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Aspects regarding the evolution of the wine market in Romania

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Abstract
Wine production is a traditional activity in Romania, which generates significant incomes for winegrowers and to the state budget. This paper proposes an analysis of the wine market based on the evaluation of the activity of specialized companies (NACE codes 1102 and 0121). The researches carried out have revealed a strong phenomenon of concentration of the profile national market, characterized by instability and dynamic evolution. Support measures for winegrowers have been successful, the grape production recording an upward trend and a decrease in the dependence on natural rainfall. The sector requires further support measures, with subsidizing the grape processing, wine aging, achieving some superior products and promotion on the national and international market.

Keywords: wineyard, wine, market, Romania

JEL Code: L51, N44, Q13

1. Introduction

Vine cultivation and grape winemaking are activities with an old tradition on the Romanian territories, being favored by the natural relief, the exceptional pedoclimatic conditions from our country, or by a permanent demand from the indigenous population. Moderate wine consumption is recommended by nutritionists and has multiple physiological benefits, positively influencing the functioning of the digestive, circulatory and nervous system. Studies conducted over the population from geographical areas with tradition in wine consumption have highlighted positive issues on consumption related to the increased capillary blood circulation, reducing stress and depression, favoring digestion by regulating the pH of gastric juice and stimulating stomach contractions. favoring digestion. Antioxidant compounds of the wine play an important role in preventing premature aging and maintaining the brain health.

In Romania vine plantations are spread in areas that differ both in terms of climate and in ecological pedology, the differences being given by the altitude of plantations, the geographical position or the presence of water basins near them. Vine cultivation involves a complex organizational structure, consisting of wine-growing regions, wine-growing centers, wine-growing vineyards. Romania currently has more than 100 old varieties of native grapes (Fetească Neagră, Grasă de Cotnari, Francuşă, Busuioacă, Tămâioasă Românească etc.), which allow the obtaining of some quality wines with international recognition. The wine market has an important role in the development of the country's economy, the profits from the production and marketing of wine being in continuous growth.

2. Short literature review

The material presented by BASF Agro Division (2017) shows that the history of vine cultivation in the Carpathian-Danubian-Pontic space is related to the domestication of *Vitis vinifera silvestris*, a variety of wild vine with an age of nearly 10.000 years on these lands. Some varieties, traditional for the Romanian viticulture, such as Feteasca Neagră or Băbească, originate from this wild variety. Appreciation of the Geto-Dacians for the wine consumption also explains a significant contribution to the development of vine cultivation techniques, varieties, for varieties development or winemaking. The Roman conquest of Dacia has favored the development of some new varieties of vines or the use of some innovative techniques of growing and cultivating the vineyards. In 1862, Romania had about 100.000 hectares of vine, the area increasing to 150.000 hectares in 1883. Grapevine leaf louse attack (*Daktulosphaira vitifoliae*) destroyed a considerable part of Europe's vineyards, also affecting our country, which still has in 1900 about 152.000 hectares cultivated with vines.

The Romanian viticulture continued to grow at an accelerated pace, with 220.000 hectares cultivated during the interwar period, the maximum being reached in 1972, with 300.000 ha. The policy of the communist system of removing foreign vine varieties has affected the national wine production. After 1990, the cultivated area diminished further, although there currently exists a slight revival of the vine-wine sector, with new plantations and high-quality wines.

Bichescu and Stanciu, S. (2017) show that in the field of intellectual protection, most of the geographical indications registered at the level of the European Bacchus database belong to the Member States of the European Union. Of the 2.199 geographical indications registered by 25 states in the statistical database of the International Organization of Vine and Wine, only 45 belong to Romania, which occupies a modest position compared to Italy (510), France (405) or even Argentina (192).

Stanciu and Neagu (2014), analyze the wine consumption trends on the Moldovan population, concluding that there is an insufficiently valued potential in this direction. Consumption of white and rosé wines has grown significantly, amid a fall in demand for red and aromatic wines. Young wines start winning ground ahead outdated wines. Although the main wine consumers remain men, the recent years have led to a positive trend in consumption among women as well.

