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Poland

Product Brief

Value Added Products

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Report Highlights:
Located in the center of Europe, Poland is Europe's 9th largest country representing 5% of its total population. Foreign Direct Investment is growing in Poland and supports many sectors of the food processing and retail industries. Restaurants and retail stores have experienced significant growth due to Poles embracing these industries with a more positive attitude and increased salaries. Exporter information is summarized and a copy of the Bulk, Intermediate, and Consumer Orientated (BICO) Report is provided in this report.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Warsaw [PL1], PL

Section I. Poland's Demographics

The Republic of Poland is the ninth largest country in Europe and is located in Europe's very center, bordering Germany to the West, the Czech and Slovak Republics to the South, Ukraine, Belarus, and Lithuania to the East, and Russia to the North. In addition, Poland's northern coastline runs along the Baltic Sea, which supplies its productive seafood industry. The largest rivers include the Vistula, Odra, Warta, and Bug, all of which provide vital transport and water. Poland's well-developed timber industry is supported by forests which cover 28% of the country. (The climate is relatively moderate with 20-35 degree Celsius summer temperatures and winter temperatures of zero to negative 20 degrees Celsius. The average rainfall per year is 600 mm per year).

At 38 million, Poland's population represents 5% of the total population in Europe. Forty-five percent of the population lives in urban areas. The average density is 24 people per square kilometer. The population is almost split evenly between males and females. Poland's population is very young with only 60% being of working age and an average age overall of 19 years.

Poland's GDP has been growing, showing a 1.5% increase in 2001 (>176 billion USD), translating to USD $4,500 per capita, but $9,800 per capita in terms of purchasing power parity. It is moving toward stabilization with a projected 2.5-3% increase in the next few years, but with sluggish 1% or less growth in 2002. Domestic demand is the main reason for economic growth slowdown, dropping from 5.5% to1.8% growth rate in 2001. Poland's overall economy is improving, with inflation fluctuating around 5%. However, the current unemployment rate (17.4%) continues to grow. In 2001, State revenues increased 3.4% while expenditures increased 14.4%, making the deficit 4.5% of the GDP.

Section II. Foreign Investment and Trade Summaries

Poland's largest western trading partner is Germany (30% exports, 25% imports), while Russia continues to be Poland's largest eastern trader (2.9% exports, 8.8% imports). Foreign Direct Investment (FDI) continues to grow, due to Poland's strengthening and increasingly competitive economy. As noted in the food processing report (see Table IV), FDI is very popular and important in the food processing sector, where growth has been prevalent in consumption and sales, which increased 10%. Foreign investment is largely needed for modernization of food processing plants. Today, raw materials continue to be the most popular food processing imports.

As noted in our *Exporter Guide* (see Table IV), food and beverage purchases accounted for 30 percent of total consumer spending in CY 2000. While CY 2001 GDP growth slowed to 1.5%, consumers were still demanding a greater variety of products. This guide is designed to assist exporters in identifying and taking advantage of opportunities for U.S. high value products in a changing market as Poland moves toward EU accession.

Table I. U.S. Imports of Conusmer-Orientated Products by Poland
(in $1000 USD)

Product	2000		Product	2001
Poultry	6,247		Poultry	7,449
Fresh fruit	5,361		Fresh fruit	6,801
Processed fruit	4,859		Processed fruit	5,497
Alcohol	3,431		Processed oils	4,715
Coffee, cocoa	972		Alcohol	3,420

Table II. EU Imports of Consumer-Orientated Products by Poland
(in $1000 USD)

Product	2000		Product	2001
Fresh fruit	222,053		Fresh fruit	273,728
Processed oils	106,975		Processed oils	118,190
Coffee, cocoa	85,583		Coffee, cocoa	100,466
Confectionary	73,599		Confectionary	89,798
Alcohol	63,500		Fresh vegetables	83,939
Fresh vegetables	62,067		Flowers	71,131

Table III. World Imports of Consumer-Orientated Products by Poland
(in $1000 USD)

Product	2000		Product	2001
Fresh fruit	222,053		Fresh fruit	273,728
Processed oils	106,975		Processed oils	118,190
Coffee, cocoa	85,583		Coffee, cocoa	100,466
Confectionary	73,599		Confectionary	89,798
Alcohol	63,500		Fresh vegetables	83,939
Fresh vegetables	62,067		Flowers	71,131

Source: Foundation of Assistance Programs for Agriculture (FAPA)

The Polish government works to ensure the safety and quality of food for Polish consumers through a number of regulatory means. Most of the newer measures are consistent with those observed in the European Union. The most important regulations can be found in Poland's Food and Agricultural Import Regulations and Standards (FAIRS) report (see Table IV).

