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Report Name: 2020 Direct Versus Indirect Trade -- Bulgaria's Hidden Market for US Ag Exports

Country: Bulgaria

Post: Sofia

Report Category: Agricultural Situation, Export Accomplishments - Other, Fishery Products, Livestock and Products, Grain and Feed, Oilseeds and Products, Planting Seeds, Beverages, Tree Nuts, Wood Products

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Report Highlights:

The U.S. Census Bureau's bulk, intermediate, and consumer-oriented (BICO) export data tracks U.S. food and agricultural trade shipped directly to Bulgaria. However, it does not measure the substantial levels of the U.S. agricultural trade to Bulgaria routed through Western European ports of entry. According to BICO, U.S. suppliers shipped \$27 million of U.S. food and agriculture to Bulgaria in 2020. However, according to Bulgaria's National Statistical Institute (NSI), which measures trade by country of origin and therefore reflects both direct and indirect trade, Bulgaria sourced \$74 million of U.S. food and agriculture in 2020. FAS Sofia encourages USDA cooperators and other U.S. food and agricultural exporters and stakeholders to look beyond BICO data and review different data sources when considering resource allocation and market development strategies for Bulgaria.

General Information:

The United States is Bulgaria's 27th largest supplier of food and agriculture. U.S. goods flow into Bulgaria either directly from the United States (mainly bulk and intermediate products) or are transshipped through the other westerns European Union (EU) ports of entry in the Netherlands, Germany, and Greece. Because [BICO](#) data only reflects direct U.S. trade to Bulgaria, it does not reflect significant volumes of U.S. trade routed through distributors in Rotterdam, Bremerhaven, and other large Western European port cities. As a result, Post views Bulgaria's [National Institute of Statistics](#) (NSI/Intrastat) data, which include both direct and indirect trade, as a more accurate reflection of Bulgarian demand for U.S. food and agriculture.

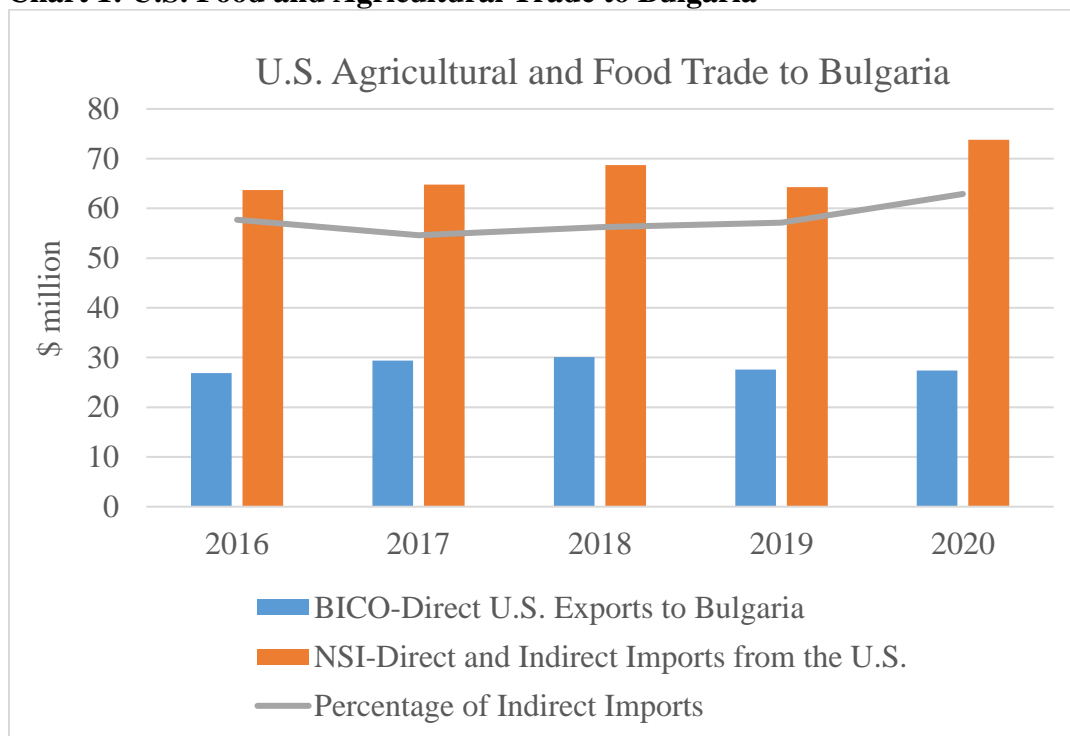
According to NSI/Intrastat data, Bulgarian importers sourced \$73.8 million worth of U.S. food and agricultural products in 2020. Sunflower seeds, food preparations, tree nuts, distilled spirits, and essential oils were the largest categories and accounted for 91 percent of total U.S. food and agricultural trade to Bulgaria (Table 1).

