USDA Foreign Agricultural Service
GAIN Report
Global Agriculture Information Network

Template Version 2.09

Required Report - public distribution

Date: 10/13/2005

GAIN Report Number: PL5030

Poland

Strawberries

Annual

2005

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Report Highlights:
Due to large carryover stocks of frozen strawberries and low producer prices, strawberry production is expected to fall in 2006. Some farmers decided to switch to another form of production. Others are waiting for the results of the 9-month safeguard investigation initiated by the EC on imports of frozen strawberries.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Annual Report
Warsaw [PL1]
[PL]

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Executive Summary

In 2005, strawberry production fell about 3 percent from a year earlier due to a two-week delay in the harvest. In addition, many farmers decided not to harvest because of low prices.

Lower prices offered by processors were caused by the very cheap imports from Chinese suppliers, as well as lower quality of Polish fruit. It is estimated that Polish exports of fresh strawberries will reach about 21,000 tons. Germany, Netherlands, and Belgium remain the main buyers. Minimal quantities of table varieties were imported from Spain.

The increase in fresh strawberry output in 2004 increased the amount available for the processing industry. Due to large production, strawberry prices were at the lowest level since 2001, which resulted in increased stocks. These stocks were sold partially in the first half of 2005. Prices offered by the processing industry for fresh strawberries continue to decrease, as do export prices. A 46 percent drop was registered between the average export price in the first half of 2004 and the same period of 2005.

The European Union remains Poland's biggest export market, with Germany the single largest importer of Polish frozen strawberries.

Low producer prices in 2004 and 2005 have caused some farmers to plow up their strawberry plantations. Others are waiting to see what the EU will do to protect European market from very low priced imports from China and other non-EU suppliers. In July 2005, in response to demands from Poland, the European Commission initiated a nine-month safeguard investigation of frozen strawberry imports into EU.

FRESH STRAWBERRIES

Production

According to the Main Statistical Office, 2005 strawberry production was lower by 3 percent compared to 2004 and reached 180,000 tons due to a two-week delay in the harvest. The harvest was delayed as a result of dry weather during blooming period and harvest time. The dry weather shortened fructification thus decreasing production. Also, due to very low prices many producers decided not to harvest all their fruit which further reduced production.

Planted area and production are expected to fall in 2006 as farmers, discouraged by falling returns, switch to other types of cultivation. Experts from the Institute of Rural Economics think that this trend will continue, especially if the European Commission does not introduce protective measures against lower priced imports from third countries.

Poland's most popular varieties continue to be Senga Sengana, Kama, Dukat, Elsanta, Selva, Kent, Korona and Marmolada. The quality of the Senga Sengana variety has been decreasing steadily in recent years due to poor farming practices. Farmers have been attempting to reduce costs by using old cuttings rather than investing in new seedlings. With the use of old cuttings, any diseases present in older plants are more easily spread, resulting in lower yields. Farmers reportedly prefer Dukat and Elsanta to Senga Sengana because of their resistance to diseases. However, the Polish processing industry does not like these varieties because their tolerance to cold storage has not been proven.

In 2004, producers of strawberries for freezing experienced a considerable decrease in income due to fierce competition in EU markets from cheaper imports from China and Morocco. This trend continued in 2005. In 2004, their net income covered about 25 percent of production costs. In 2005, the situation deteriorated to the point that they suffered negative returns.

There has been increased interest in the cultivation of fresh table varieties including Elsanta, Kama, Selva, Dukat and Kent in recent years. Polish farmers are aware that fresh table varieties attract higher prices and could increase the profitability of their operations. By introducing new varieties, they can both prolong the strawberry harvest season and offer new products to domestic and export markets.

Currently, 97 percent of Polish strawberry farms use traditional open field cultivation practices and harvest in late May-early June depending on the varieties they planted. The remaining 3 percent use tunnels and green houses which allow them to supply strawberries continuously from May to November.

Purchase Prices for Strawberries

Due to an abundant harvest and large carryover stocks of frozen strawberries from the previous season, producer prices for strawberries with leaf stalk removed were less than PLN 0.9 per kilogram in June 2005 or one-third of the 2004 price.

Consumption

During the past several years, consumption of fresh strawberries has remained constant at about 0.5-1 kg/per capita. In 2005, consumption more than doubled, however, as prices dropped significantly. In addition, many producers had problems selling their production and it spoiled and was destroyed. These quantities also were included in domestic fresh consumption, further increasing this figure. In 2006, consumption is expected to drop and be between the 2004 and 2005 levels.

Trade

Poland annually exports around 12,000-20,000 tons of fresh and/or chilled strawberries. The European Union (primarily Germany and Netherlands) imports most of this trade. In 2004, exports almost doubled as the average price of fresh strawberries dropped by 38 percent (from US$ 1,256 to US$ 786 per ton). It is estimated that 2005 exports will reach 21,000 tons or about 5 percent lower than a year earlier.

During the off-season, limited quantities of fresh strawberries are imported by air from Spain, Italy, and France. High prices (twice as high as Polish strawberries during harvest season) limit sales.

