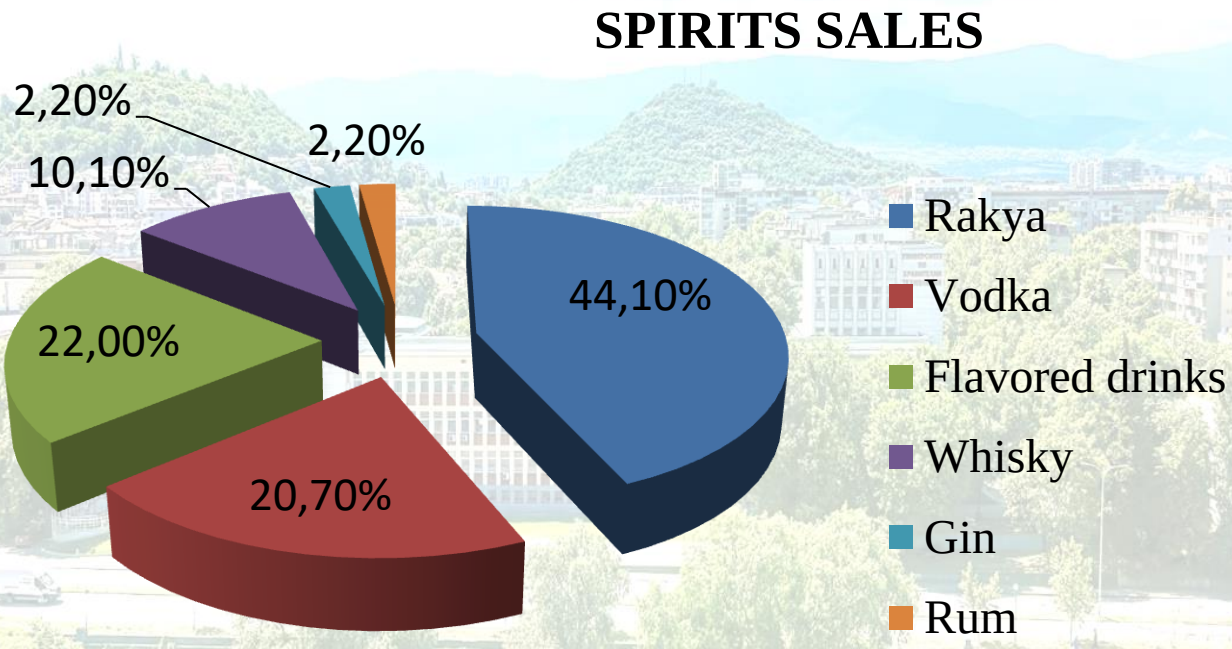
# THE VITIVINICULTURAL SPIRITS' SECTOR OF BULGARIA




**Prof. Plamen Mollov, Rector**
**University of Food Technologies – Plovdiv**

# LOCAL BRANDY RAKYA – TOP PRODUCT OF BG SPIRITS' MARKET




The local brandy ***Rakya*** is the top product of the Bulgarian spirits market. It accounts for over 44% of the revenue in this sector, or approximately 40 million Euros.

[C/R]

# RAKYA ACCORDING TO THE BULGARIAN WINE AND SPIRIT DRINK ACT

Fruit / Fruit Marc Spirits

**Wine Spirits**:

**GRAPE RAKYA** (GROZDOVA RAKYA, GRAPE BRANDY) – min 40,0 % alcoholic strength (by volume)

**WINE RAKYA** (VINENA RAKYA, WINE BRANDY) – min 37,5 % alcoholic strength (by volume)

**GRAPE MARC RAKYA** (DJIBROVA RAKYA) – min 37,5 % alcoholic strength (by volume)

The composition and characteristics of BG Grape or Wine Brandy are in compliance with the category “Wine spirits” of the EU Regulation 110/2008.

# WINE – A TRADITIONAL BULGARIAN DRINK

Traditions in wine making in Bulgaria date back far in time, to the foundation of the Bulgarian state. Wine was part of the culture of the Thracians, the people who inhabited our lands. They gave their name to the Thracian valley, a geographical region certified for the production of wines with PGI. The Thracians were among the most widely recognised and praised wine makers, described even in Homer's Iliad.



