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## **Poland**

## **Oilseeds and Products**

## **Annual**

## **2000**

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### **Report Highlights:**

**Poland's Council of Ministers is considering a proposal to introduce rapeseed export subsidies for the first time in MY 2000/01. Along with the expected 10 percent reduction in the 2000 rapeseed crop, the increasing competition crushers could face from export channels in buying domestic rapeseed should increase oil imports. However, uncertainty regarding new GMO regulations is causing some oil processors to substitute GMO-free oils for soybean oil.**

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

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## **Executive Summary**

Fall 1999 rapeseed plantings were 23 percent smaller than 1998 reflecting producers expectations of low rapeseed prices. Despite negligible winter losses, large spring planting will not compensate for overall reduced area. Consequently, harvested area will be around 100,000 hectares smaller than last year. It is expected that the 2000 crop will be only 950,000 tons, 14 percent below the 1999 crop.

Despite expansion of domestic crushing capacity, now around 1.1 million tons annually, crushing will be significantly less than capacity due to reduced domestic supplies of oilseeds and the financial difficulties in the industry. Limited oilseed trade is forecast in MY 2000/01 because tariffs on imported rapeseed are high and domestic availabilities will be limited.

Continued low prices for livestock will limit demand for compound feeds and protein meal used for the swine and poultry industries. In turn, soybean meal imports are expected to amount to only 850,000 tons in MY 2000/01.

The sharp growth which occurred in vegetable oil consumption during 1990-96 appears to have stabilized as per capita consumption of vegetable fats in Poland, currently over 17 kg, approaches average EU consumption levels. Total oil consumption is expected to remain at current levels. However, concern about the new GMO regulations, particularly the labeling component which will come into effect in April, is causing some oil processors to avoid using soybean oil which will limit soybean oil imports. Rapeseed oil and sunflower oil are expected to replace part of the soybean oil imports.

**STATUS OF GMO REGULATIONS:** GMO regulations were published on October 8, 1999. The regulations requires an official permit for use of any GMO materials. Products containing GMOs must be labeled beginning April, 2000. The new regulations, which were intended to bring Poland into compliance with EU directives, are even stricter than the EU. Unlike EU regulations, the Polish regulations do not permit any threshold level. Although Poland's commercial rapeseed production does not have any GMO component and Poland is importing only small amounts of soybeans, imports of soybean meal and soybean oil are relatively large and the new regulations may affect this trade. One multinational oil processor operating in Poland has declared an intent to use only non-GM ingredients, i.e. no soybean oil. To date, no concerns have been raised about any negative effects the new GMO regulations might have on soybean meal imports. However, soybean meal trade could potentially be affected by the new GMO regulations as well.

## Total Oilseeds

### Production

Total oilseed production (almost exclusively rapeseed) is forecast to decline around 14 percent in MY 2000, to a level which will be well below the current capacity of the Polish crushing industry.

Low prices paid to farmers for rapeseed last year combined with a more attractive situation for grain producers resulted in reduced rapeseed sowing. Last fall rapeseed was sown on 350,000 hectares; 23% less than fall 1998. Spring rapeseed sowing will remain at the same level as the last two years (100,000 hectares). Mild winter conditions did not cause significant winter losses and, as a result, it is forecast that total rapeseed area harvested in 2000 will be 17% smaller than last year. Late planting of some winter rapeseed fields was reflected in a low crop condition evaluation before winter. In November 1999, the rapeseed crop condition was evaluated at 3.2 points while at the same time in 1998 it was significantly better at 3.5 points. However, the condition of winter planted rapeseed had improved by spring because of mild winter weather.

Traditionally, the Polish rapeseed crop was nearly all winter rapeseed. However, heavy winter losses in 1996 and 1997 encouraged producers to increase spring rapeseed plantings. For the last 3 years spring rapeseed was planted on slightly over 100,000 hectares which is around 20 percent of total rapeseed area.

Average Producer Prices for Rapeseed and Wheat, zlotys per metric ton.

	Jan.-Dec.1995	Jan.-Dec.1996	Jan.-Dec.1997	Jan.-Dec.1998	July-Sep.1999
Rapeseed	666.8	854.5	865.4	895.9	625.1
Wheat	353.6	571.9	508.5	468.3	424.8
Rapeseed/Wheat Ratio	1.60	1.49	1.70	1.91	1.47

Note that the 1999 wheat prices do not include GOP price support payments made directly to farmers which, included, would make price relationship even more unfavorable for rapeseed.