Tariff

After Poland became a member of the EU in May 1, 2004, EU import duties for strawberries became applicable to Poland. In many cases, products originating from different countries exporting to the EU are assessed different custom duty rates, depending on international agreements. For additional information on duties applied by the EU, please refer to the following Internet site: http://europa.eu.int/comm/taxation_customs/dds/cgi-bin/tarchap?Lang=EN

Duties below are applicable to product originating from the United States.

Taric code number	Commodity description	Duty rate for product

		from the U.S.
0810100000	Fresh strawberries intended for processing	12.8 % Unit value : 396.06 EurVU / 100 kg
0811101100	Fruits and nuts, uncooked or cooked by steaming or boiling in water, frozen, whether or not containing added sugar or other sweetening matter. - Frozen Strawberries	20.8 % + 8.4 EUR / 100 kg
0811 10 19	Fruits and nuts, provisionally preserved (for example by sulphur dioxide gas, in brine, in sulphur water or in other preservative solutions), but unsuitable in that state for consumption. - other processed strawberries	20.8 %

Source: European Commission Taxation and Customs Union
http://europa.eu.int/comm/taxation_customs/dds/en/tarhome.htm

Before Poland joined the EU, duties on imports of U.S. strawberries (fresh or processed) were higher, ranging between 20 and 40 percent. However, the decline in tariff rates did not change trade with the U.S., as Poland imports few fresh strawberries and virtually no frozen strawberries.

Policy

After Poland's accession into the EU, Polish strawberry farmers could apply for direct agricultural payments. Farms must be at least 1 HA in size to qualify for these payments. Per hectare payments in 2005 amounted to Euro 55.46 (US$ 67.11). In accordance with the Polish/EU accession agreement, amounts will be increased on an annual basis over the next several years.

For other forms of state aid, see our report (PL5001) "Trade Policy Monitoring, Poland's CAP Implementation".

Marketing

During the harvest season, vendors traditionally sell fresh strawberries in 2 kg containers from the back of trucks or from temporary stands. The dynamic growth of the supermarket/hypermarket retail outlets has resulted in a consolidation of wholesale suppliers. Hypermarkets tend to contract with individuals or supplier groups.

Polish and foreign owned companies compete to export fresh and chilled strawberries. Foreign companies (mostly German and Czech) either establish purchasing points or contract in advance with Polish farmers prior to planting. Product is either pre-cooled before transport or transported in temperature-controlled trucks to final destination for further processing. Polish traders and representatives of local freezers also purchase fresh product from farmers. However, lacking financial resources, Polish companies find it difficult to compete with the foreign firms. Limited quantities of imported fresh strawberries, which appear during the off-season, are mostly sold in supermarkets and from vegetable stands in large cities.

FROZEN STRAWBERRIES

Production

As a result of a large harvest in 2004, 145,000 tons of strawberries were delivered to processors. Due to increased supplies of strawberries, the production of frozen strawberries increased from a year earlier (by 40 percent) and reached 130,500 tons. Increased production and low priced imports from China resulted in higher ending stocks.

Consumption

Consumption of frozen strawberries in Poland is only about 0.2 kg per capita. Poles prefer purchasing fresh product during the harvest season and consuming homemade products such as jams and compotes.

Trade

Poland continues to be the major supplier of frozen strawberries to the European Union. Germany is Poland's largest market. Total exports of frozen strawberries in 2004 were valued at US$ 111 million with the average price per ton down 25 percent from 2003. In 2005, exports are expected to be up due to higher ending stocks in 2004. In the first half of 2005, exports were almost double those for the same period of 2004 (64,825 tons versus 34,664 tons), but the value changed little (US$ 58 million in 2005 versus US$ 56 million in 2004) due to a 46 percent decrease in price (from US$ 1,610.74 in 2004 to US$ 874.95 in 2005). Prices were low because of abundant world supplies, which peaked in 2004.

After the smaller Polish crop in 2003, many international traders located alternative suppliers. Consequently, Chinese product has captured a large share of the world market at the expense of Poland. Many experts believe that suppliers such as China, Morocco and Slovenia will be major suppliers in the coming years. To remain competitive, Poland needs to ensure a stable level of high quality fruit. To do so, efforts are being made to create producer associations, expand contract purchasing and improve the quality of planting material. However, with nearly 200,000 strawberry farmers in Poland, change is slow to take root.

In the past, Hortex (now a private firm but formerly a state-owned trading enterprise) accounted for nearly sixty percent Polish strawberry exports. Other export companies included: Agros, Hortino, Freezing House Olsztyn, Gomar, and Elsner.

Many seasonal companies with foreign investment (mostly German) purchase fresh product locally. They contract with Polish freezers for processing and then transport the frozen strawberries to destination markets.

Limited imports of frozen strawberries enter Poland from countries such as Tunisia, Morocco, and China.

Stocks

No official data on frozen strawberry stocks are available. Post uses estimates obtained from the Institute of Agricultural Economy and the Polish Ministry of Agriculture and Rural Development. Carryover stocks of frozen strawberries depend primarily on price in any given year. The lower the price the more likely frozen product will be stored. Stocks are held in cold storage facilities throughout Poland. It is estimated that there is about 0.9-1.2 million square meters of cold storage in Poland, most of which is capable of maintaining temperatures below minus 18 Celsius (-0.4F). Over the last 10 years, there has been a significant increase of cold storage space at logistic centers and retailers-super and hypermarkets.

