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Poland

Exporter Guide

Annual

2004

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Report Highlights:
Poland's GDP rose 3.8 percent in CY2003 and 1.3 percent in CY2002. Experts predict 2004 GDP to increase approximately 5.4 percent. Inflation in CY2003 dropped to 0.7 percent from 2 percent in 2002, while unemployment fell slightly from 18.1 percent in 2002 to 18.0 percent in 2003. Despite economic difficulties, the modernizing food retail sector continues to expand. Food trade, predominantly between Poland and the EU, has risen significantly in recent years and is expected to continue to grow. There are selective prospects for U.S. food and beverages sold directly to Poland or indirectly via Western Europe.

Includes PSD Changes: No
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Executive Summary

The retail industry food sector is the most vibrant sector of the economy since free-market restructuring and privatization began in the early 90s. Agricultural products like snack foods, beverages, fast food, and ice cream oriented toward young consumers below the age of 24 will remain in high demand, as this age group comprises 32.7 percent of the population. Food and beverage purchases accounted for 39 percent of total consumer spending in CY2003.

Poland's GDP growth of 3.8 percent in CY2003 was up from 1.4 percent in CY2002. Experts predict 2004 GDP growth at approximately 5.4 percent. Inflation in CY2003 dropped to 0.7 percent from 2 percent in 2002. Unemployment dropped slightly from 18.1 percent in 2002 to 18.0 percent at the end of 2003. Total exports in CY2003 are valued at $53.6 billion, up US $13.5 billion from the previous year, and showing a growth of US $24 billion since 2000. Imports in CY2003 were valued at US $68 billion, increasing US $13.9 billion dollars from 2002. Import growth is expected to continue to increase over the next few years. Economists predict that imports will rise by 6.5 percent in 2004 while imports only rose by 3.3 percent in 2003.

The agriculture sector experienced an output increase of an estimated one percent in 2003. Crop production increased an estimated one percent due to a slight increase in acreage of grain and potatoes and variable precipitation. Livestock production increased at a rate of one percent as well, as a result of an increase in poultry production that was great enough to compensate for the decreases in beef and swine production. Lower harvests occurred in cereals, potatoes, and oilseeds, while feed production increased dramatically.

Estimates for MY2004 show that red meat output will decrease overall; beef production is expected to decline 4 percent while pork production is expected to decline 7 percent. The expected decrease in beef production is attributed to a decrease in the calf crop caused by reduced inventories of dairy cows in 2003, and a decrease in cow slaughter. Pork production is expected to be down due to growing prices for feed grains resulting from reduced 2003 output and limited imports. Total grain output is expected to increase by about 12 percent from last year due to favorable growing conditions.

The positive agricultural trade balance for CY2003 amounted to US$ 506 million with imports valued at US$ 4 billion and exports at US$ 4.5 billion. The EU continues to be the largest supplier of agricultural products to Poland (52 percent) and the largest market for Polish agricultural exports (51 percent).

Total US exports of agriculture, fishery, and forestry products to Poland in CY2003 amounted to $91.6 million, decreasing from $99.1 million in CY2002. Leading U.S. agricultural exports in 2003 were red meat and offals ($17.7 million) followed by fresh fruits ($9.8 million), frozen or chilled fish and crustaceans ($6.9 million), and processed fruit products ($3.4 million). U.S. poultry meat entering Poland has primarily been for transit to the east ($27 million).

As of May 1, 2004, Poland has become a member of the European Union. This means that all goods moving between Poland and the EU are duty free. All goods exported to Poland are subject to the EU external tariff rate. The EU accession has resulted in lowered tariffs on some products, which has expanded market growth potential in some areas. Given the tariff rates on US products, product origin and brand name emphasis in marketing will become even more critical in introducing or maintaining market-share.

After Poland's EU-25 accession most of the previously used product certificates were amended in order to reflect EU regulations. For detailed information on product import certificates please refer to the “Food and Agricultural Regulations and Standards Report” (PL4024) available via Internet at the following address: www.fas.usda.gov at attaché reports link.

I. Market Overview

Foreign Direct Investment (FDI) into the food, drink and tobacco sectors of the economy increased from US$ 6.06 billion in CY2002 to US$ 6.25 in CY2003. The increase in FDI inflow also brought about a higher GDP increase, at 3.8 percent in CY2003, compared to 1.4 percent in CY2002. Overall, the public finance situation appears to be improving. The state budget’s revenue increased 6.4 percent, while expenditures only increased 3.4 percent in 2003. Expenditures decreased when compared to the 5.8 percent increase in 2002. This is the result of the Polish government’s attempts to cut back on total state budget expenditures. A decrease in domestic demand due to strict monetary policy is commonly blamed for the slow down. With some experts predicting that the world economy will recover, Poland’s GDP is expected to grow around 5.4 percent in 2004.

Foreign companies have invested close to US$ 534 billion dollars in Poland over the last decade, with the annual amount in CY2002 decreasing 27 percent compared to CY2001. The Polish Agency for Foreign Investment (PAIZ) indicates that 75 percent of the capital invested supported three economic sectors including manufacturing (40.0%), financial intermediation (23.3%), and "trade and repairs" (11.7%).

Significant policy changes have been taking place in light of free-market economic restructuring, including introduction of new regulations, in line with EU requirements, which promote product recycling. Some products are increasingly subject to higher EU duties related to the EU’s WTO case against the U.S. regarding tax treatment of Foreign Sales Corporations (for more information please see the FAS USEU Brussels Report: “EU Sanctions on US exports in WTO FSC case enter into force March 1 2004” (E24040) available online at: http://www.fas.usda.gov/gainfiles/200403/146105613.pdf).

The Polish economy will increasingly become integrated with a new expanded EU-25 internal market. Only select U.S. products have prospects with the U.S. 2002 consumer oriented agricultural product Polish import market share at 3 percent.