Lădaru et al. (2014) analyze the evolution of the vine-wine sector in Romania, noting the significant decrease in the areas cultivated with vines during the period 2004-2013. The volume of the national wine production has recorded significant fluctuations during the period analyzed, amid some varying climatic conditions and the lack of a national irrigation sector.

Irimia, Patriche and Roşca (2017) analyzed the influence of climate changes on vine cultivation in Romania. The results of the study revealed at the national level an extension of the geographical areas with a climate suitable for vineyards development, given by an increase with 180 meters of altitude (up to a current maximum of 835 meters), a displacement to the north of the favorable areas (0.036°), respectively the change in the average annual temperatures regionally favorable for the production of red wines to the detriment of white wines. The research carried out has allowed an in-depth analysis of the wine sector in terms of spatial changes given by climate changes, the results could be the basis for substantiating some national strategies for developing the sector under the new climate context.

According to Roşca (2018), although Romania has made progress during recent years with an increase in wine exports of about 20% in 2017 compared to the previous year, and almost doubled compared to 2011.

Stoian, Boboc and Stoian, within an analysis of the national wine market carried out in 2013, shows that Romania needs the development of some proper marketing strategies for the wine sector, based on highlighting local brands, a clearer vision and the correct understanding of marketing rules, dedication and discipline, in order to avoid mistakes that may negatively affect the image and brand value.

3. Material and methods

Information on the Romanian wine-vine sector has been taken from the National Institute of Statistics NIS, European Statistics (e. Bacchus, Eurostat) or internationally (The International Organization of Vine and Wine). The TopFirme database was used for the analysis of the companies present in the wine-making sector from Romania (NACE Code:

1102 Manufacturing of grape wines). In some cases, were used specialized financial studies provided by companies specialized on financial analysis. Data collected has been processed, graphically represented and interpreted.

4. Wine-growing regions from Romania

With a total of about 180.000 hectares cultivated with vine, Romania owns almost a third of the European Union's wine-growing holdings. According to KeysFin estimates, presented by Negrescu (2017), the Romanian wine market will exceed 385 million euros in 2017, reaching the highest level from the last five years. Romania was ranked 13th among the top wine producers in the world in 2017, along with Portugal (6.6 mhl), Hungary (2.9 mhl) and Austria (2.4 mhl) being the few European countries which registered an increase in 2017 compared to 2016. The main wine-growing areas in Romania are located in ten counties from Romania, which concentrate almost 65% of the total area of vine on fruit, at the opposite side existing six counties that are not on this map and other nine have less than 1.000 hectares, namely not 1% of the total area (figure 1).

Figure 1. Main wine-growing regions from Romania
Source: David (2014)

The 37 vineyards from Romania have been grouped in eight wine-growing regions, the most extensive Moldavian Hills, covering almost 70.000 hectares. The distribution of winemaking points on the most important wine-growing regions from Romania is presented in Table 1.

Table 1. Vineyards regions from Romania

No. Crt.	Wine region	Area (ha)	Number of vineyards	Main geographic wine regions protected
1.	Transylvania Plateau	6,800	5	Târnave, Alba, Sebeș-Apold, Aiud, Lechința
2.	Moldavian Hills	69,134	12	Cotnari, Iași, Huși, Colinele Tutovei, Dealul Bujorului, Ivești, Nicorești, Zeletin, Covurlui, Panciu, Odobești, Cotești
3.	Oltenia hills	53,450	8	Buzău hills, Bug Hill, Ștefănești, Sâmburești, Drăgășani, Craiova Hills, Severin Vineyard, Drâncea lands
4.	Banat Hills	2,930	6	Independent centers not included in a protected wine-growing region
5.	Crișana and Maramureș	9,100	4	Miniș- Măderat, Diosig, Mihai's Valley, Silvania

No. Crt.	Wine region	Area (ha)	Number of vineyards	Main geographic wine regions protected
	hills			Vineyard
6.	Dobrudja Hills	17,564	3	Murfatlar, Istria Babadag, Sarica Niculițel
7.	Danube terraces	11,234	2	Ostrov, Greaca
8.	Sands from the southern part of the country	12,960	3	Dacian Vineyard, Calafat, Corabia

Source: David (2014)

The Romanian wine sector has fully absorbed the funds made available by the European Union during the period 2007-2013, which has led to the emergence of new producers and to the diversification in the wines offer on the market. The financial support was granted in lump sum between EUR 12.000 and EUR 13.850 / ha, depending on the quality of the planting material and the type of planting right used (planting on areas from the county or national reserve, replanting on a grazed area) and the vines density per hectare.