Table 1. U.S. Food and Agricultural Trade to Bulgaria 2016-2020 (\$ million)

Source of Data	2016	2017	2018	2019	2020
BICO (Direct U.S. exports to Bulgaria)	26.9	29.4	30.1	27.6	27.4
NSI* (Direct and Indirect imports from the United States)	63.7	64.8	68.7	64.3	73.8
Difference (Indirect exports)	36.8	35.4	38.6	36.7	46.4
Percentage of indirect exports	57.7	54.6	56.2	57.1	62.9

*Data on direct imports published by Trade Data Monitor (TDM)

Chart 1: U.S. Food and Agricultural Trade to Bulgaria



U.S. Food and Agricultural Trade to Bulgaria by Category

Direct U.S. agricultural trade to Bulgaria generally consists of bulk commodities shipped as sea freight, including wool, wood, soybean meal, sunflower seeds, and some seafood. The trade data for these categories are captured by both BICO and NSI/Intrastat data. Indirect trade tends to be products that are shipped in smaller quantities, or that may require more flexible terms of trade than U.S. suppliers are able to provide. In other cases, Western European distributors can offer U.S. shippers sales volumes and/or payment terms that would be difficult for Bulgarian importers to match. Many U.S. exporters also find it more efficient to simply ship large volumes to well-established distribution hubs in Western Europe and rely on those channels to supply other EU markets. As well, some Bulgarian importers prefer to work through European distributors and find it convenient for intermediaries to handle EU customs clearance for U.S. products. Also, for new-to-market products, some Bulgarian importers prefer to purchase smaller volumes to test consumer demand and to build distribution channels. Finally, European distributors may incentivize Bulgarian importers with favorable terms of payments or advertising, particularly if there are longstanding commercial relationships. Table 2 below shows additional BICO and NSI/Intrastat data for U.S. agricultural trade to Bulgaria.

Table 2. 2020 Direct and Indirect U.S. Food and Agricultural Trade to Bulgaria (\$)

HS Code	Description	NSI* (Direct and Indirect imports from the United States) in USD	BICO (Direct U.S. Trade to Bulgaria) in USD	Difference in USD	% of Difference Between Databases (Transshipments)
Agricultural and Related Products		73,838,908	27,438,102	46,400,806	62.9
01	Live Animals	21,791	2,508	19,238	88.4
0201 and 0202	Beef and beef products	206,171	0		100
0300	Fishery Products	128,363	94,344	35,019	27.3
0500	Products of animal origin (bovine genetics)	339,525	312,343	27,182	8.0
0700	Edible vegetables and certain roots and tubers	410,846	151,684	259,162	63.1
0800	Edible fruits and nuts	12,270,294	10,139,984	2,130,310	17.4
-080212	Fresh or dried almonds, shelled	9,349,657	7,980,324	1,369,333	14.6
-080251	Fresh or dried pistachios, in shell	1,796,934	1,613,746	183,188	10.2
1200	Oilseeds and Oleaginous fruits	28,431,881	2,567,267	25,864,614	91.0
-1202	Groundnuts (peanuts)	1,180,256	1,006,917	173,339	14.7
-1206	Sunflower seeds	26,442,054	1,219,649	25,222,405	95.4
2000	Preparations of vegetables, fruit, nuts or	1,231,236	312,425	918,811	74.6