Table I: Poland Agricultural Trade

Polish Agri-Food Trade with the World						
	Export (US$ thousands)			Import (US$ thousands)		
Group/Commodities	2001	2002	2003	2001	2002	2003
I. Animal Products						
A. Live Animals (1-4)	119792	138626	169755	39347	44359	43484
1. Horses	38057	32039	41953	4487	2477	4109
2. Cattle	70613	94480	107763	768	10338	9118
3. Sheep	5735	4887	5681	0	33	186
4. Other	5387	7218	14358	34092	31511	3007
B. Processed Products (5-11)	721299	682351	1043571	135741	166305	182558
5. Red Meat &Offals	138885	166645	306707	38413	75237	86455
6. Poultry Meat & Offals	106381	128295	243756	23308	21870	19459
7. Meat Products	88053	94078	110456	8188	10187	10178
8. Animal Fats	9045	8155	12921	8406	8639	9365

9. Milk, Cream, & Ice-Cream	265833	181109	215638	36506	27429	26031
10. Butter	25426	17444	21312	5377	6568	10345
11. Cheeses & Curds	87677	89625	132782	15544	16376	20726
12. Other Animal Products	53885	75076	137733	102374	111916	151681
C. Other	214508	226032	296682	355130	321151	369090
13. Fish & Crustaceans	133128	124478	179324	323035	281656	322947
14. Fish Products	81380	101553	117358	32096	39495	46143
Total I (1-14)	1109484	1122085	1647741	632592	643731	746813
II. Crop Products						
D. Raw Materials	287777	353357	507260	886791	844936	948501
15. Cereals	2215	65044	70322	173452	114047	120395
16. Oilseeds	67030	9587	3584	47354	52070	64656
17. Fresh Potatoes	2680	4309	12527	9024	12868	7578
18. Fresh Fruits	79116	107941	150981	482897	479828	551838
19. Fresh Vegetables	96172	120885	205216	95873	97621	99871
20. Flowers	40564	45590	64630	78190	88501	104165
E. Processed Products (21-29)	1039103	1135773	1470074	905419	949411	1087840
21. Vegetable Fats & Oils	24301	17867	19015	168417	193396	239315
22. Cereal Milling Products	6122	7861	12384	29006	28574	35344
23. Cakes & Meals	29015	23504	21815	316387	323237	356831
24. Starch, Croups, Malt	32336	37440	49337	66638	53872	62513
25. White Sugar	81571	50374	98619	18324	26191	21396
26. Molasses	24379	25191	24739	18	9	35
27. Confectionery	200178	220016	270215	112211	126880	147277
28. Fruit Products	379838	475579	631051	123497	127162	147417
29. Vegetable Products	261363	277940	342900	70920	70090	77712
30. Other Crop Products	278463	365043	499751	340956	376668	434936
Total II (15-30)	1605343	1854173	2477084	2133165	2171015	2471278
III. Other Products						
31. Coffee, Cocoa, Tea	120702	117599	142616	333332	365385	481764
32. Tobacco & Preparations	80709	49051	83037	119935	195428	67241
33. Spirits & Alcoholic Drinks	49429	57793	68832	94753	104706	129590
34. Water & Non-Alcoholic Drinks	11736	21865	28068	18293	12965	22127
35. Other	52679	62503	71255	73925	82427	94083
Total III (31-35)	315255	308811	393808	640238	760911	794805
Total (I+II+III)	**3030082**	**3285069**	**4518633**	**3405995**	**3575657**	**4012896**

Source: Foundation of Assistance Programs for Agriculture (FAPA) based on data from the Central Institution of Foreign Trade

Table II: Polish Agriculture Product Trade by Country

USD Million						
	2002			**2003**		
Countries	**Total Agriculture Products**			**Total Agriculture Products**		
	Export	**Import**	**Balance**	**Export**	**Import**	**Balance**
Germany	777.8	483.9	293.9	1,136.7	542.8	593.9
Russia	280.4	41.5	238.9	360	37	323
The Netherlands	190.2	371	-180.8	269	395.7	-126.7

Czech Republic	179.1	135.8	43.3	229	156.6	72.4
United Kingdom	136.4	54.8	81.6	203.6	69.2	134.4
Italy	151.1	163.3	-12.2	193.8	200.4	-6.6
United States	150.8	99.4	51.4	171.4	92.1	79.3
Lithuania	122.2	8.1	114.1	163	20.5	142.5
Ukraine	123.2	35.8	87.4	161.4	42	119.4
France	86	148	-62	131.2	173.2	-42
Hungary	87.6	120.1	-32.5	119.4	125.5	-6.1
Denmark	78.4	122.7	-44.3	103.8	124.9	-21.1

Source: Calculations of FAS Warsaw based on data from the Global Trade Atlas

Market indicators:

- Poland's population of 38.6 million is relatively dispersed. Although 62 percent of the population can be classified as urban, only 42 percent reside in cities of over 100,000 inhabitants. The population is very young with 50 percent under the age of 34. The age groups 30-44 and 45-64 are the largest population groups with 21 percent and 24 percent respectively.

- Average monthly gross wages in 2003 were 2,389 PLN (USD 661.77)

- The household consumption expenditure rate in CY2003 grew 3.1 percent from CY2002 (constant prices). In 2002, the average monthly expenditures of households per capita was 625 PLN, of which food and non-alcoholic beverages consisted of 185 PLN.

- In 2003, food and non-alcoholic beverages accounted for 39 percent of household expenditures.

- Real gross average income for CY2003 was up by 1.69 percent.

- Unemployment has begun to decrease slightly in Poland with the figure reaching 18.0 percent at the end of 2003, down one-tenth of one percent from 2002. Unemployment is most likely starting to decrease due to the increase in foreign demand as a result of the May 1, 2004 accession of Poland to the EU. Young people in the 18-24 age bracket constitute 28 percent of the total jobless workforce as of 2002.

- Of the approximately 14.9 million people employed in Poland, 26.1 percent work in the public sector and the remaining 73.9 percent in the private sector. The workforce is diversified with 38.8 percent of women economically active.

- Approximately 29.2 percent of the population works directly in the agriculture, forestry and fishery sectors.

- A trend toward smaller families is becoming more apparent in Poland's 13.3 million households, 68 percent house three persons or less.