The evolution of the areas cultivated with vines is shown in Figure 2. According to the NIS definitions (2018), the total area cultivated with plantations of vines on fruit represents the area planted in own estate, with grafted vine and hybrid on fruit. The vines on fruit are vineyards that produce the fruit 3 years after planting, including grafted vineyards (noble), with grape varieties for wine-making and varieties of grapes destined to consumption, namely vineyards with hybrids direct producers (native or imported varieties cultivated on their own roots), including in family gardens.

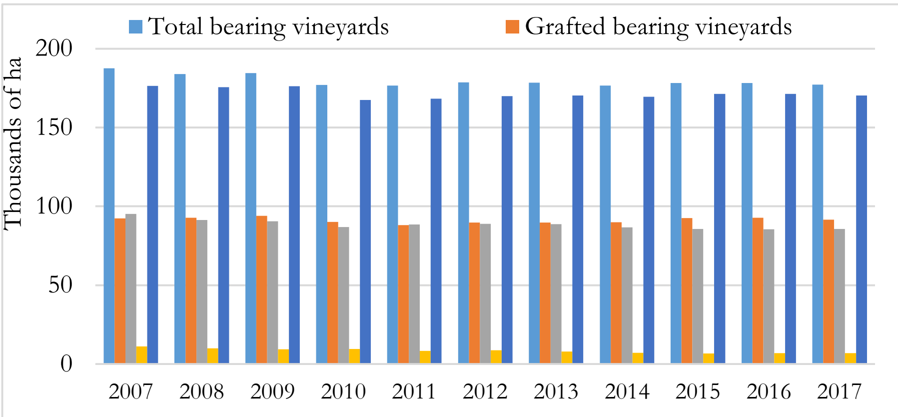

Figure 2. Evolution of areas cultivated with vines
Source: Author, by using NIS Data (2018)

The data presented in Figure 2 shows a decrease by more than 5% of the total areas cultivated with vines in Romania, amid a sharp decrease in the areas cultivated with hybrid vine. The restructuring / conversion measure of the vineyards has had the greatest impact on the vine-wine sector. Due to accessing these measures, the Romanian producers have managed to restructure or modernize the vineyard areas that correspond to the current market requirements. The domestic wine industry has absorbed about 42.1 million euros per year, being the only national sector with such a spectacular result. According to the Minister of Agriculture, most of the European funds attracted were used to replant about 19.700 hectares, which were cultivated with noble vines (Gândul, 2013).

5. National production of grapes

According to NIS data (2018), between 2007 and 2017, Romania's annual average production of grapes was 872 million tonnes, ranging from a minimum of 737 million tonnes registered in 2016 and a maximum of 1.067 million tonnes in 2017 figure 3).