	other parts of plants				
2100	Miscellaneous edible preparations	10,158,054	6,930,273	3,227,781	31.8
-2106	Food Preparations	10,026,781	6,845,772	3,181,009	31.7
2200	Beverages, spirits and vinegar	11,148,529	3,783,014	7,365,515	66.1
-220299	Non-alcoholic beverages	1,235,550	456,460	779,090	63.0
-220830	Whiskies	7,418,571	3,241,036	4,177,535	56.3
-220860	Vodka	1,622,836	0		100
3300	Essential Oils	5,153,993	1,390,753	3,763,240	73.0
3500	Albuminoidal substances, modified starches, enzymes	1,018,441	506,581	511,860	50.3
4400	Wood	581,910	359,988	221,922	38.1

**Data on direct and indirect imports provided by the Bulgarian National Statistical Institute (Intrastat)*

BICO data shows zero U.S. beef trade to Bulgaria in 2020, while NSI data shows that U.S. beef trade reached over \$206,000. U.S. beef arrives in Bulgaria mainly through the Netherlands and Italy because of volume flexibility and licensing requirements.

In 2020, BICO accounted for over \$94,000 of U.S. fishery trade to Bulgaria. 2020 NSI data indicate that over \$129,000 U.S.-origin fish and seafood were traded to Bulgaria, mainly through Spain, Belgium and Romania. Some local seafood importers prefer European distributors, especially for higher-end products such as fish fillets and shellfish.

For edible vegetables (mainly potatoes and roots/tubers of manioc), BICO data shows about \$152,000 of direct U.S. trade to Bulgaria, while NSI data shows almost \$411,000 of U.S. trade. Most of these products entered Bulgaria through the Netherlands (34 percent), followed by Slovakia (21 percent) and Hungary (15 percent).

According to BICO, the U.S. almond trade to Bulgaria in 2020 was valued at \$8.0 million, and pistachios were valued at over \$1.6 million. Conversely, NSI data reflect \$9.3 million and \$1.8 million. NSI shows over \$1.2 million of U.S. peanuts are traded to Bulgaria, while BICO indicates the U.S. peanut trade with Bulgaria at \$1.0 million.

Bulgaria is a large sunflower producer and a large consumer of U.S. sunflower seeds for planting. However, for logistical and commercial reasons, almost all of the U.S.-origin sunflower planting seeds traded to Bulgaria, valued upwards of \$28 million, are shipped through Romania (30 percent), Austria (24 percent) and Italy (22 percent).

In 2020, BICO data indicate about \$312,000 of food processing ingredients (food preparations) trade, while NSI values U.S. trade of these products at about \$1.2 million. Most U.S. food processing ingredients shipped to Bulgaria were routed through Greece (48 percent), the Netherlands (14 percent), and Spain (13 percent).

BICO reflects \$6.9 million trade with miscellaneous food preparations (yeasts, sauces, condiments, protein concentrates and other) while NSI reports this trade at about \$10.2 million. Most of these products are transshipped to Bulgaria via the United Kingdom (15 percent), the Netherlands (seven percent), Estonia, Poland and Hungary.

In the case of essential oils, BICO data shows \$1.4 of U.S.-origin essential oils were traded to Bulgaria in 2020, while NSI reflects \$5.2 million, a 73 percent difference. Most U.S. essential oils enter Bulgarian via the Czech Republic (29 percent), the Netherlands (13 percent), France (six percent), Germany, and Romania.