In **the village of Starossel** an impressive Thracian temple dating to the 5th – 4th century B.C. was discovered. Strange equipment was unearthed: a huge carved stone basin with a capacity of over 5 000 litres of liquid, plastered inside with solid hydrophobic mortar. Shards of pottery, jugs and cups, and a clay strainer, were found nearby.



Proofs of exceptionally well-developed wine making were discovered in **Perperikon, the sanctuary of Dionysus**.



**The Panagyurishte Gold Treasure** dates from the end of the 4th century B.C. to the beginning of the 3rd century B.C. and was used for feasts or religious ceremonies and rituals related to the Thracian mythology.

[EAVW]

# RAKYA – A TRADITIONAL BULGARIAN BRANDY

Distillation process was first introduced in Bulgaria in the 12th century A.D.

Rakya was part of everyday life, present in the folklore and used as a remedy in the traditional ("folk“) medicine.

The first Wine Law was signed in 1879.

Rakya production increased in 18th – 19th centuries. Vineyard areas increased significantly and in 1888 they were nearly 120 000 ha (two times more than today).




The village of Tatul, South BG, 12th century A.D.: Pottery, used for the distillation of rakya



Distillation devices used during the Ottoman rule

[MF]

# SOME BG VITIVINICULTURAL DATA

VINEYARDS (total planted area) = 60 162 ha
(61 % for PDO/PGI wines)



GRAPE GROWERS (farmers with vineyards) = 41 715
REGISTRATED WINE PRODUCING ENTERPRISES = 317

PROCESSED GRAPES = 120 760 t
PRODUCED WINE = 830 000 hl

[EAVW]

# SOME BG VITIVINICULTURAL SPIRITS DATA

**REGISTRATED RAKYA PRODUCING ENTERPRISES = 71**

GRAPE / WINE RAKYA PRODUCING ENTERPRISES = 60

(Mainly wine and spirits producing companies)





**SPECIALIZED SMALL DISTILLERIES (BRANDY POTS) = 1532**

(ENTERPRISES PRODUCING GRAPE / WINE MARC RAKYA , intended for own consumption, up to 30 l per household and per year)

**Estimated volume: 35 – 40 % of the total rakya production** (Black market ?)



[MF]

# PRODUCTION AND SALES VOLUMES OF RAKYA

| YEAR | PRODUCTION [l] | PRODUCTION [%] | SALES [l] | SALES [%] |
|---|---|---|---|---|
| **RAKYA – TOTAL** | | | | |
| **2018** | 11 331 162 | 100,0 | 8 375 356 | 100,0 |
| **2019** | 7 584 335 | 100,0 | 8 873 268 | 100,0 |
| **2020** | 7 354 042 | 100,0 | 6 371 309 | 100,0 |
| **RAKYA WITH GI** | | | | |
| **2018** | 7 334 523 | 64,7 | 6 943 979 | 82,9 |
| **2019** | 5 232 939 | 69,0 | 6 289 067 | 70,9 |
| **2020** | 4 791 293 | 65,1 | 5 438 078 | 85,3 |

[C/R]

# TOP SPIRITS PRODUCING ENTERPRISES

The top 5 spirits producing companies had in 2017 a common share of sales of approximately 83%.

| PRODUCER | SALES [$10^3$ EUR] | LOCAL MARKET [$10^3$ EUR] | EXPORT [$10^3$ EUR] |
|---|---|---|---|
| Black Sea Gold | 8 628 | 8 441 | 187 |
| VP Brands International | 7 762 | 7 024 | 738 |
| Villa Yambol | 5 880 | 5 875 | 5 |
| SIS Industries | 5 510 | 5 442 | 68 |
| Vin SIS Industries | 4 645 | 4 645 | - |
| **TOTAL** | **32 425** | **31 427** | **998** |