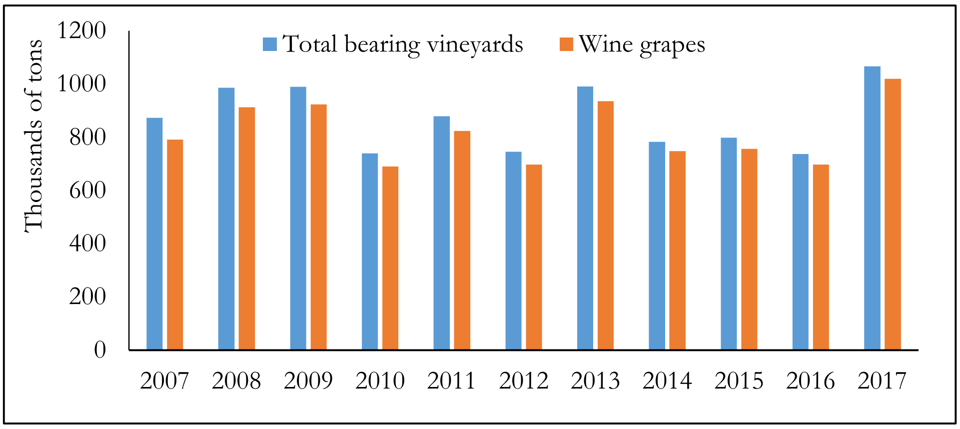

Figure 3. Romanian production of grapes
Source: Author, NIS data processing (2018)

Productions close to 100 million tonnes were recorded in 2008, 2009, 2013, the production fluctuations being due to climate conditions, especially the presence or absence of rainfalls. Over 90% of the national production of grapes is intended for winemaking.

6. Main companies from winery production

The total turnover of the companies specialized in the production of grape wines (NACE Code: 1102) was estimated in 2016 at about 797.4 million lei (181.2 million euros), representing about 0.06% of Romania's turnover, according to data provided by the specialized website TopFirme from Romania (https://www.topfirme.com). The sector comprised 222 specialized business operators (0.01% of total Romanian business operators), a total of 2.377 employees (0.06% of the total number of employees at national level) and recorded a total profit of 68.5 million lei (15.6 million euros) (0.08% of the net profit realized in Romania).

According to experts' predictions, quoted by Negrescu (2017), after two poor harvests, in 2017 Romania returned to a high level of wine production. For the harvest of 2018, the forecasts are positive, but the evolution of the sector must be put into context with the unpredictability of the fiscal framework and of macroeconomic decisions. Another important aspect is the meteorological one, the weather evolution being likely to play a significant role in the business evolution, although significant investments have made this sector significantly decrease its sensitive weather factor.

The top 10 companies from winery sector (NACE code 1102) cover a market share of over 65% of the total, totaling a turnover of 119.5 million euros. On the companies from the top of the list, over 40% of all employees in the sector were employed (table 2).

Table 2. Top 10 companies from Romania (NACE 1102) by turnover

No. crt.	Company	Turnover (millions euro)	Profit (thousands euro)	Number of employees
1.	Cramele Recaş S.A.	27.3	6,600.00	103
2.	Zarea S.A .	16.2	2,000.00	181
3.	Wine Solutions SRL	12.0	-760.862	28
4.	Wine Export Trade Mark S.A.	11.9	173.967	108
5.	Crama Ceptura S.R.L.	10.3	1,300.00	79
6.	Speed SRL	9.6	83.292	110

No. crt.	Company	Turnover (millions euro)	Profit (thousands euro)	Number of employees
7.	Vinexport S.A.	9.0	173.746	139
8.	Cramele Halewood S.A.	8,5	13.365	138
9.	Domeniile Viticole Tohani	7.6	129.293	83
10.	Wine Solutions Network SRL	7.1	32.961	17
	Total	119.5	9745.762	986

Source Author, own researches and TopFirme data processing (2018)

Of the 10 companies listed on top positions by TopFirme website, in 2018, Wine Solutions SRL, Wine Export Trade Mark SA, Speed SRL, Vinexport SA, Wine Solutions Network SRL were in innsolvency/ bankruptcy.

The grape production (NACE Code: 0121 - Growing of grapes), according to TopFirme (2016), 313 business operators were active (0.02% of the total Romanian business operators), the total turnover of the sector being 813.6 million lei (184.9 million euros), respectively 0.07% of Romania's turnover. The total number of employees employed in grape production was 3,455 persons, representing 0.09% of the total number of employees in Romania. The sector registered a profit of 75.4 million lei (17.1 million euros), representing 0.09% of the net profit realized in Romania. The top 10 companies from the sector of grape production cover a market share of over 71% of the total, totalizing a turnover of 132.4 million euros. Over 43% of all employees in the sector were employed within the companies from the top of the list (table 3).