Supplier Strengths / Weaknesses - Market Opportunities and Competitive Threats

Advantages	Challenges
Central Europe's most populous country with domestic consumer market of nearly 40 million people.	Distance from the U.S. Hence higher transportation costs versus the European suppliers.
A strategic location within a dense, major international market. Offering re-export potential.	Complicated system of product registration in some cases delaying or even preventing the product from entering the Polish market.
Country continuously moving towards open market economy.	Poland's EU Accession puts U.S. products at a competitive challenge versus EU-25 duty free EU internally traded products.
A very productive, young and skilled labor force. Potential for finding trading partners and favorable conditions for establishing joint ventures and local production.	Food recalls in the EU could potentially have a negative impact on Polish consumers views of imported products. GMO issues can hamper imports of U.S. products as well.
Polish consumers associate U.S. products with good quality.	An additional ad valorem tariff was put into place by the EU as part of its WTO case against non-agricultural U.S. trade policies. This tariff is only applied to certain goods (i.e. dried cranberries), and increases by 1 percent each month until it reaches its maximum at 16 percent in March of 2005, when it will be up for review again.
Market niches exist in consumer ready food products - i.e. microwavable products.	Foreign investment in the Polish food processing industry results in local production of many high quality products, which were previously imported.
Economic growth has been rising with a strengthening Polish vs. U.S. currency exchange rate.	Polish importers when conducting imports are very reluctant to use Letter of Credit and prepayments as forms of payment. Establishing a Letter of Credit in bank in Poland is costly. In many cases, U.S. competitors (e.g. suppliers from the EU-25) are very willing to give credit terms even to first time customers, at times in cases of smaller Polish importers first order is done on prepayment terms.

II. Exporter Business Tips

Local Business Customs/Practices

- It is customary for business people in Poland to shake hands upon meeting. An American businesswoman should not be surprised if a Polish business man kisses her hand upon meeting or saying goodbye, however, it is not necessary for American businessmen to kiss the hand of Polish businesswomen.

- Business cards are the norm in Poland and are generally given to each person at a meeting. U.S. visitors should bring plenty of business cards to a meeting. Cards printed in Polish are not necessary.

- Business attire is formal, including a suit and tie for men and a suit or dress for women. Casual wear is suitable for informal occasions, but more formal dress is usually customary for visiting or entertainment in the evening.

Consumer Tastes and Preferences

The issues of BSE and FMD along with GMO issues have more Polish consumers concerned about the safety of the food in their own country along with imports of food from other countries. Until recently, Polish consumers did not focus on these issues and their concern has still not reached the level of their western European counterparts. However, this is not to say that the concern for food safety among Polish consumers is non-existent. Concerns over beef rose following Poland's first confirmed BSE case in May 2002; 17 total confirmed Polish BSE cases since then.

- Due to the difficult economic situation for many Polish families, 88 percent of Poles are price-sensitive; many shops provide a relatively large variety of low-cost products and few high end products.

- Consumers do consider expiration dates for products.

- Advertising in Poland is crucial. Television is believed to be the best medium in Poland, with products advertised through television promotions showing the greatest sales growth of all advertised products. Billboards and in-store promotions are also proving very effective.

- Promotions on products influence the purchases of 50 percent of adult Poles. Advertising influences forty-two percent of students' purchasing decisions.

It is estimated that only 5-10 percent of the Polish population can be considered rich while 20-25 percent constitutes the emerging middle class. The remaining 65-75 percent is considered poor or with little purchasing power. The urban population (62 percent) has a much higher level of purchasing power compared to the rural population.

Buyer Customs and Preferences

- A recent trend indicates improvement in the consumers' image of Polish produced products compared to Western imported products. Although country origin is not as influential on purchasing decisions as previous years; youth, people with higher education, and owners of companies tend to prefer western products. Polish customers especially favor products originating from the U.S.

- Although becoming more liberal, Polish buyers generally prefer not to make a purchase until they have met with the seller face-to-face. Transactions are usually on term payments (extended), but prepayments are also accepted; i.e. at the onset of cooperation.

- With limited access to capital and high interest rates, Polish buyers seldom purchase products at an initial meeting and prefer to discuss the product's technical parameters before negotiating price.

- Many companies with foreign participation have invested in human capital, which has improved contract negotiation processes. However, the decision process by most Polish firms is lengthy; going through rounds of negotiations along with arranging financing before making a final decision.

- Many of the U.S. companies in Poland form joint ventures with Polish companies, which handle the trade but share the risks and rewards.

Food Standards/Regulations and Import/Inspection Procedures

LABELING REQUIREMENTS

General requirements

General rules on the labeling, presentation and advertising of foodstuffs marketed in the EU can be found in the European Parliament and Council Directive 2000/13/EC + corrigendum (English version of Annex III). This directive consolidates general labeling directive 79/112/EEC and all its amendments in a single text. It applies to food products intended for supply to food retail and foodservice. (www.useu.be/agri/label.html)

Polish legislation closely follows EU legislation. The basic law on food labeling was published in the December 16, 2002 Polish Journal of Law (Link in Polish language only) and can be located at http://www.abc.com.pl/serwis/du/2002/1856.htm
The basic law was updated in order to reflect additional EU regulations (Journal of Law no. 58 pos. 563 dtd. April 18, 2004) on March 29, 2004 and can be located at http://www.abc.com.pl/serwis/du/2004/0563.htm

All food products entering the Polish market must have Polish language labeling. Normally **all pre-packaged foods** intended for the final consumer or catering establishments must be labeled according to the general rules prior to entering the Polish market. **Please note that there are no exceptions to label regulations.**

Name and address

Name and address of the producer.

Country of origin

Must be declared, if exclusion of that information can mislead the consumer as to where the product originates.

Product designation

The designation must describe the product in a proper way or maybe a name stated by law. A fantasy name or a trademark cannot replace the product designation. Pictures or claims regarding a certain component as well as naming of specific ingredients in the product designation requires a quantitative declaration of that ingredient either in accordance with the product designation or on the ingredients list.