Approximate exchange rate for Jul.-Sep.1999 was USD1 = zlotys 4.0

The Polish oilseed crushing industry has done little to encourage production of rapeseed or to develop large scale oilseed production. Moreover, low prices paid for last year's crop will limit production even more. To address these problems, a project for promoting rapeseed production in Poland has been developed with EU funds.

The goal of the project will be to organize farmer groups to improve rapeseed producers' negotiating positions, increase producer cooperation with the crushing industry, and improve the lobbying strength of producers and processors. More than a year ago, a French consulting organization called AGROPOL (the Association for the International Development of Agriculture, Oilseed Processing and Pulses) together with the Poznan Agricultural Chamber developed a project, again funded by the EU, to encourage cooperation between rapeseed producers, scientists and crushers in the Poznan region. This activity, combined with activities of rapeseed producers in

other regions, resulted in the creation of the National Rapeseed Producers Association in January 2000. The Association is already active in preparing recommendations for GOP policies related to rapeseed production.

Last year, although rapeseed area increased by 17%, production was at roughly the same level as in 1998. Yields were smaller due to unfavorable weather conditions, particularly during the flowering period, and reduced input use.

## **Consumption**

Due to the recent ADM investment in the oilseed crushing plant in Szamoutuly, the facility has been modernized and expanded to a crushing capacity of over 150,000 tons/year. The increase was partly offset by closure of the Gdansk crushing plant which had over 100,000 tons annual crushing capacity. The new ADM investment together with some new local investments in small scale "cold press" crushing increased total Polish crushing capacity to roughly 1.1 million tons/year which is smaller than the total demand for vegetable oils and protein meals in Poland. Despite insufficient capacity to satisfy local demand, many plants operated at only a fraction of their capacity last year because of insufficient supplies of rapeseed.

Although local rapeseed production was close to Poland's total crushing capacity in MY 1999/00, the industry's post harvest offers for rapeseed were unattractive which resulted in high exports and reduced crushing. Small amounts of imported rapeseed compensated partly for the lack of local raw material. Relatively low profits from oilseed crushing and the poor financial condition of the industry were the major factors cited for reduced processing activities. Two plants (Bodaczow and Brzeg) owned by Schooner Capital of the United States were among the most effective at sourcing rapeseed domestically but they still crushed far below their capacities. As a result, total MY 99/2000 crushing is being reduced by over 10%. MY 2000/01 crushing levels are not expected to improve because rapeseed production is expected to be reduced significantly.

Soybean crushing, which occasionally was done in two (Kruszwica and Gdansk) plants did not occur over the past two years. Now that the Gdansk plant is no longer crushing, the Kruszwica plant is the only operation left in Poland with experience in soybean crushing. The Polish vegetable fats industry focuses primarily on vegetable oils production. Since soybean crushing yields less oil than rapeseed, they are less attractive to the industry. However, with major U.S. companies such as Smithfield moving into hog production in Poland, the potential exists for some crushers to switch to soybeans to supply meal to vertically integrated hog producers. In recent years around 15,000 tons of imported sunflower seeds have been crushed annually in Poland.

Soybeans used as a direct feed component amounted to roughly 5,000 tons per year in the mid-nineties. In CY 1998 and 1999, soybean use as a direct feed component was practically non-existent. In the opinion of companies distributing extruders, Poland has an existing extrusion capacity to produce about 150 tons per day of full-fat soybean meal. Lack of knowledge/information of the benefits and real value of full-fat soybean meal among livestock producers limits demand. Sufficient demand exists to support imports of small quantities of full fat soy meal from Western Europe. The American Soybean Association can play a role in stimulating demand for soybeans used for feed in Poland by supplying additional technical information on the benefits of full fat soybean meal to potential users, livestock producers and feed industry.

## **Trade**

Rapeseed exports are expected to be very limited in MY 2000/01 since domestic production will not fulfill demand for crushing. Imports will depend strongly on rapeseed availability in countries from which imported rapeseed has tariff preferences. MY 1999/00 rapeseed imports are rather small because of relatively high tariff protection and limited availability in countries with tariff privileges for rapeseed. Consequently, the industry has resorted to larger oil imports. Traders have found it profitable to export domestic rapeseed due to very low domestic prices. No significant imports of other seeds for crushing were reported in MY 1999/2000.