Policy

At the request of Polish government, in July 2005 the European Commission initiated a nine-month safeguard investigation concerning imports of frozen strawberries (Official Journal of the European Union dated July 6, 2005, case no 165/3). It is unlikely that this investigation will lead to a decline in competition from imports.

Marketing

There have been many changes in the distribution of frozen products in Poland, including strawberries. The growth of modern new retail outlets throughout Poland has increased cold storage capacity and has created a demand for national distribution of frozen products. In the past, there was only one company capable of delivering frozen products throughout Poland. Now, there are two new distribution groups in the Polish market-Frozen Food Group and KFD.

Both of these associations are comprised of several large distribution firms that work closely with individual freezing companies and frozen food processors. Transportation is by a specialized fleet of freezer trucks. Both organizations often provide smaller shops with storage freezers. Some of the recently privatized freezing companies also are trying to serve local markets with their products.

Tables

Strawberries Fresh – PSD

PSD Table							
Country	Poland						
Commodity	Strawberries, Fresh				(HA)(MT)		
	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official [Old]	Post Estimate[New]	USDA Official [Old]	Post Estimate[New]	USDA Official [Old]	Post Estimate[New]	
Market Year Begin		01/2004		01/2005		01/2006	MM/YYYY
Area Planted	48000	52400	45000	50000	0	46000	(HA)
Area Harvested	48000	39300	45000	37500	0	35000	(HA)
TOTAL Production	181000	186000	160000	180000	0	160000	(MT)
Imports, Fresh	1000	1000	1300	1000	0	1000	(MT)
TOTAL SUPPLY	182000	187000	161300	181000	0	161000	(MT)
Exports, Fresh	18000	23000	20000	21000	0	20000	(MT)
Domestic Fresh Market	19000	19000	41300	50000	0	36000	(MT)
For Processing	145000	145000	100000	110000	0	105000	(MT)
TOTAL UTILIZATION	182000	187000	161300	181000	0	161000	(MT)

Strawberries Fresh – Exports

Export Trade Matrix

Country Poland

Commodity Strawberries, Fresh

Time Period	Jan-Dec	Units:	000 MT
Exports for:	2003		**2004**
U.S.	0	U.S.	0
Others		Others	
Germany	5	Germany	8
Netherlands	3	Netherlands	4
Belgium	2	Russia	3
Austria	1	Austria	2
UK	1	Belgium	2
Czech Rep.	1	Czech Rep.	1
		Latvia	1
		Sweden	1
		Belarus	1
Total for Others	13		23
Others not Listed	1		0
Grand Total	14		23

Strawberries Fresh – Imports

Import Trade Matrix

Country Poland

Commodity Strawberries, Fresh

Time Period	Jan-Dec	Units:	000 MT
Imports for:	2003		**2004**
U.S.	0	U.S.	0
Others		Others	
Spain	1	Spain	1
Total for Others	1		1
Others not Listed	0		0
Grand Total	1		1

Strawberries Frozen – PSD

PSD Table

Country Poland

Commodity Strawberries, Frozen (MT)

	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official [	Estimate[N	DA Official [	Estimate[N	DA Official [	Estimate[New]	
Market Year Begin		01/2004		01/2005		01/2006	MM/YYYY
Deliv. To Processors	145000	145000	100000	110000	0	105000	(MT)
Beginning Stocks	200	25000	31200	56407	16200	32407	(MT)
Production	120000	130500	85000	80000	0	75000	(MT)
Imports	1000	1000	1000	1000	0	1000	(MT)
TOTAL SUPPLY	121200	156500	117200	137407	16200	108407	(MT)
Exports	80000	90093	91000	95000	0	85000	(MT)
Domestic Consumption	10000	10000	10000	10000	0	10000	(MT)
Ending Stocks	31200	56407	16200	32407	0	13407	(MT)
TOTAL DISTRIBUTION	121200	156500	117200	137407	0	108407	(MT)

Strawberries Frozen – Exports

Country	Poland		
Commodity	Strawberries, Frozen		
Time Period	Jan-Dec	Units:	000 MT
Exports for:	2003		2004
U.S.	1	U.S.	0
Others		Others	
Germany	36	Germany	38
Netherlands	10	Netherlands	9
Denmark	7	France	7
France	5	Denmark	6
UK	3	UK	5
Belgium	3	Belgium	4
Norway	3	Sweden	3
Finland	2	Finland	3
Austria	2	Russia	3
Russia	1	Norway	2
Total for Others	72		80
Others not Listed	11		10
Grand Total	84		90

Strawberries Frozen – Imports

Import Trade Matrix

Country Poland

Commodit Strawberries, Frozen

Time Period	Jan-Dec	Units:	000 MT
Imports for:	2003		**2004**
U.S.	0	U.S.	0
Others		Others	
Germany	1	Germany	1
China	1		
Total for Others	2		1
Others not Liste	1		
Grand Total	3		1