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Poland

Grain and Feed

UNUSUAL IMPORTS OF RYE

2000

Approved by:

James Higgiston, Agricultural Counselor

U.S. Embassy

Prepared by:

Stanley Phillips/WM

Report Highlights:

Although Poland is usually a rye exporter, a combination of lower domestic rye production, increased demand for alcohol production and attractive German rye prices is expected to lead Poland to import 250,000 tons of rye in MY 1999/2000.

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

Historically, Poland has had surplus supplies of rye and imports have been insignificant. However, low prices for EU rye combined with an unusual situation in the domestic market have reversed traditional trade patterns in MY 1999/2000. Rye imports are not likely to continue in the future.

Sales of Poland's 1999 rye crop (through at least October) were conducted almost exclusively through direct purchases made by the Agricultural Market Agency (ARR) or purchases made by companies participating in the ARR's indirect foodgrain intervention program. At 320 zlotys/mt (\$82/mt) for food quality rye, intervention program prices were more attractive than non-intervention prices. An additional subsidy of 70 zlotys/mt (\$18/mt) was paid to farmers who sold rye into the intervention program. ARR made direct purchases of around 350,000 tons of rye. Traders and processors participating in ARR's indirect foodgrain intervention program purchased an additional 170,000 tons of rye. On average, farmers received about \$100/ton for rye from the 1999 crop.

The 1999 rye crop was 6 percent lower than last year. By November and December 1999, intervention purchases had succeeded in removing a portion of the supply from the market. At the same time, demand for rye increased as it became clear that the 1999 potato crop would be over 20 percent smaller than the previous year prompting alcohol manufacturers to begin buying rye as a raw material. At the end of 1999, rye prices on the local market stabilized at around \$100 per ton. According to press reports, rye from German and French government stocks (1998 crop) was being offered at the same time at a much lower price. According to the media (confirmed by private traders), around 70,000 tons of rye was imported during the last two months of CY 1999. An additional 30,000 tons was imported in January, 2000.

According to Polish traders, prices for EU rye are currently less competitive than they were in December. Current rye prices at the Polish-German border, after taxes, tariff and reloading costs are reportedly \$80/mt. However, when transportation costs from the border to the end users are included, the price for German rye may approach prices for Polish rye. More competitive prices of Polish rye and the expected sales of ARR intervention rye stocks are expected to slow imports significantly. To date, ARR has released 70,000 tons of rye for the domestic market at an average price of \$100/mt.

In 1997, Poland introduced an obligatory quality inspection process on a number of products including grains, both imported to and exported from Poland. This control is overseen by the Agriculture and Quality Inspectorate (CIS). In July 1999, a new list of products and the minimal quantities required for review were published. For example, all grain shipments over 15 tons must be inspected. It has been reported that approximately 14 percent of rye imported from Germany was below Polish standards. However, the failure to meet Polish quality standards is not cause to turn back shipments at the border and, in the case of alcohol production, meeting the official Polish quality standards does not matter. This process and recent increase in rye trade has caused additional delays at the border leading to complaints from German rye exporters.

Please note that, with the exceptions of imports, total supply, total use and total distribution, most of the figures in the "New" columns were submitted in PL9042 (12/22/99) MY 1999/00.

Rye PS&D Table

PSD Table						
Country	Poland					
Commodity	Rye				(1000 HA)(1000 MT)	
	Revised	1997	Preliminary	1998	Forecast	1999
	Old	New	Old	New	Old	New
Market Year Begin		07/1997		07/1998		07/1999
Area Harvested	2298	2298	2291	2291	2240	2243
Beginning Stocks	495	104	545	112	405	182
Production	5300	5300	5664	5664	5200	5181
TOTAL Mkt. Yr. Imports	23	23	0	10	100	250
Oct-Sep Imports	23	23	0	10	100	250
Oct-Sep Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	5818	5427	6209	5786	5705	5613
TOTAL Mkt. Yr. Exports	0	0	100	32	25	20
Oct-Sep Exports	0	0	100	32	25	20
Feed Dom. Consumption	2675	2675	3204	3000	2805	2700
TOTAL Dom. Consumption	5273	5315	5704	5572	5305	5502
Ending Stocks	545	112	405	182	375	91
TOTAL DISTRIBUTION	5818	5427	6209	5786	5705	5613