Note: Figures in Trade Matrix tables are for calendar years (CY). No reliable data are available for marketing year imports. The CY 1998 trade table is based on unpublished data from the Main Statistical Office. Figures in the CY 1999 trade table are unofficial CY trade data.

## Stocks

Oilseed stocks are rather negligible. Small ending stocks existed in MY 1998/99 reflecting the good supply of domestic oilseeds. In MY1999/2000 ending stocks will be practically nil as domestic and import supplies are well below domestic processing capacity. No stock reconstruction is foreseen during MY 2000/01 because of insufficient supplies.

## Policy

Poland has not subsidized oilseed trade, oilseed production or processing in the past, although relatively high import tariffs on rapeseed and rapeseed oil exist. However, in March, 2000 the Council of Ministers began considering a proposal to introduce export subsidies for rapeseed for the 2000 crop. The proposal would provide a budget of zlotys 53 million to the Agricultural Market Agency (ARR) to subsidize a total of 341,500 tons of rapeseed (zlotys 155 or about USD 38 per each exported ton). Poland has a WTO export subsidy ceiling for rapeseed (HS code 1205) in the year 2000 of 341,500 tons. Expenditures cannot exceed 12.9 million US dollars under WTO commitments. The newly created Rapeseed Producers Association's reaction to the proposed export subsidy program was that a direct subsidy to rapeseed producers would be preferred.

Polish tariffs on imported soybeans are relatively low compared to tariffs on rapeseed, vegetable oils and margarine. Although this should encourage soybean imports, little experience in crushing soybeans and the industry's preference for crushing high oil content seeds to maximize production of vegetable oil inhibit soybean crushing. The situation could change if crushing capacity increases to the point that the domestic crush covers oil demand. However, Poland's restrictions on common weed seeds would remain problematic.

The effective tariff on imported rapeseed was increased to the WTO bound rate of 30 percent in August 1999. At the same time, an 26,890 ton tariff rate quota for rapeseed was introduced with in quota rate of 15 %. Tariffs for rapeseed in 2000 have been reduced slightly compared to 1999 levels. A 29,235 ton quota with in-quota tariff of 15% was announced for CY 2000.

In the 2000 tariff schedule, tariffs were eliminated for peanuts and reduced for soybeans, sunflower seeds, and groats and flour from oilseeds. Effective tariffs for other products with applied rates lower than conventional tariffs were not changed from 1999 rates.

Following is a list of basic tariffs for oilseeds, effective since January 2000:

Tariff No.	Description	MFN Countries	EU	DEV Count.	LDC Count.
1201.00	Soybeans 1/ 2/	2.5	2.5	2.0	0
1202.10	Peanuts in shel.1/,2/	0	0	0	0
1202.20	shelled peanuts 1/,2/	0	0	0	0
1204.00	Linseed 1/,2/	15	15	10.5	0
1205.00	Rapeseed 1/ 2/	27	27	10.5	0
1206.00	Sunflower seeds 1/,2/	9	9	6.3	0
1206.00	Sunflower seeds in un- striped shells 1/,2/	9	9	6.3	0
1207	Other oilseeds 1/,2/	0-15	0-15	0-10.5	0
1208	Groat&flour fm oil seed other than mustard:				
1208.10	fm soybeans 1/ 2/	9	9	6.3	0
1208.90	fm other 1/ 2/	9	9	0	0

1/ Under the Central European Free Trade Agreement (CEFTA), soybeans, in-shell peanuts, shelled peanuts, linseed, rapeseed (only for Hungary and Romania), sunflower seeds (except Slovenia, Romania and Bulgaria), other oilseeds (CN 1207) except poppy seed, and groats and flour from oilseeds (CN 1208) imported from Hungary, Czech and Slovak Republics, Slovenia, Romania and Bulgaria have zero tariff .

2/ Based on a bilateral agreement with Lithuania and Latvia, tariffs for imported soybeans, peanuts in shell, unshelled peanuts (except Lithuania), linseed, rapeseed, sunflower seeds and other oilseeds (CN1207) except poppy seed, and groats and flour from oilseeds (CN 1208) are zero.

## Marketing

Ragweed, among other common weed seeds, is on the Polish quarantine list which severely restricts imports of U.S. soybeans.