The most current changes should be noted in the following chapters: F. Other Regulations and Requirements - Phytosanitary, Veterinary, Waste Disposal reg.; I. Import Procedure - Import Duty, Tariff Rate Quotas, VAT and Appendix I - Government Regulatory Agency Contacts.

The development of tourism, increased employment of women, and annual income increases have resulted in large growth for the Hotel, Restaurant, and Institutional (HRI) Food Service Sector (see Table IV). For Poles living in urban areas, eating out is no longer a rarity, as it was in the early 90's. Consumer tastes are also developing an interest in food variety, ranging from Mediterranean to Asian, with a specific demand for fast food.

Processed foods, which account for 50% of all Polish agricultural and food imports, represent the most popular import type in this sector.

Poland's food retailing sector continues to undergo radical transformation as consumer incomes grow. This change is led by new foreign hypermarkets which increased from 27 in 1996 to 112 in 2000. They are projected to expand to 170-190 by 2003 and will account for more than 40 percent of retail food sales within the next five years. Prospects for U.S. sales are hampered by stiff Polish and EU competition, comparatively high import duties, stringent food ingredient regulations, and costly terms of business to get products onto large retailers' shelves. Nevertheless, there are select opportunities outlined in section IV, "Best Prospects," in the Post's Retail Food Sector report.(see Table IV). These include, but are not limited to:

- highly processed/ready-to-cook products & snacks,
- food for the HRI food service sector,
- various non-alcoholic beverages, wine and beer,
- "healthy food" produced from natural agricultural products with a low level of pesticides, mineral fertilisers, and other chemicals applied for their cultivation,
- processed meat, fish and fruits and vegetables, spices,
- "luxury" food and drinks, produced from exotic raw materials for people with the highest incomes,
- food ingredients for special use, e.g., sweeteners replacing sugar, protein or vitamin preparations necessary for the production of diet foods.

Section III. Office of Agricultural Affairs, Warsaw

The Office of Agricultural Affairs, Warsaw represents the United States Department of Agriculture, Foreign Agricultural Service in Poland. FAS supports U.S. food and agricultural exporters in the Polish market and can provide lists of Polish companies importing food and agricultural products.

Annually, FAS prepares several of the reports mentioned above in getting to know and access markets. It also generates reports containing regulations on preparing goods for shipment, regulations concerning documentation which should accompany goods, and details on border/entry regulations. These include information about restrictions concerning food additives, veterinary procedures/mandates, and sanitary regulations for products.

For additional information/details on the Polish market, please see the following table of reports. All can be accessed by visiting the FAS web site <www.fas.usda.gov> and clicking on the link, *Attache Reports.*

Table IV. Additional Reports

Report	Revised Annually on:	Latest GAIN Report #
1. Food Processing Sector	January 2	#PL1007
2. Exporter Guide	September 30	#PL1033
3. FAIRS (Country Report)	July 31	#PL2018
4. HRI Food Service Sector	January 2	#PL1006
5. Retail Foods Sector	November 15	#PL1040

Following this report, is a copy of the U.S. Exports to Poland BICO Report. Updated BICO reports can be accessed at <www.fas.usda.gov/scriptsw/bico/bico_frm.asp> and searching by country for Poland.

Table V. Bulk, Intermediate, & Consumer Oriendtated (BICO) Report

U.S. EXPORTS OF AGRICULTURAL, FISH & FORESTRY PRODUCTS TO POLAND
CY 1997 - 2001 AND YEAR-TO-DATE COMPARISONS
(IN THOUSANDS OF DOLLARS)