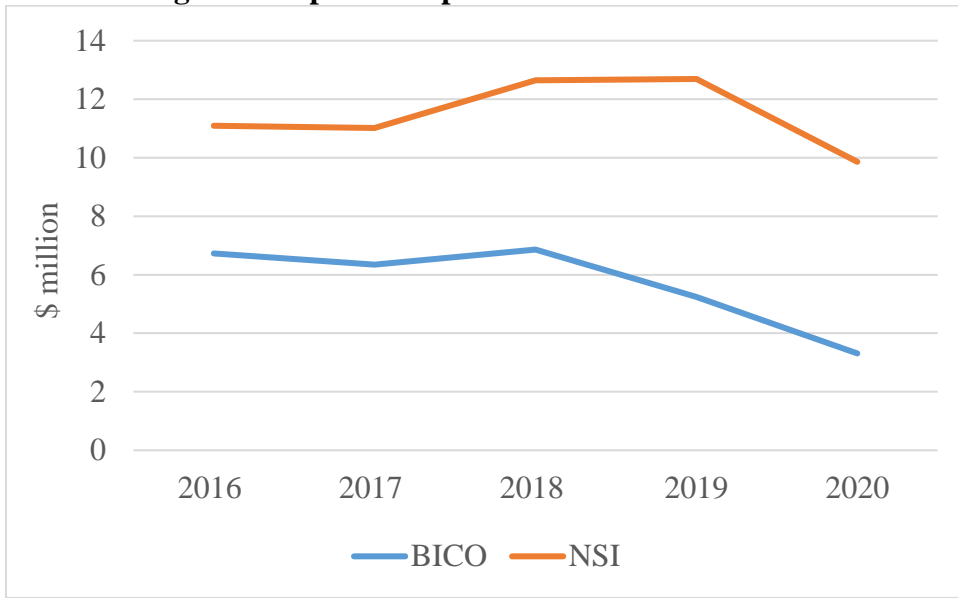
For U.S. wood products, BICO data shows \$360,000 of U.S. wood product trade in 2020, compared to \$582,000 from NSI, a 38 percent difference. Indirect trade of these products occurs mainly through Austria (27 percent) and Germany (12 percent).

For distilled spirits (HS Code 2208), BICO data reflect \$3.3 million of U.S. trade to Bulgaria in 2020, while NSI data indicate \$9.9 million in U.S. trade, a 67 percent difference. BICO data show no U.S. trade of rum, gin, and vodka, while NSI data show over \$2.2 million of U.S. trade to Bulgaria for these products. Most U.S. distilled spirits are shipped to Bulgaria through Spain (28 percent), the United Kingdom (20 percent), the Netherlands and Germany. See Table 3 below for the primary categories of U.S. distilled spirits traded to Bulgaria.

Table 3. U.S. Undenatured Ethyl Alcohol, Spirits, Liqueurs to Bulgaria 2016-2020 (\$)

HS Code	Description		2016 (\$)	2017 (\$)	2018 (\$)	2019 (\$)	2020 (\$)
220830	Whiskies	BICO	6,648,239	6,340,315	6,820,171	5,227,732	3,241,036
		NSI	10,397,163	10,441,264	11,949,659	10,209,786	7,418,571
220840	Rum and other spirits	BICO	-	-	-	-	-
		NSI	293,419	182,495	354,688	902,777	599,921
220850	Gin and Geneva	BICO	-	-	-	-	-
		NSI	3,236	10,079	16,355	13,190	1,251
220860	Vodka	BICO	-	-	-	-	-
		NSI	45,873	19,032	3,170	1,290,357	1,622,836
220870	Liqueurs and cordials	BICO	77,824	13,530	28,932	7,791	50,464
		NSI	313,859	293,501	294,731	205,048	160,104
220890	Ethyl alcohol of an alcoholic strength of < 80% vol.	BICO	-	-	3,440	2,762	21,164
		NSI	39,852	65,626	30,401	69,058	52,420
	Total:	BICO	6,726,063	6,353,845	6,852,543	5,238,285	3,312,664
		NSI	11,093,402	11,011,997	12,649,004	12,690,216	9,855,103

Chart 2. Bulgarian Imports of Spirits from the United States



Attachments:

No Attachments.