On October 9, 1999, Poland published detailed regulations concerning genetically modified organisms (GMO) which became effective 14 days after publication with the exception of labeling regulations. Labeling regulations come into effect on April 9, 2000. Poland's new regulations require that all products containing genetically modified organisms (GMO) must be officially approved and, after April, duly labeled. While the regulations were adopted to bring Poland in line with EU directives to support Poland's process of integration with the EU, lack of any threshold level makes Poland's regulations stricter than those in place in the EU.

There is some uncertainty within the Polish food processing industry as to how the new regulations will be enforced. Particularity since lack of a threshold level potentially means even products with undetectable levels of GMOs could be subject to the GMO regulations. The Polish Federation of Food Industry (PFFI) has requested that the new GMO regulation be amended to include a threshold level. Unilever notes that the regulations are not clear regarding whether the producer of a GMO or all food producers who use the GMO in their production processes as an ingredient should apply for approval. The lack of ability to check GMO content will mean application and packaging declarations will be based largely on the good will and statements of the importers and foreign manufacturers. At present PFFI hopes to obtain modification of the regulations by amending the law as soon as possible.

Although soybeans are imported in very limited quantities and rapeseed is mainly imported from Central European countries without GMO varieties, the new regulations may create some problems in the case of vegetable oils and lecithin imported for processing. Still, protein meal importers have not requested product with any kind of declaration as being free from GMO. In the case of oils and lecithin, traders are required by the oil processing industry to present declarations that the products are free of GMO. This has already caused one multinational food processing company to reportedly cease use of soybean oil and will likely have a negative impact on soybean oil/product imports.

## Soybeans PS&amp;D Table

PSD Table						
Country	Poland					
Commodity	Oilseed, Soybean			(1000 HA)(1000 MT)		
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		10/1998		10/1999		10/2000
Area Planted	0	0	0	0	0	0
Area Harvested	0	0	0	0	0	0
Beginning Stocks	0	0	0	0	0	0
Production	0	0	0	0	0	0
MY Imports	8	7	8	7	0	8
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	8	7	8	7	0	8
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	0	0	0	0	0	0
Food Use Dom. Consump.	6	6	6	6	0	7
Feed,Seed,Waste Dm.Cn.	2	1	2	1	0	1
TOTAL Dom. Consumption	8	7	8	7	0	8
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	8	7	8	7	0	8
Calendar Year Imports	0	7	0	7	0	8
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

**Rapeseed PS&D Table**

PSD Table						
Country	Poland					
Commodity	Oilseed, Rapeseed			(1000 HA)(1000 MT)		
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin	07/1998		07/1999		07/2000	
Area Planted	489	489	546	556	0	460
Area Harvested	466	466	544	545	0	450
Beginning Stocks	0	0	43	60	43	0
Production	1099	1099	1200	1099	0	950
MY Imports	30	14	30	30	0	30
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	20	10	10	0	0	0
TOTAL SUPPLY	1129	1113	1273	1189	43	980
MY Exports	61	95	30	330	0	100
MY Exp. to the EC	0	73	0	22	0	15
Crush Dom. Consumption	940	880	1100	790	0	800
Food Use Dom. Consump.	0	0	0	0	0	0
Feed,Seed,Waste Dm.Cn.	85	78	100	69	0	80
TOTAL Dom. Consumption	1025	958	1200	859	0	880
Ending Stocks	43	60	43	0	0	0
TOTAL DISTRIBUTION	1129	1113	1273	1189	0	980
Calendar Year Imports	20	1	30	30	0	30
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	40	335	35	100	0	100
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

**Rapeseed Import Table**

Import Trade Matrix	Poland		
Commodity	Oilseed, Rapeseed		
Time period		Units:	metric tons
Imports for:	1998		1999
U.S.	0	U.S.	0
Others		Others	
Germany	15296	Ukraine	251
United Kingdom	14074	Belarus	107
Canada	10129	Germany	10
Ukraine	10077		
Slovak Republik	4735		
Lithuania	2817		
Denmark	2749		
Belarus	167		
Total for Others	60044		368
Others not Listed	1212		22
Grand Total	61256		390