Composition

The composition of a food must be declared as an ingredients list, listing all ingredients used in the order of falling weight at the time of production. Some groups of ingredients, e.g. vegetable oils, can be declared by a group name. Allowed group names are defined in the labeling regulations. Composite ingredients well known to consumers, e.g. margarine need not be specified, if the content is below 25% of the total weight of the product.

Some categories of foods are exempt from declaring a list of ingredients e.g. alcoholic beverages.

Net weight

Net content (weight or volume) must be stated in the metric system. Drained net weight should be stated as well when appropriate. Number of pieces can be stated as well.

Durability

The durability must be stated by best before/best before end date (“najlepiej spozyc przed”). Very perishable foods must be marked with last day of consumption (“nalezy spozyc do”). The durability statements must be followed by storage instructions and instructions for use, if it is necessary in order to ensure correct use and storage.

Other labeling requirements

The Polish label or stick-on label must be applied prior to retail sale or sale to catering establishments. Before that, there are no labeling requirements.

More information on food standards and regulations along with general import and inspection procedures can be found in the latest FAS/Warsaw report on Poland- “Food and Agricultural Import Regulations and Standards (PL4024);” online: www.fas.usda.gov -attaché reports.

FOOD ADDITIVES REGULATIONS

Polish food additive regulations are primarily based on common regulations within the European Community. Poland, as in other EU countries, is allowed to conduct a separate procedure for approval of particular ingredients within its territory. Currently there is only one such case of a new sweetener “neotame”, which is allowed in Poland but not in the rest of EU countries.

Four major EC-directives on the use of additives and the labeling rules are implemented in Polish food additive regulations. These are the directives governing colors, sweeteners, flavors and miscellaneous food additives and in addition the labeling directive. The EC regulation also provides requirements as to identity and purity of approved food additives.

1. European Parliament and Council Directive 94/35/EC on sweeteners for use in foodstuffs. The annex to this directive lists maximum usable doses for sweeteners in selected foodstuffs.

2. European Parliament and Council Directive 94/36/EC on colors for use in foodstuffs.
Annex I: List of permitted food colors. Only substances listed in this annex may be used
Annex II: Foodstuffs, which may not contain added colors.
Annex III: Foodstuffs to which only certain permitted colors may be added.
Annex IV: Colors permitted for certain uses only.
Annex V: Colors permitted in general and the conditions of use. Colors permitted following the "quantum satis" principle (no maximum specified) are listed in the Appendix.

3. European Parliament and Council Directive 95/2/EC, as amended, the so-called miscellaneous additives directive on food additives other than colors and sweeteners.
Annex I: List of food additives permitted for use in foodstuffs (excl. those listed in Annex II) following the "quantum satis" principle.

Annex II: List of foodstuffs in which only a limited number of additives of Annex I may be used. These include cocoa and chocolate products, fruit juices and nectars, jam and jelly, dehydrated milk and cream, fruits and vegetables, rice, oils and fats, certain cheeses, minced meat, bread and pasta, wines and beer.
Annex III: List of conditionally permitted preservatives and antioxidants.
Annex IV: List of other permitted additives.
Annex V: List of permitted carriers and carrier solvents.
Annex VI: List of additives permitted in foods for infants and young children.

All three of these directives and their lists can be downloaded from the FAS/USEU web page www.useu.be/agri/additive.html.

Labeling requirements for additives and flavorings are laid down in Directive 2001/13/EC (general labeling directive), Regulation 50/2000/EC (GM additives) and Directive 89/107/EEC.

- The Polish Positive Additive

Poland uses a positive-additives list, which identifies additives that are permitted for use in foodstuffs. Poland's Ministry of Health and Social Welfare approved a new regulation (Journal of Law no. 94 dated April 30, 2004) on food additives on April 23, 2004. The above-mentioned law does not include working regulations (actual positive additive list) which are to be prepared on a later date. This particular regulation has been one of the most difficult obstacles facing imported products. According to the Polish authorities the new list is in line with the current EU regulations. **Please note:** As each EU member state at times introduces slight variations to allowable food additives it is vital for all U.S. exporters to check with the potential Polish importers whether the product intended for the Polish market meets all the ingredient requirements.

The following institutions are directly involved in inspecting food additive levels in imported products:

Ministry of Health and Social Welfare - preparation of legal documentation
Warsaw Sanitary Station - SANEPID - tests & check ups
National Food and Nutrition Institute - legal work & check ups

Labeling of food additives in foods shall consist of a category designation followed by the specific name or the E-number of the additive used. The category designations are defined in the labeling directive and implemented in the Polish labeling regulation. The specific names and E-numbers of the food additives are specified in the directives and in Polish Positive Food Additives List.

III. Market Sector Structure and Trends

Wholesale Sector

The wholesale market has changed over the last several years including consolidation, strengthening of large buyers, companies with national coverage, and a strengthening of ties between wholesaler and retailer.

Poland's wholesale market structure has five categories: national chains, regional chains, regional wholesalers, local wholesalers, and buying groups (consisting of regional chains and regional wholesalers).

- The national chains, the least numerous groups, operate several branches throughout Poland with central management.
- The regional chains have grown through the purchasing of bankrupt firms. They are territorial, usually in several voivodships (provinces), and supply mainly retailers.
- Regional wholesalers have a strong presence in local markets offering a wide range of products and improved service.
- Local wholesalers are feeling the pressure of the larger firms in the industry and mainly deal in cash and carry.
- Buyer groups operate in several market segments and are increasing their integration with many retailers.
- The larger businesses in this sector are firms with foreign or mixed capital. The largest is the Macro Cash and Carry, owned by German Metro. Macro is followed by Eurocash JMB Polska, Milo and McClane International (USA).

Retail Sector

The distribution system for consumer ready food products, as with all other branches of the Polish economy, is still undergoing a rapid transformation. It should be noted that despite many obstacles (e.g., high cost of credit, high store rents, late payments from retailers), it remains one of the most active areas of the Polish economy. The distribution system for consumer ready products in Poland is very diversified. It ranges from small family operated stores, through medium sized stores to big western style distribution centers.