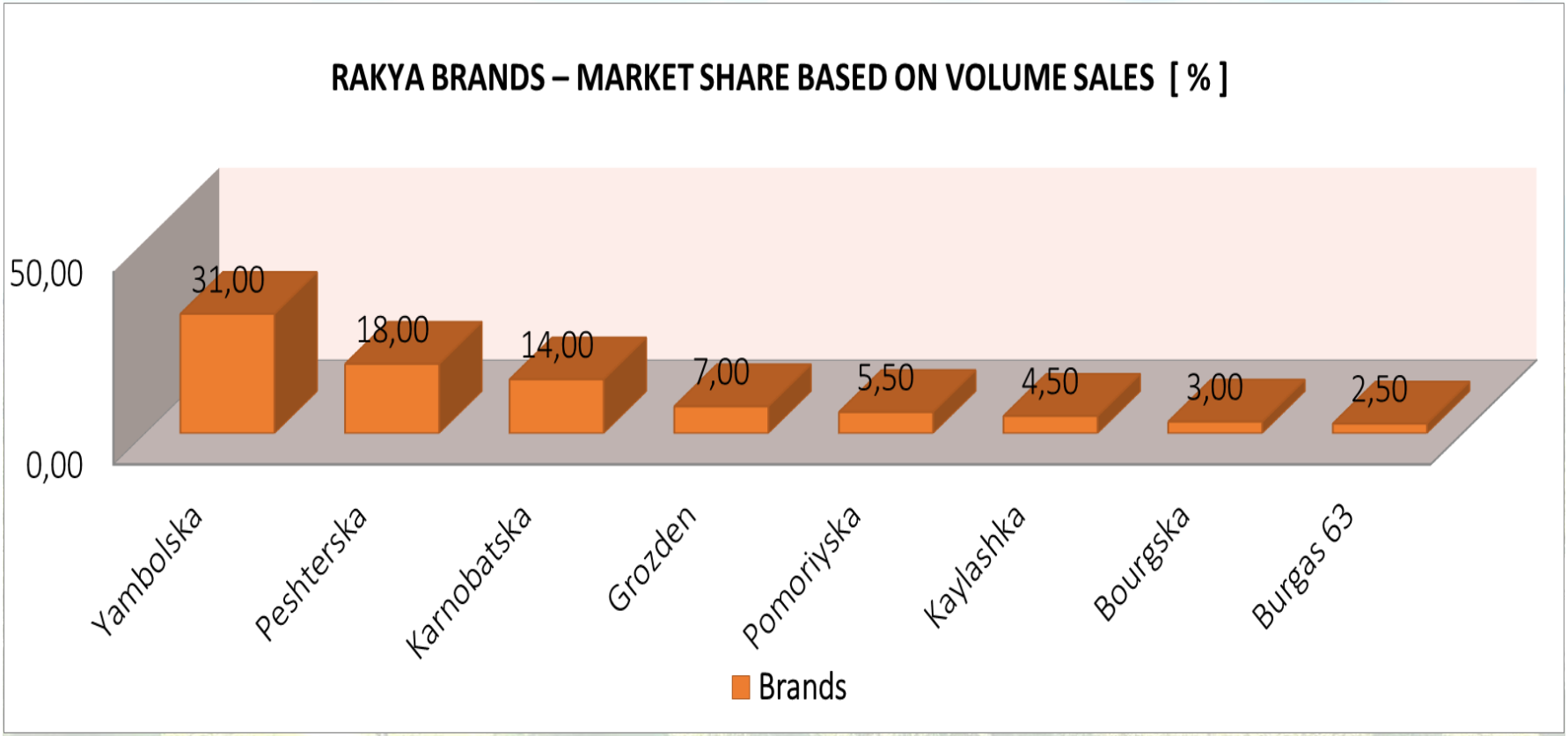
The spirits market is predominantly local. The sales volume in 2020 decreased by 4% over the past year due to the epidemic situation and the impeded operation of the cold market (drinking establishments).

The relative export share in 2017 remained insignificant at a level of around 3%.

The main volumes pass through shops, whereas drinking establishments account for only a 20% share of rakya sales.

