo". This company actually owns more than 10 small wineries in Sonoma Valley - California, but the company kept this secret to selling boutique wine produced there at higher prices.