- Foreign investors are very active in retailing. There are now over 186 hypermarkets nationwide along with many super-stores.

- There are approximately 30.9 shops per 10,000 inhabitants.

- According to Polish analysts big retailing chains will gain control of as much as 80 % of the Polish market within the next five years.

For more information on the Polish retail sector refer to FAS Warsaw Post Country report on Retail Food Sector (PL3045), which is available via the Internet at the following web site: www.fas.usda.gov - in attaché report directory.

Food Processing Sector

Results of 2003 production show that the most dynamically growing sectors of the food processing industry are products such as beverages, fruit juices and drinks, confectionary, food concentrates, oils and margarine, processed poultry, cheeses, milk drinks, and beer. The proportion of food industry products considered to be "value added" is constantly increasing.

For more detailed information on Poland's processing sector refer to FAS Warsaw Post Country report on Food Processing Sector (PL3002), which is available via Internet at the following web site: www.fas.usda.gov - attaché reports directory.

Hotel, Restaurant & Institutional Sector

Until the early 1990s, the Polish hotel and restaurant sector was dominated by the state-owned company, "Orbis." The transition to a market economy saw the emergence of many new private hotels and restaurants. Poland's population of nearly 40 million people along with nearly 14 million visitors each year has maintained steady demand for this growing sector.

- With more Poles working longer hours, Polish eating habits have also been altered and eating out is not uncommon any more.

- Besides favoring traditional Polish cuisine; Poles like international cuisine. Italian, Chinese, Mexican and Indian restaurants can be found in almost any Polish city.

- American chains have also started to appear in larger cities like Warsaw e.g. T.G.I. Friday's, Champions, Mc Donald's, Pizza Hut, and KFC.

- Currently many of the international hotel chains such as the Marriott Hotel, Radisson, Sheraton, Hyatt, and Holiday Inn are present in larger Polish cities. Many local entrepreneurs have also invested in this sector.

- The catering sector has only been developing in Poland since early 1990s. HRI is one of the fastest growing branches of the Polish industry.

Several of the larger producers have set up separate distribution channels especially for this sector. While all the other sectors of Polish food distribution are already very competitive, HRI is probably one of the few existing market niches which if supported with the proper promotion campaign, could offer U.S. exporters a chance to enter into the Polish market.

For more detailed information on Poland's HRI Food sector please refer to FAS Warsaw Post Country report on Hotel, Restaurant & Institutional Food Service Sector Report (PL3001), which is available via Internet at the following web site: www.fas.usda.gov - attaché reports directory.

IV. Best High-Value Product Prospects

Product category	2003 Market size	2003 Imports	2-Yr. Avg. Annual Import Growth	Import Tariff Rate	Key Constraints Over Market Development	Market Attractiveness for USA
Salmon	20,456 tons/ $ 59.3 M	$ 59.3 M	93.6%	2% & 8%	Price competition from local producers and European countries	Growing seafood consumption and increased restaurant market
Beef tripe	1,100 tons/$ 4 M	$ 3.4 M	-32.3%	0%	Only allowed entry from EU approved tripe/casing plants	Insufficient local production, competitive prices
Sunflower Seeds	12,000 tons/$ 7 M	$6.7 M	8.6%	0%	Competitively priced quality product available from Hungary	Growing market, insufficient local production of high quality product
Wine	58M L/$ 85 M	$78.7 M	25.5%	9.9-32€ /hl depending on alcohol content	Strong position of French, Italian and other suppliers	Good reputation of Californian wines, growing market
Grapefruit	30,362 tons/$ 20 M	$20 M	13.5%	1.5-2.4% depending on season	Competitively priced imports available from Turkey and Spain	Strong position of American suppliers, growing market
Bourbon	19,970 LPA/$ 261,000	$261,00 0	37.9%	0%	Traditional consumption of Scottish Whiskey	Increasing consumption among young crowd due to prestige associated with product
Dried grapes, including raisins	14,800 tons/$ 13.2 M	$12.8 M	11.2%	2.4%	Price competition from other suppliers	Given still developing market for cakes and sweets, opportunities for further development of this segment

Dried prunes	4,875 tons/$ 7.5 M	$5.5 M	31.2%	9.6%	Price competition from local and other foreign suppliers	High quality and strong position of California prunes, opportunity for further growth
Pistachios	1,200 tons/$ 3.7 M	$ 3.7 M	19.2%	1.6%	Increasing activity of other suppliers, relatively high prices compared to other nuts	Growing snacks and ingredient market
Peanuts	31,550 ton/$ 23.4 M	$ 23.4 M	15.8%	0%	Higher prices offered by competitors	Growing snacks and ingredient market
Almonds (shelled)	1,900 tons/$ 8.0 M	$ 8.0 M	7.9%	3.5%	Competitively priced imports available from Spain	Growing snacks and ingredient market

Source: FAS Warsaw calculations based on Global Trade Atlas statistics

V. Key Contacts and Further Information

U.S. EMBASSY TRADE PERSONNEL

Organization	Contact Name	Address	Phone/Fax
Foreign Agricultural Service USDA	Wayne Molstad, Counselor Charles Rush, Attaché Jolanta Figurska, Marketing Specialist	American Embassy Al. Ujazdowskie 29/31 00-540 Warsaw, Poland E-mail: agwarsaw@usda.gov Web page: http://www.usinfo.pl/agri/	4822-504-2336 4822-504-2320

U.S. BASED MULTIPLIERS RELEVANT FOR POLAND

Organization	Contact Name	Address	Phone	Fax
Polish-U.S. Economic Council U.S. Chamber of Commerce	Mr. Garry Litman Poland, Central Europe Int. Division	1615 H Street, NW Washington DC 20062-2000	(202) 4635482	(202) 4633114 e-mail: eurasia@uschamber.com