[C/R]

# MARKET SHARE OF RAKYA BRANDS




**Villa Yambol** (***Yambolska,*** *Straldjanska*) is the leader in rakya sales with a market share of 32%; the company that ranks second is **SIS Industries** (***Karnobatska, Grozden,*** *Kehlibar*) with a 23% share, followed by **VP Brands International** (***Peshterska, Kaylushka***) with a share of 22%. [VPB]

# GEOGRAPHICAL INDICATION OF GRAPE RAKYA

**10 BULGARIAN GI GRAPE RAKYAS** – registered in the WINE SPIRITS category at national (ME) and EU level (e-Ambrosia, EU Database of Origin and Registration):

| | PGI GRAPE SPIRIT DRINKS OF BULGARIA | FILE NUMBER | REG. DATE |
|---|---|---|---|
| 1 | **Sungurlarska Grozdova Rakya** | PGI-BG-01855 | 21/06/2005 |
| 2 | **Slivenska Grozdova Rakya (Slivenska Perla)** | PGI-BG-01856 | 21/06/2005 |
| 3 | **Straldjanska Muscatova Rakya** | PGI-BG-01857 | 21/06/2005 |
| 4 | **Pomoriyska Grozdova Rakya** | PGI-BG-01858 | 21/06/2005 |
| 5 | **Bourgaska Muscatova Rakya** | PGI-BG-01859 | 21/06/2005 |
| 6 | **Suhindolska Grozdova Rakya** | PGI-BG-01860 | 21/06/2005 |
| 7 | **Karlovska Grozdova Rakya** | PGI-BG-01861 | 21/06/2005 |
| 8 | **Grozdova Rakya from Targovishte** | PGI-BG-01864 | 28/11/2018 |
| 9 | **Karnobatska Grozdova Rakya** | PGI-BG-01865 | 30/11/2018 |
| 10 | **Yambolska Grozdova Rakya** | PGI-BG-01867 | 09/10/2019 |

Following the interest demonstrated by producers with regard to some of the GI rakya brands, BG authorities are currently participating in an EC procedure for registration in the World Intellectual Property Organisation (WIPO).

[DOOR]

# THE 10 BULGARIAN GI GRAPE RAKYAS



Pomoriyska grozdova rakya/



Karnobatska grozdova rakya



Bourgaska Muscatova rakya



Suhindolska grozdova rakya



Karlovska grozdova rakya



Grozdova rakya from Targovishte



Sungurlarska grozdova rakya/ Grozdova rakya from Sungurlare



Slivenska perla (Slivenska grozdova rakya/ Grozdova rakya from Sliven)

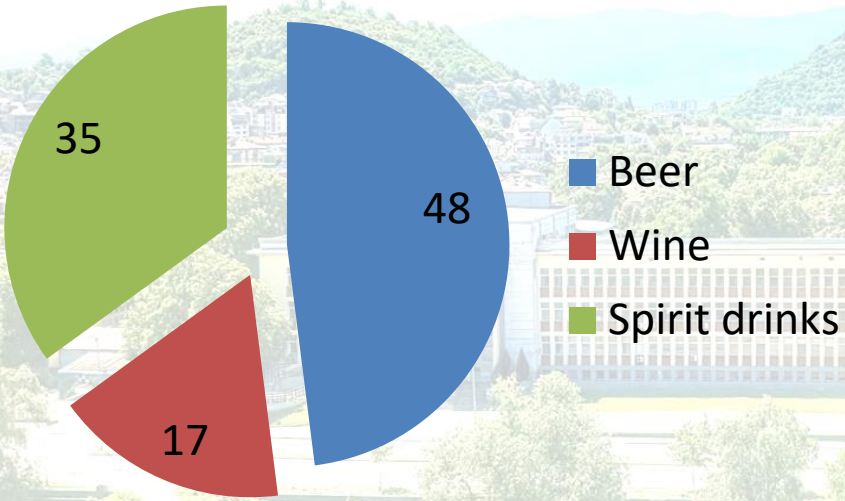


Straldjanska Muscatova rakya/Muscatova rakya from Straldja



Yambolska grozdova rakya (Grozdova rakya from Yambol)

# ALCOHOL CONSUMPTION BY PRODUCTS




According to data provided by the WHO, 35% of the alcohol consumed by Bulgarians per year is in the form of spirits.

