

RECLAIMING THE MARKET

Bulgaria was once one of the biggest wine exporters in the world. But when communism collapsed, so did the wine industry. Dr Stephen Quinn looks at the quest for an export renaissance.



Orbelus, near Melnik, has one of Bulgaria's only certified organic vineyards.

Investment alone does not guarantee great wine. The Bulgarian industry needs passion and education as much as it requires money, and it needs to focus on exports. That is the considered opinion of Ivo Varbanov, winemaker and international concert pianist. Varbanov is chairman of the non-profit Bulgarian Association of Independent Winegrowers, one of the groups leading the renaissance of Bulgarian wine.

Bulgaria became a full member of the European Confederation of Independent Winegrowers (CEVI) in 2012; CEVI has more than 8,000 growers across 11 countries. Membership of the Bulgarian association now stands at 24, from seven founding members in 2012, and it plans to expand to about 70. "Members are encouraged to focus on quality and not to make bulk wine," Varbanov said. Membership criteria are simple: Members must own a vineyard and at least half of the grapes from the vineyard must go into their wines.

Spain, Italy and France have too many vineyards, Varbanov said, "while we do not have enough". Bulgaria also has a shortage of good winemakers, he believes. "The industry needs creativity and innovation because we have too many old-school winemakers. We have so much potential here," he said, speaking in Sofia.

Mila Boshnakova, writing in the 2015 Vine

and Wine Sectors Update for the United States Department of Agriculture (USDA) said the wine industry began to stabilise from 2013 and then grow after years of decline. "While vineyards area declined moderately in 2013, excellent yields led to 21% growth in wine grape production and 37% more wine output of very good quality. Continued investment in new wineries and vineyards supported further commercialisation in the sector."

Bulgaria's main export markets have traditionally been Russia, Poland and the Czech Republic. In 2014, Poland passed Russia as the major export market for the first time; Poland purchased 15m L, a rise of 10% compared with the previous year. But Bulgaria's winemakers are still struggling for market position in Poland because wine consumption there remains low. According to the KPMG consultancy company, Poles consume only about 5.5 L of wine per person each year.

Krassimir Koev, head of the Sofia-based Executive Agency on Vine and Wine (EAVW), said the main reasons for the decline in sales to Russia were the conflict in Ukraine - the Bulgarian government supports anti-Russian sanctions connected with the conflict - and the decreasing value of the Russian ruble. But the good news was the move into other markets in the UK, Slovakia, Greece, Sweden, China and Japan.

Overall, Bulgarian wine exports were expected to be stagnant or fall in 2015 because of the low supply from the poor 2014 vintage and the declining Russian market. Bad weather hit the 2014 crop, the worst vintage in three decades. Only about 127m L were produced, with 49m L exported. That was noticeably lower than the 137.6m L produced in 2012, when 56m L was exported, and a great deal lower than in 2013, when 188m L was produced, while 51m L was exported. The 2015 vintage is anticipated to return to 2012 levels of around 135m L.

Both Ivo Varbanov and Vili Galabova, CEO of the Bulgarian Wine Academy, believe exports represent the future for artisan Bulgarian wine.

Recapturing exports

The wine business became nationalised during the Soviet era from the end of WW2 to the fall of the Berlin Wall in 1989. During the 1980s, Bulgaria was the world's second-largest exporter of bottled wine, after France. Most of it went to comrades in the former Soviet Union, though at the time Bulgarian wine was also the fourth most popular import in the UK.

But the collapse of the Soviet Union saw sales plummet. The next decade was a period of confusion about ownership, as individuals sought to reclaim vines that had been collectivised. The return of this land was poorly handled and the difficulty in resolving ownership delayed the wine industry's return to quality. Anyone wanting to establish a viable vineyard needed to negotiate purchases with a wide range of people, many of whom had left the country.

It has taken some new wine producers many years to negotiate with scores of small owners to buy plots that would allow them to assemble a vineyard that makes sense commercially. Even now, only about half of Bulgaria's 60,000 ha of vines are being tended. The rest lie fallow because of continuing disputes about ownership, noted Guy Labeyrie, a former Bordeaux winemaker who now owns vines in Bulgaria and who co-runs a luxury wine tourism company with Dimo Atanassov.

Today, Bulgaria - which joined the European Union in 2007 - is the EU's poorest country, with the lowest average wage. Jancis Robinson MW wrote on her website that Bulgaria's membership of the EU had "prompted the creation of a new and complex quality wine scheme" but noted Bulgaria still has "a long way to go to win back its export markets".

Not surprisingly, nine in 10 bottles sold on the local market are Bulgarian, with imported wines representing a mere 4% of sales. Euromonitor International's July 2015 report, *Wine in Bulgaria*, predicted domestic sales would do well over the next few years, fuelled by

wine's trendy image. "Increasing sales to urban dwellers and improving disposable incomes are expected to boost expenditure on alcoholic drinks by 13%. Total volume sales of wine are expected to increase at a combined annual growth rate of 2%."

Good sales in 2014 were achieved mainly in the three biggest cities of Sofia, the capital, Plovdiv and Varna. Consumers were increasingly led by trends; showing a deeper interest in wine was one of those trends, the report said. "This expected positive development will stem from wine being widely accepted as a modern drink that is not only for special occasions."

Red wines dominate white, holding about 70% market share in Bulgaria. Eva Dimitrova runs the Enjoywine company, which focuses on wine education. She said red wine sales peaked in winter and those sales tended to determine consumption levels for the year. "The largest growth is being seen by Merlot and blended red wines," she said.