POLAND GOVERNMENT AGENCIES

Contact Name	Address	Phone	Fax	web page; e-mail address
Mr. Wojciech Olejniczak, Minister of Agriculture and Rural Development	ul.Wspolna 30, 00-930 Warsaw	(4822) 628 5745	(4822) 629 2894	http://www.minrol.gov.pl/DesktopDefault.aspx
Mr. Wieslaw Zapedowski; Department of European Union and Foreign Cooperation	ul.Wspolna 30, 00-930 Warsaw	(4822) 623 2072	(4822) 629 6127	http://www.minrol.gov.pl/DesktopDefault.aspx
Mr. Piotr Kolodziej, Chief Veterinary Inspector Ministry of Agriculture and Rural Development	ul. Wspolna 30, 00-930 Warsaw	(4822) 628 8511	(4822) 623 1408	www.wetgiv.gov.pl; wet@minrol.gov.pl
Mr. Piotr Balicki; Minister Ministry of Health and Social Welfare	ul. Miodowa 15 Warsaw	(4822) 831 2324	(4822) 635 8852	http://www.mz.gov.pl/
Mr. Andrzej Trybusz, Chief Sanitary Inspector	ul.Dluga 38/40 Warsaw	(4822) 635 1559	(4822) 635 4581	www.gis.mz.gov.pl; inspektorat@gis.mz.gov.pl
Ms. Ewa Symonides; Under Secretary of State Nature Conservation Ministry of Environment	ul.Wawelska 52/54 00-922Warsaw	(4822) 579 2406, 579 2353	(4822) 579 2383	www.mos.gov.pl; Chief.Nature.Conservator@mos.gov.pl
Mr. Jan Wrobel; Director Nature Protection GMO Ministry of Environment	ul.Wawelska 52/54 00-922Warsaw	(4822) 579 2673	(4822) 579 2555	
Ms. Zofia Chrempinska Acting Director Department of Forestry Ministry of Environment	ul.Wawelska 52/54 00-922 Warsaw	(4822) 579 2553	(4822) 579 2555	
Mr. Zdzislaw Siewierski, Chairman Agency of Agricultural State Properties	ul.Dolanskiego 2,00-215 Warsaw	(4822) 635 1000	(48-22) 635 0060	www.awrsp.gov.pl
Mr. Tadeusz Lisek; Department of Foreign Economic Relations Ministry of Economy	Plac Trzech Krzyzy 3/5; 00-507 Warsaw	(4822) 693 5955	(4822) 621 9714	www.mg.gov.pl
Mr. Janusz Berdowski Director Center for Research and Certification	ul.Klobucka 23a, 02-699 Warsaw	(4822) 6470742	(4822) 6471222	
Mr. Piotr Dabrowski Polish Investment Agency	Aleja Roz 2, 00-559 Warsaw	(4822) 334 9841, 334 9810	(4822) 334 9999	http://www.paiz.pl/index/
Mr. Zbigniew Izdebski Agricultural Markets Agency	ul. Nowy Swiat 6/12, 00-400 Warsaw	(4822) 661 7203	(4822) 628 9353	http://www.eng.arr.gov.pl/

Mr. Adam Zych Director of Plant Protection and Seed Inspection	ul. Wspolna 30, 00-930 Warsaw	(4822) 623 2302	(4822) 623 2304	
Agency for Restructuring and Modernizing Agriculture	Al. Jana Pawla II 70, 00-175 Warsaw	(4822) 860 2950	(4822) 860 2980	www.arimr.gov.pl; info@arimr.gov.pl

POLAND TRADE INSTITUTES/ASSOCIATIONS/CHAMBER OF COMMERCE

Organization	Contact Name	Address	Phone	Fax	web page, e-mail address
Agricultural Economy Institute	Prof. Augustyn Wos	ul.Swietokrzyska 20 Warsaw	(4822) 8265031	(4822)8271960	www.ierigz.waw.pl
Plant Protection Institute	Prof. Stefan Pruszynski, Director	ul.Miczurina 20 60-318 Poznan	(4861) 8649027	(4861) 8676301	www.ior.poznan.pl; S.Pruszynski@ior.poznan.pl
National Institute of Hygiene	Prof. Jan Krzysztof Ludwicki, Director	ul. Chocimska 24, 00-791 Warsaw	(4822) 542 1400, 849 7612, 542 1202	(48-22) 849 7484, 849 3513	www.pzh.gov.pl
American Polish Home Builders Institute Foundation	Mr. Eligiusz Koniarek Director	ul.Chmielna 54/57 80-748 Gdansk	(4858) 3016851	(4858)3014217	
Polish Economic Chamber of Wood Industry	Mr. Bogdan Czemko, Director	ul. Winiarska 1, 60-654 Poznan	(4861) 822 47 52	(4861) 849 2468	www.pol-wood-chamber.drewno.pl; pigpd@drewno.pl
National Chamber of Commerce of Poland	Mr. Andrzej Arendarski	ul.Trebacka 4 00-074 Warsaw	(4822) 6309600	(4822) 8274673	

National Polish Chamber of Commerce of Furniture Manufactures	Mr. Maciej FormanowiczChairman	ul. Grunwaldzka 10460-307 Poznan	(48-61) 8673188	(48-61) 8673188	
American Chamber of Commerce in Poland (AmCham)	Ms. Dorota Dabrowska , Executive Director	ul.Emilii Plater 53, 00-113 Warsaw	(4822) 5205999	(4822) 5205998	director@amcham.com.pl
Institute of Wood Technology	Mr. Wladyslaw Strykowski	Ul.Winiarska 1 60-654 Poznan	(4861) 8224700	(4861) 8224372	
Business Center Club	Mr. Marek Goliszewski President	Plac Zelaznej Bramy 2 00-136 Warsaw	(4822) 6253037	(4822)6218420	
Polish Bakers Association	Prof. Janusz Ratajczak President	ul.Krakowiakow 103 Warsaw	(4822) 8462065, 8462066	(4822)8461275	
National Millers Association	Ms. Jadwiga Rothkaehl Chairman	ul.Miodowa 14, room 30300-246 Warsaw	(4822) 8311461 ext. 307	(4822)6063845	
Polish Grain-Feed Chamber	Mr. Bogdan Judzinski, Chairman, Mr. Maciej Tomaszewicz, Director	ul. Grzybowska 2/4900-131 Warsaw	(4822) 3310800 (48)6013 71185	(4822)3310802	
Polish Association of Grain and Oilseeds Producers	Mr. Aleksander Szymanski	ul.Zurawia 22,room 10200-515 Warsaw	(4822) 6220667, 6291071	(4822)6220667, 6291071	
National Association of Fish Processors	Mr. Zdzislaw Safader	ul. Slowianska 5, 75-846 Koszalin	(48-94) 347 1328	(48-94) 347 1328; mobile 0601 643 666	spr@bptnet.pl
Polish Federation of Food Producers	Prof. Andrzej Blikle, Chairman, Mr. Jacek Czarnecki	ul. Zurawia 22, Warsaw	(48-22) 627 1080	(48-22) 627 1080; mobile 0608 392 715	www.pfpz.pl; j.czarnecki@pfpz.pl
Polish Association of Swine Producers	Mr. Edmund Lozynski	ul.Siewierska 1302-360 Warsaw	(4822) 8222832	(4822)8220063	