Spirits consumption is distributed as follows:

**rakya: 45.0%**

vodka: 20.5%

flavoured drinks: 18.8%

whisky: 13.7%

[WHO]

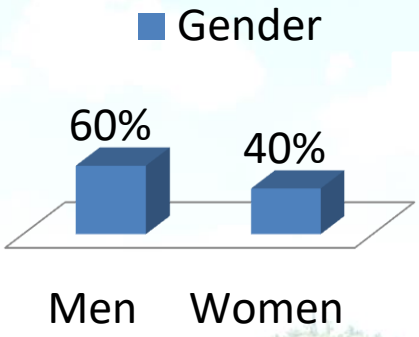
# RAKYA – AVERAGE YEAR CONSUMPTION

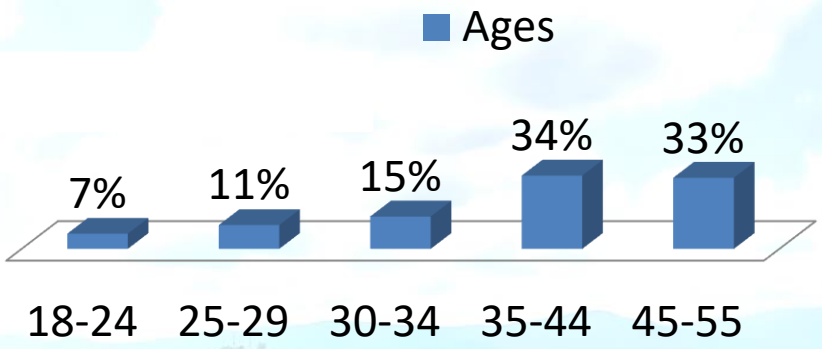
The per capita year consumption of rakya [in l] remains relatively constant over the years (10 year period):

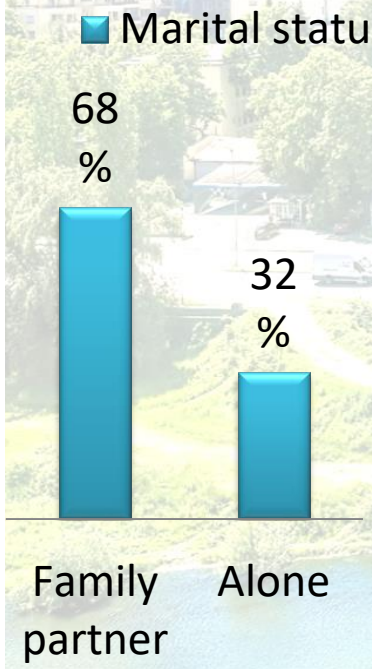
| 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|---|---|---|---|
| **2.0** | **1.9** | **2.1** | **2.1** | **2.4** | **2.2** | **1.9** | **1.9** | **2.0** | **2.1** |

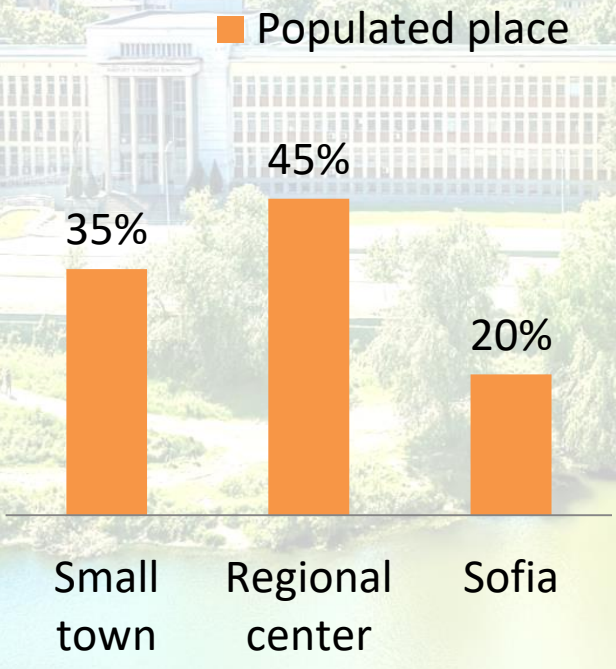
[MF]