Table 3. Top 10 companies from Romania (NACE 0121) by turnover

No. crt.	Company	Turnover (millions euro)	Profit (thousands euro)	Number of employees
1.	Jidvei SRL	34.2	5,200.000	169
2.	Cotnari S.A .	31.6	3,200.000	390
3.	Gemarco Industry SRL	24.0	-092.545	0
4.	Vincon Vrancea	15.1	886.625	422
5.	Cetatea de Baltă SRL	6.2	235.074	115
6.	Domeniul Coroanei Segarcea SRL	6.1	262.576	85
7.	Maria Turism SRL	5.2	186.617	139
8.	Viile Budureasca SRL	3.7	295.096	72
9.	Promotion SRL Filiala Blaj	3.2	79.221	50
10.	Natura SRL	3.1	257.190	53
Total		132.4	10,509.854	1495

Source Author, own researches and TopFirme data processing (2018)

Jidvei, the producer of Mysterium, Ana and Maria wines, registered a turnover of 150 million lei in 2016, up with 16% compared to the previous year, and the net profit of the company has increased by 22% to approximatively 14 million lei. On the second position was Cotnari, which turnover increased by 18% in 2016, reaching 139 million lei. The net profit of the company, which earns the largest sales of the Grasa de Cotnari variety, has increased fourt times in 2016 to nearly 23 million lei. The third position in the ranking came to the company Cramele Recaş, the largest wine exporter from Romania, with a turnover of 120 million lei, up with 20% compared to 2015. The producer of Cuvee Uberland and Solo Quinta wines has achieved in 2016 a net profit of 29 million lei, up with 37% compared to the previous year. Leader for many years in a row on the Romanian wine market, Murfatlar has stopped supplying wines since October 2016, and since January 2017, production and bottling have fully ceased.

According to the KeysFin study, quoted by Negrescu (2017), on the Romanian wine market (companies with NACE 1102-grape wine production and NACE 0121- growing of grapes) were active in 2016 about 535 companies. Most of the market share (61%) was generated last year by medium-sized companies (29 companies, with businesses between 10 and 30 million euros). On the market were active two big companies (with businesses over 30 million), 88 small companies (less than 10 million) and 440 micro-enterprises (with an annual turnover less than two million euros). According to the official financial data, communicated by the Ministry of Finance, quoted by the study above mentioned, Jidvei was the leader on the wine market (with a share of 8.8%), followed by Cotnari SA, Cramele Recaş with 8.1% and 7%, respectively. The top 10 wine producers from Romania had a consolidated turnover of 192 million euros last year, which represents 51% of the market. The most profitable player on the market was Cramele Recaş with a positive result representing more than one fifth of the industry's profit. Cotnari, Jidvei, Zarea and Crama Ceptura SRL are the following in the ranking, the first two companies accounting for 15% and 9.5% respectively of the total profit of the industry.

Vrancea County account for 14.5% of the market and are followed by those in Bucharest, Alba, Prahova and Iași (10-15% each). Together, they generate over 61% of domestic wine production. From the labor force perspective, the average number of employees has fallen by 5% over the past 5 years, to 6.170 in 2016, and the trend is likely to continue on the medium term due to investments in automation of production processes. Average companies employed 45% of the workforce in 2016, while in micro-enterprises there were only 737 employees (11% of the total).

7. Conclusions

Romania has natural resources favorable to wine production, which have led to the development of the vine-wine sector. The main wine-growing areas from Romania are located in ten counties from Romania, where more than 65% of the total surfaces cultivated with vine are concentrated. The wine market is concentrated, the top 10 profile companies having a cumulated market share of more than 60%. The wine production sector in Romania is subject to some major challenges, being forced to make investments, to modernize and to adapt itself permanently in order to achieve competitiveness at national and European level. The wine market from Romania is versatile, many companies in leading positions at national level being forced to resort to bankruptcy or insolvency. The national programs, by which was subsidized the modernization of the grape production, have enjoyed a real success, currently being necessary support measures for the processing and for the promotion of the wine products achieved.

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