Polish Producers, Exporters and Importers of Meat	Mr. Przemyslaw Chabowski, President; Mr. Stanislaw Zieba, Secretary General; Mr. Witold Choinski, Office Manager	ul.T.Chalubinskie-go 8 02-784 Warsaw	(4822) 8302656, 8301664/48	(4822)8302582, 8301648	www.polskie-mieso.pl
Polish Association of Producers of Agricultural Commodities	Mr. Jacek Kalinski	ul.Wspolna 3000-930 Warsaw	(4822) 6232413	(4822)6232357	
National Association of Tobacco Industry	Mr. SlomaGeneral Director	ul. Kasprzaka 29/3101-234 Warsaw	(4822) 8360614, 8366241	(4822) 8360614	
National Association of Orchard Owners	Mr. Romuald Ozimek	ul.Warecka 11A00-034 Warsaw	(4822) 8265281 ext. 382	(4822)8265281	
Polish Homebuilders Association	Mr. Jacek Dabrowski President	ul.Chmielna 54/57 80-748 Gdansk	(4858) 3016851	(4858)3014217	
National Association of Wooden House Builders	Mr. Przemyslaw Dobraniecki, Managing Director	ul. Chmielna 54/57, 80-748 Gdansk	(48-58) 301 6854	(48-58) 3015722	www.domydrewniane.org biuro@domydrewniane.org
Association of Wooden Joinery Manufacturers		ul. Laskowa 4, 05-200 Wolomin	(48-22) 787 3502, 787 2474	(48-22) 787 3502	www.spsb.com.pl; spsb@spsb.com.pl
Polish Franchise Association (PFA)	Ms. Jolanta Kramarz President	ul.Koszykowa 54/13800-659 Warsaw	(4822) 6308425	(4822)6308467	
National Council of Poultry, Economic Chamber	Mr. Rajmund Paczkowski, Chairman	ul. Czackiego 3/5, 00-043 Warsaw	(48-22) 336 1338	(48-22) 828 2389	www.krd-ig.compl/; krdig&pro.onet.pl

Trade Shows in Poland:

Warsaw Agricultural Affairs Office (FAS Warsaw) recommends the following trade fairs organized in Poland:

International Food, Drink, and Hospitality Exhibition (IFE) Poland:
The third annual trade fair in Warsaw is for trade visitors only (not open to the general public). In 2004, the show was host to 5,595 trade professionals; exhibitors included firms dealing in food products, non-alcoholic beverages, alcoholic drinks, condiments, technical devices, cooking devices and services.

FAS/Warsaw will organize a U.S. pavillion at the 2005 IFE Fair.

Show dates:
April 19-25, 2005

Organizers:
Suzanne Ager, Montgomery International Ltd
11 Manchester Square, London W1U 3PL, UK
Tel: 44 (0)20 7886 3114
Fax: 44 (0)20 7886 3101
E-mail: suzanne.ager@montex.co.uk
www.ifepoland.com

Polagra-Food: Organized in Poznan every year. As of 2001, Polagra is being organized as two separate trade fairs Polagra - Food (mostly food processing equipment but also food products, ingredients) organized in September and Polagra Farm (agricultural machinery and farm supplies, livestock genetics) organized in October. The following attendance/exhibition data pertains to the last Polagra-Food show organized in 2003.

During the 2003 show, Polagra-Food hosted about 771 exhibitors (940 in 2002) including foreign exhibitors from 35 countries. The fair attracted about 35,000 visitors. Please note that the show is closed to the general public during the first two days when it is reserved for business visitors only. Exhibitors range from firms trading/producing food products, ingredients, to food processing and packaging equipment.

FAS/Warsaw will only be visiting the 2004 edition of the show.

Show dates
Polagra Food – September 21-24, 2004

Polagra Farm - October 7-10, 2004
National Livestock Show

Organizer:
Mr. Tomasz Kobierski
Project Manager
ul. Glogowska 14
60-734 Poznan
ph: 4861-8692593, 8692589
fax: 4861-8692955
e-mail: polagra-food@mtp.pl

Polfish: Largest fish and fish products fair in Poland and central/eastern Europe attracting various companies from the fish industry - fishing companies, importers-exporters, wholesalers, retailers, transportation companies as well as consulting firms. The 2003 edition hosted 140 firms - 100 Polish, 40 foreign (160 in 2001 edition). The fair was visited by about 4,000 visitors (mostly professional, versus general public which usually also visits agricultural fairs).

Show dates:
- organized every other year
Next show June 7-9, 2005

Organizer:
International Gdansk Fair
Ms. Anna Lasocinska
Polfish Coordinator
ul. Beniowskiego 5
80-382 Gdansk
ph: 4858-5549117, 5520071-6
fax: 4858-5549207, 5522168

Eurogastro: International Trade Fair - Everything for Gastronomy. International Fair attracting companies dealing within the HRI sector. The 2004 show attracted 251 exhibitors (170 in 2003 edition), including 83 foreign firms from 15 countries. Area of exposition amounted to 4,332 sqm. This show attracts HRI buyers but is also open to the public. Exhibitors included firms dealing in technical devices, HRI accessories, food products, non-alcoholic beverages, alcoholic drinks, condiments, services and furniture.