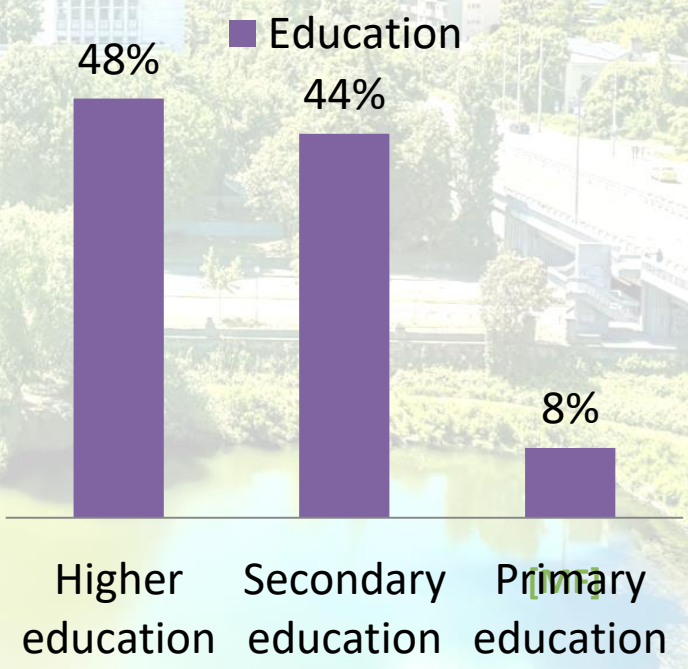
# PROFILE OF RAKYA CONSUMERS



# APPLICABLE EU REGULATORY ACTS

## **EU** LEGISLATION:

**Regulation 2019/787** on the definition, description, presentation and labelling of spirit drinks, the use of the names of spirit drinks in the presentation and labelling of other foodstuffs, the protection of geographical indications for spirit drinks, the use of ethyl alcohol and distillates of agricultural origin in alcoholic beverages, and repealing Regulation 110/2008
(*to apply the rules as of 25 May 2021*)

**Regulation 510/2014** laying down the trade arrangements applicable to certain goods resulting from the processing of agricultural products and repealing Council Regulations 1216/2009 and 614/2009

**Directive 2008/118** concerning the general arrangements for excise duty and repealing Directive 92/12/EEC

**Directive 2020/1151** amending Directive 92/83/EEC on the harmonisation of the structures of excise duties on alcohol and alcoholic beverages
(*to apply the rules as of 1 Jan 2022*)

# APPLICABLE BG REGULATORY ACTS

## **BG** LEGISLATION:

**Wine and Spirit Drinks Act (2012)** regulates the terms and procedures for growing, obtaining, harvesting, treatment, processing, labelling of, trade in and control over wine grapes, wines, and products obtained from grapes and wine, fruit wines, ethyl alcohol and distillates of agricultural origin, and spirit drinks, as well as the management, control, and supervision of the wine-growing potential.

**Excise Duties and Tax Warehouses Act (2006)** governs excise duty taxation and the control on the production, use, storage, movement and securing of goods subject to excise duty taxation.

**Ordinance H-1 (22/01/2014)** on the specific requirements and the control exerted by customs authorities over the devices for measurement and control of goods subject to excise duty taxation.

**Ordinance H-7 (19/09/2016)** on the order, manner and format of delivery of data from the measurement and control devices under the Excise Duties and Tax Warehouses Act.

# IMPORTANT ASPECT OF REGULATION 2019/787

**NEW European Legal Framework**

There is currently a transition between R 110/2008, in effect now, and the new R 2019/787. Within the Committee for Spirit Drinks and the Expert Group Common Organisation of the Agricultural Markets, the EC is working on the development of **delegated and normative acts for implementation**, complementary to R 2019/787, which will also be applied after 25/05/2021.