EXPORT MARKET: POLAND

	CALENDAR YEARS (JAN-DEC)				
PRODUCT	1997	1998	1999	2000	2001
BULK AGRICULTURAL TOTAL.................	8,099	3,693	3,704	1,443	1,210
WHEAT................................	2,324	1,946	2,488	0	0
RICE.................................	21	36	64	154	291
SOYBEANS.............................	3,615	0	0	0	0
COTTON...............................	194	213	73	0	35
TOBACCO..............................	0	0	137	0	438
PULSES...............................	360	9	26	0	0
PEANUTS..............................	1,093	414	294	988	85
OTHER BULK COMMODITIES...............	491	1,075	623	302	361
INTERMEDIATE AGRICULTURAL TOTAL.........	15,437	22,845	8,578	5,648	11,414
WHEAT FLOUR..........................	0	0	0	0	7
SOYBEAN MEAL.........................	8,951	14,734	4	0	0
VEGETABLE OILS (EXCL SOYBEAN OIL).....	66	202	189	46	132
FEEDS & FODDERS (EXCL PET FOODS)......	511	185	187	24	312
LIVE ANIMALS.........................	546	493	509	378	216
HIDES & SKINS........................	2,045	931	2,210	1,043	2,986
ANIMAL FATS..........................	47	0	0	39	0
PLANTING SEEDS.......................	371	517	294	341	186
SUGARS, SWEETENERS, & BEVERAGE BASES..	1,091	378	611	320	362
OTHER INTERMEDIATE PRODUCTS...........	1,808	5,405	4,574	3,458	7,213
CONSUMER-ORIENTED AGRICULTURAL TOTAL....	96,849	93,858	54,566	45,943	76,850
SNACK FOODS (EXCL NUTS)...............	1,053	5,233*	395	405	316
BREAKFAST CEREALS & PANCAKE MIX.......	82*	69	13	0	0
RED MEATS, FRESH/CHILLED/FROZEN.......	12,977*	11,616	10,509	5,714	5,085
RED MEATS, PREPARED/PRESERVED.........	1,030*	415	583	0	22
POULTRY MEAT.........................	54,076	55,668	26,328	24,952	53,464
DAIRY PRODUCTS.......................	11,256	8,028	5,317	5,870	9,283
EGGS & PRODUCTS......................	241	715*	452	71	267
FRESH FRUIT..........................	96	235	580	332	1,044
FRESH VEGETABLES.....................	26	155*	0	0	0
PROCESSED FRUIT & VEGETABLES..........	2,843	2,890	3,074*	2,430	2,721
FRUIT & VEGETABLE JUICES.............	655	816	288	86	57
TREE NUTS............................	386	145	92	230	594
WINE & BEER..........................	1,412	2,017*	1,300	1,704	675
NURSERY PRODUCTS & CUT FLOWERS........	279	87	41	67	94
PET FOODS (DOG & CAT FOOD)............	1,938*	1,772	1,169	708	875
OTHER CONSUMER-ORIENTED PRODUCTS......	8,500*	3,995	4,424	3,373	2,353

FOREST PRODUCTS (EXCL PULP & PAPER).....	10,047	9,461	5,811	4,831	5,051
LOGS AND CHIPS........................	56	643*	0	19	70
HARDWOOD LUMBER.......................	2,087	984	247	216	482
SOFTWOOD AND TREATED LUMBER...........	29	50	0	0	82
PANEL PRODUCTS (INCL PLYWOOD).........	4,781*	3,640	3,567	3,672	3,932
OTHER VALUE-ADDED WOOD PRODUCTS.......	3,095	4,143	1,998	924	485
FISH & SEAFOOD PRODUCTS, EDIBLE.........	631	34	403	297	324
SALMON, WHOLE OR EVISCERATED..........	0	0	314*	211	50
OTHER EDIBLE FISH & SEAFOOD...........	631	34	89	86	274
AGRICULTURAL PRODUCT TOTAL	120,385	120,396	66,848	53,034	89,473
AGRICULTURAL, FISH & FORESTRY TOTAL	131,064	129,891	73,062	58,162	94,848

ANALYSIS BY: COMMODITY AND MARKETING PROGRAMS/FAS/USDA
SOURCE: U.S. BUREAU OF THE CENSUS TRADE DATA
NOTE: * DENOTES HIGHEST EXPORT LEVELS SINCE AT LEAST CY 1970

FOR MORE INFORMATION VISIT THE FAS WEB SITE "FASOnline"
AT www.fas.usda.gov, SELECT SEARCH, THEN BICO REPORTS
OR EMAIL FAS AT fasinfo@fas.usda.gov