Meanwhile, more white grapes are being planted by producers, with the aim of bringing the ratio more towards 60:40 because of a surge in interest in white wines among younger consumers.

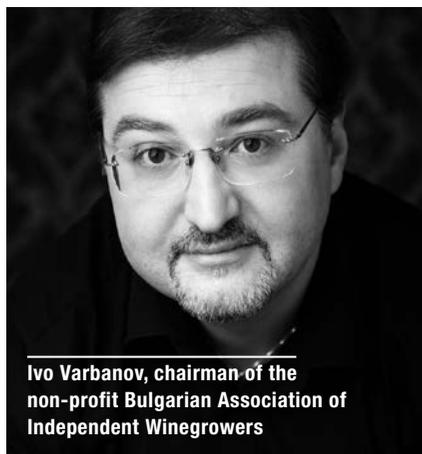
Domestic consumption averages about eight litres a person a year, in a population of about 7m. But this does not take into account homemade wine. Bulgarians have traditionally made wine from vines in their back garden, and in a highly rural country, vines can be seen everywhere.

The regions

Along with Georgia and Greece, Bulgaria claims to be the cradle of winemaking, in the Thracian Valley that runs through the middle of the country almost to Istanbul in the west. In his Iliad, Homer praises the wine of the Thracians.

A government decree in 1960 officially divided Bulgaria into five distinct wine regions. But since 2007 the EU only recognises two - north and south - divided by the Balkan Mountains that run east-west through the middle of Bulgaria.

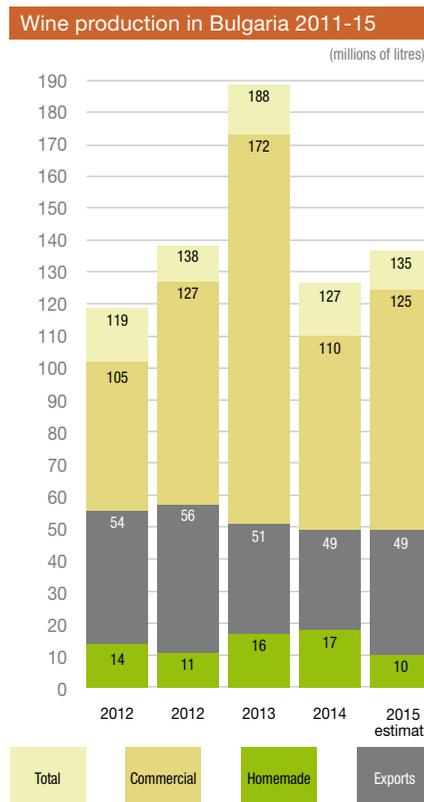
Despite the EU edict, locals still think in terms of those five regions. The Danubian Plain in the north is characterised by a temperate continental climate with hot summers, and focuses on lighter reds and whites. The Black Sea region in the west contains just under a third of the country's 280 vineyards and makes



fine dry whites.

The Rose Valley - so named for its famous oil, distilled from the Damascus rose and used to make perfumes - extends south of the Balkan Mountains and has two sub-regions known as East and West. The local variety known as Red Muscat produces distinctly fruity wines.

Most of the reds are made in the Thracian Lowlands in southern Bulgaria. The mountains protect the vines from severe northern winds, and Cabernet Sauvignon and the local grape Mavrud thrive. The Struma Valley, centred on the town of Melnik in the southwest, has an almost Mediterranean climate and focuses on wines made with the Melnik grape, difficult to grow and as capricious as Pinot Noir. It has a range of clones from Melnik 55, known as



early-ripening Melnik, through to broad-leaved Melnik, which ripens later than most reds.

Some of the emerging estates are boutique but produce high-quality wines. Eolis Estate, named after the Thracian word for wind and sun, was established by a Swiss family. Chateau Kolarovo produces the Ahal range of wines, named for a species of horse bred for long-distance races, and beloved of the owner. These horses are only found in Bulgaria.

Bratanov Family Winery is based in a former Soviet warehouse. The surroundings are unexceptional, but the wines are beautiful, indicating where financial energies have gone.

Ivo Varbanov Wines come from the same ugly warehouse as Bratanov. Each wine is named after a piece of classical music, such as the Clair de Lune Chardonnay, and are equally elegant.

Rossidi Winery, whose name was created from the combined names of the owners Rosie and Edward (Eddie) Kourian, is based in a former concrete factory in Sliven. Eddie chose not to oak his Chardonnay "because most Chardonnays in Bulgaria are oaked" and fermented it in a concrete egg. Nine wine journalists who attended a private tasting in the factory gave a spontaneous round of applause at the end of the tasting.

Orbelus near Melnik is the first and one of the few certified organic vineyards and wines in Bulgaria. Wines are made in a striking cellar shaped like a half barrel, designed by the architect daughter of the owner.

Nearby, Villa Melnik focuses on indigenous grapes. Owner Nikola Zikatanov said he was inspired by a story from the Gospel of St John where Jesus said he was the root to the vines of life. A replica of the original painting from the Gospel story adorns the main reception at the winery.

The Sopot estate nestles at the foot of the Balkan Mountains and focuses on indigenous grapes. The name comes from the word meaning "in the mountains". Villa Yustina is one of the few companies to export to China, and is also unique in providing free wi-fi throughout its 40 ha of vines.

Villa Terres is a gourmet's delight. Almost all food is grown on the property. Like many wineries in the country, it chooses to use only Bulgarian oak.

In a world seeking authenticity and novelty, it's that kind of detail that will ultimately help Bulgaria win its place back on the world market.