**Rapeseed Export Table**

Export Trade Matrix	Poland		
Commodity	Oilseed, Rapeseed		
Time period		Units:	metric tons
Exports for:	1998		1999
U.S.	0	U.S.	0
United Kingdom	18957	China	199063
Mexico	19700	Mexico	71200
Germany	17467	Pakistan	21000
Sweden	14365	Germany	16287
The Netherlands	7029	India	10556
Finland	4415	Belgium	5648
Norway	1161	France	5433
		Finland	2479
Total for Others	83094		331666
Others not Listed	1233		3398
Grand Total	84327		335064

## Total Oil meals

### Production

Smaller rapeseed production and relatively high tariffs on imported rapeseed will result in lower meals production during MY 2000/01. Protein meal output in MY 1999/00 is estimated at 10 % below the MY 1998/99 level. As in the current MY, oil meal production will be based almost exclusively on rapeseed and no significant oilseed imports for crushing are expected.

There are 6 large scale crushing plants which also refine and process vegetable oil to produce consumer products. Currently, the three largest crushing plants are controlled by foreign capital and account for well over 80 percent of Polish crushing capacity. Schooner Capital Corporation of the United States has majority ownership in two plants (Brzeg and Bodaczow). While Cereol Holding BV has invested in the Kruszwica plant. ADM, has invested in the Szamotuly plant near Poznan.

Crushers prefer rapeseed because it is produced locally and has a higher oil yield which is the most lucrative crushing product. Increased foreign investment in the crushing industry and annual demand for both, soybean meal and soybean oil should create favorable conditions for expanded crushing of soybeans in coming years. However, some of the plants owned by foreign investors have become the distributors of imported meals and oils they import from their facilities in the EU. Almost one million tons of soybean meal are used annually to support Polish poultry production.

### Consumption

Because of reduced swine inventories, relatively low meat prices and expensive feed grains, demand for commercial feeds and protein meals will continue on the current reduced level in MY 2000/01. Reduced demand for swine feeds will be only partly offset by a small increase in poultry production. Compound feed production is expected to be at roughly the same level in MY 2000/01 as MY 1999/00. Total protein meal consumption is estimated at 1.18 million tons in MY 2000/01, only slightly above current estimated use at 1.15 million in MY 1999/00.

Imported soybean meal is the major protein source in Polish feeds and currently accounts for over 70 percent of all oilseed meal consumption. According to the feed industry, almost all imported soybean meal is used in poultry feeds. Locally produced rapeseed meal is used mainly in swine feed. In addition, significant amounts of protein meals are introduced in Polish feed rations via imported compound feeds.

For January - September 1999, the Feed industry profit indicator declined slightly to 3.6 percent from 3.7 for the same period in 1998. Declining pork inventories, slower growth in poultry production and more expensive grains reduced compound feed production and profitability in MY 1999/00. Total commercial feed production decline by 7 percent in CY1999 to 3.75 million tons and is forecast to increase only marginally in CY 2000. Estimated CY 1999 feed concentrate production declined by 10% to 439,000 tons.

Commercial feed production has been growing gradually in Poland since 1993 because of privatization and

growing foreign investment. The industry is now 97 % privatized. The major companies are Central Soya, Rolimpex Group and Cargill. However, commercial feeds are produced in 660 feed mills of which 70 produce over 50 percent of total commercial feeds. Central Soya, with 11 feed mills totaling roughly 1 million tons of production capacity, controls 20 percent of the Polish feed market. Cargill's seven feed mills control 10 percent of the local market. Rolimpex, the largest local company, has 13 feed mills with 0.8 - 0.9 million tons capacity and 19 percent of the local market. Land O'Lakes is also actively engaged in the Polish feed market. Thanks to the new investments, quality and consistency of commercial feeds has improved which has made commercial feeds more competitive with on-farm feed production.

## Trade

Reduced demand for commercial feeds together with high grain prices resulted in reduced soybean meal imports during CY1999 and early 2000. Soybean meal imports in CY 1999 declined over 20% to around 769,000 tons. Soybean meal imports will recover somewhat in CY 2000 and are expected to remain stable in CY 2001 because of reduced livestock inventories.

As in previous years, soybean meal is again expected to remain the primary imported protein meal. However, around 300,000 tons of meat meal and 10,000 tons of sunflower seed meal are also imported each year. The EU supplied almost 90 percent of all soybean meal imported in CY 1999, 68% in CY 1998 and 46% in CY 1997. Imports from Brazil accounted for 12%. Less than one percent of total imports came from United States.