*The new European Legal Framework preserves*
***the two-tier system for the protection of the GI of spirit drinks!***

At EU level:

The communication between the Member States is only conducted electronically, via **the e-Ambrosia platform**. The latter is also a publicly accessible **register of the GI of spirits**.

A new requirement of the system is that the Member States has to inform the EC of the state **authorities responsible for the control** over spirit drinks, the aging of spirit drinks and the GI of spirit drinks.

In all three cases, this authority in BG is the Ministry of Economy.

[ME]

# IMPORTANT ASPECT OF REGULATION 2019/787

At national (BG) level:

**The registration procedure** established by the Wine and Spirit Drinks Act includes the examination of documents by an inter-ministerial commission; publication of an announcement in two daily newspapers with a possibility for any person concerned to raise objections; issuance of an order by the Minister of Economy and its publication.

**Certification of GI spirit drink manufacturers or processors** – the national control authority (ME) will grant each GI spirit drink manufacturer or processor a generally accessible certificate with the same content throughout the EU, filled out in the Roman alphabet, in electronic form (uploaded onto the control authority's internet site) or in paper form. The certificate will confirm the manufacturer or processor's compliance with the requirements stipulated in the technical specification of the GI spirit drink. This certificate will be renewed after a certain period following a complete inspection of the GI spirit drink manufacturer or processor.

[ME]

# OFFICIAL CONTROL OF WINE SPIRITS

**ME** – according to the **Wine and Spirit Drinks Act**:

- Registration for manufacture
- Registration of spirit drinks and PGI rakyas
- Document control, on-site inspections and spirit drink sampling for analysis
- Market and retail control by the Consumer Protection Commission

**MF** – according to the **Excise Duties and Tax Warehouses Act**:

- Registration for manufacture at the Customs Agency
- Tax control by the Customs Agency and the National Revenue Agency

**NVWC** – according to **Regulation 2019/787:**

Authenticity control of spirit drinks by the Regional Tasting Commissions = additional control by the national branch organisation in Bulgaria (National Vine and Wine Chamber)

[ME]

# OFFICIAL CONTROL OF WINE SPIRITS

The Wine and Spirit Drinks Act outlines **the procedure for the registration** of spirit drinks and the procedure for the registration of GI spirit drinks at the national level, as well as **the control procedure**.

All producers of spirit drinks will register at the ME, in a public register accessible on www.mi.government.bg. Further registration at the Customs Agency according to the Excise Duties and Tax Warehouses Act is needed for the actual start of production process.

The control will be based on document checks and on-site checks in production facilities. The ME, through the Consumer Protection Commission authorised under the Wine and Spirit Drinks Act, will control the spirit drink retail trade.

The new requirement of Regulation 2019/787 is for each batch of grape, wine or grape marc rakya and brandy to be placed on the market with **an authenticity certificate**. This is a form of control exerted by the branch organisation, the NVWC. A sample of each batch of the above drinks accompanied by a document of physicochemical analysis conducted at an accredited laboratory, will be subjected to tasting by the Tasting Panel at the Regional Vine and Wine Chamber, and the latter will issue the authenticity certificate as evidence of the conformity of the batch with the requirements and its **fitness for placement on the market**.

[ME]

# THE 10 MANDATORY LABELLING RULES

- Legal name of the rakya
- GI / TM identification
- Nominal volume [ml], “e” sign
- Alcoholic strength by volume [% vol]
- “L” sign – number and date of production batch
- Number of the technical specification
- Place and address of manufacture
- Place and address of bottling company
- Number of the manufacturer’s registration certificate
- Raw material of agricultural origin used for the ethyl alcohol production and content [%] of this alcohol



# ACKNOWLEDGEMENTS TO THE CONTRIBUTORS

**I would like to express my sincere gratitude and thankfulness to the contributors of this presentation from BG authorities –**

**Ministry of Economy,**

**Ministry of Finance,**

**Customs Agency,**

**Executive Agency of Vine and Wine,**

**National Vine and Wine Chamber,**

**VP Brands International company,**

**Black Sea Gold company and**

**Wine and Beer Department at UFT-Plovdiv.**


Thank You for attention!