Dates:
March 17-19, 2005

Organizer:
Miedzynarodowe Targi -Polska Sp.z.o.o.
ul. Koszykowa 24/12
00-553 Warsaw
ph: 4822-6223179, 6223180
fax:4822-6223176, 6225789
e-mail: gastro@mtpolska.com.pl
http://www.mtppolska.com.pl

APPENDIX 1. STATISTICS

A. KEY TRADE & DEMOGRAPHIC INFORMATION

Agricultural Imports From All Countries ($Mil)/U.S. Market Share (%)[1]	4,013/2.3%
Consumer Food Imports From All Countries ($Mil)/U.S. Market Share (%)	2,724/2%
Edible Fishery Imports From All Countries ($Mil)/U.S. Market Share (%)	369/1.9%
Total Population (Millions)/Annual Growth Rate (%)	38.6/0.02%
Urban Population (Millions)/Annual Growth Rate (%)	23.9/1-2%
Number of Major Metropolitan Areas[2]	1
Size of the Middle Class (Millions)/Growth Rate (%)[3]	3.9/1%
Gross Domestic Product (%)	3.8%
Unemployment Rate (%)	18%
Average Monthly Food Expenditures (Zloty)	225.00
% of Employed Females[4]	38.8%[5]
Exchange Rate (US$1 = 4.23 zl / average 2003 rate)	3.58[6]

[1] Foundation of Assistance Programs for Agriculture (FAPA) and Foreign Agricultural Markets Monitoring Unit (FAMMU)/Warsaw, 2004.

[2] Population in excess of 1,000,000.

[3] These are unofficial estimates due to the lack of reliable statistics.

[4] Percent against total number of women (18-59 years old).

[5] Statistical Yearbook of the Republic of Poland, 2003, (Data from 2002).

[6] Rate as of August 17, 2004.

B. CONSUMER FOOD & EDIBLE FISHERY PRODUCT IMPORTS

Poland Imports (In Millions of Dollars)	Imports from the World 2000	2001	2002	Imports from the U.S. 2000	2001	2002	U.S. Market Share 2000	2001	2002
CONSUMER-ORIENTED AGRICULTURAL TOTAL	1,500	1,643	1,777	31	43	45	2	3	3
Snack Foods (Excl. Nuts)	92	115	132	0	0	1	0	0	0
Breakfast Cereals & Pancake Mix	4	3	2	0	1	1	0	4	7
Red Meats, Fresh/Chilled/Frozen	60	37	75	1	2	7	1	5	9
Red Meats, Prepared/Preserved	10	8	10	0	1	0	0	1	0
Poultry Meat	11	22	22	6	7	2	54	33	10
Dairy Products (Excl. Cheese)	116	110	79	1	1	1	0	1	0
Cheese	19	15	16	0	0	0	0	0	0
Eggs & Products	7	7	7	1	1	1	1	3	5
Fresh Fruit	374	440	437	1	3	3	0	1	1
Fresh Vegetables	87	102	110	1	1	1	0	0	0
Processed Fruit & Vegetables	132	132	146	6	6	4	5	5	3
Fruit & Vegetable Juices	68	58	57	1	1	1	1	1	2
Tree Nuts	24	26	31	2	3	3	10	10	10
Wine & Beer	77	76	87	3	3	4	3	4	4
Nursery Products & Cut Flowers	63	76	88	1	1	1	1	1	1
Pet Foods (Dog & Cat Food)	19	21	26	1	2	1	7	8	6
Other Consumer-Oriented Products	337	396	451	9	15	18	3	4	4
FISH & SEAFOOD PRODUCTS	293	347	319	1	1	4	0	0	1
Salmon	27	23	32	1	1	1	1	1	1
Surimi	41	61	45	0	0	1	0	0	0
Crustaceans	15	14	15	0	0	0	0	0	0
Groundfish & Flatfish	124	150	135	1	1	4	0	1	3
Molluscs	1	1	2	0	0	0	0	0	0
Other Fishery Products	85	98	92	0	1	0	0	0	0
AGRICULTURAL PRODUCTS TOTAL	3,252	3,372	3,651	79	93	108	2	3	3
AGRICULTURAL, FISH & FORESTRY TOTAL	3,941	4,135	4,448	89	102	121	2	2	3

Source: FAS' Global Agricultural Trade System using data from the United Nations Statistical Office

C. TOP 15 SUPPLIERS OF CONSUMER FOODS & EDIBLE FISHERY PRODUCTS

Poland- Top 15 Suppliers

CONSUMER-ORIENTED AGRICULTURAL IMPORTS ($1000)	2000	2001	2002	FISH & SEAFOOD PRODUCTS ($1000)	2000	2001	2002
Spain	177822	223251	251871	Norway	116214	140270	101959
Germany	184420	185549	217145	Russian Federation	48324	45548	35849
Netherlands	124685	156064	167280	China (Peoples Republic of)	29307	38549	31099
Italy	114523	140463	132233	Iceland	2477	12640	21501
France	62827	71329	87305	Denmark	9856	12268	16476
Hungary	77855	77360	81890	Netherlands	10609	11670	14709
Ecuador	87054	88099	73129	Germany	18075	18006	13217
Denmark	53027	45981	67758	Thailand	8687	11049	12451
Czech Republic	46804	48815	61249	Argentina	3050	4440	12298
Greece	46637	64606	60340	Ireland	7692	7667	8296
United States	30905	42708	45259	Areas NES	5182	0	6863
Areas NES	36769	0	36808	Peru	3142	7932	5686
Ukraine	25043	46955	33175	Canada	7330	8766	4936
Turkey	19378	29329	33061	United States	459	1193	4406
Brazil	34572	33792	31189	Sweden	1211	2454	4299
Other	377493	388320	396951	Other	21621	24476	25368
World	1499814	1642621	1776643	World	293236	346928	319413

Source: United Nations Statistics Division