Significant amounts of rapeseed meal are exported each year. In MY 1999/00, rapeseed meal exports declined to 180,000 tons from 245,000 in the previous MY because of lower production. No increase in crushing from MY 1999/00 and, in turn, limited rapeseed meal availability are expected to result in MY 2000/01 exports being on the same level as in the current MY. Polish prices for rapeseed meal are competitive on the world market and soybean meal is preferred in poultry rations. The average price for exported meal during CY 1999 was USD 110 versus USD 116 during CY 1998. Rapeseed meal exports are shipped exclusively to EU countries.

Note: Figures in the Trade Matrix tables are for calendar years (CY). No reliable data are available for marketing year imports. The CY 1998 trade table is based on unpublished data from the Main Statistical Office. Figures in the CY 1999 trade table figures are based on preliminary official trade data.

## Stocks

Meal stocks are relatively small as imports are low and rapeseed meal exports continue to be strong.

## Policy

In accordance with its WTO commitments, Poland reduced tariffs on protein meals for WTO members in January 2000. Tariffs for soybean and peanut meal were reduced from 5.8% to 5%. The EU benefits from a preferential tariff (zero) on soybean meal. Zero tariffs apply for soybean meal, peanut meal, sunflower meal, cotton meal and some other less important meals from countries listed as "Developing" or "Least Developed". All CEFTA countries and Latvia and Lithuania have zero import tariffs on all protein meals per bilateral

agreements. To support domestic livestock and poultry production, the GOP usually suspends tariffs temporarily on most protein meal imports. Since January 18, 2000, tariffs on soybean meal were reduced to 3% from 5% for WTO members for CY 2000.

Following is a list of basic tariffs for oilseed meals for CY 2000:

Tariff No.	Description	MFN Countries	EU	DEV Count.	LDC Count.
2301.20	Fish meal, 2/, 3/	10	10	7	0
2304	Soybean meal,1/, 2/	5	0	0	0
2305	Peanut meal, 2/	5	0	0	0
2306.10	Cotton seed meal, 2/	10	10	0	0
2306.20	Linseed meal, 2/	10	10	0	0
2306.30	Sunflower seed meal,2/	10	10	0	0
2306.40	Rapeseed meal, 2/	10	10	0	0
2306.50	Coconut meal, 2/	10	10	0	0
2306.60	Palm meal,2/	10	10	0	0
2306.90	Other (Olive, Corn, Sesame), 2/	10	10	0	0

1/ tariffs temporarily reduced to 3 percent for January - December 2000.

2/ tariff is zero for all CEFTA countries, also zero tariff applies for meal imported from Lithuania and Latvia.

3/ tariff is zero for Farrow Islands and some products from EFTA countries.

## Marketing

Ragweed, among other common weed seeds, is on the Polish quarantine list which severely restricts imports of low protein U.S. soybean meal. While the ragweed quarantine complicates imports of high-protein soybean meal because USDA is unable to certify that shipments will meet Polish requirements of being 100 percent free of ragweed seeds, Polish authorities have acknowledged that high-protein soybean meal poses negligible risk.

In addition to the zero tariff on EU protein meal, EU suppliers have a significant logistical advantage and are in the best position to supply smaller deliveries by truck, rail and sea. There are a number of new trading companies and newly privatized feed companies involved in the protein meal business which lack the financial resources to buy large lots, and therefore favor smaller transactions with EU suppliers. Nevertheless, a significant portion of soybean meal imported from the EU was crushed using U.S. soybeans.

Since the middle of 1995, USD 25 million in GSM-102 credit guarantees have been available for Polish banking use. Since FY 1998, the Supplier Credit Guarantee Program also been available for Poland and includes

coverage for protein meals. Both of these programs may support trade in high protein soybean meal from the U.S. if oilseed meal prices are competitive. Long-term prospects for Poland's swine and poultry industry are favorable. Improvement in meat production efficiency and quality will result in larger demand for imported protein meals. The Government is interested in promoting the expansion of poultry production although there are no specific programs targeted at this industry other than the tariff rate quota on imported poultry meat. Pork is by far the preferred meat among Poles. However, it is likely that Polish consumers will increasingly choose poultry over other meats for health reasons.

For a comments on GMO see the oilseed section under marketing.

## Soybean Meal PS&amp;D Table

PSD Table						
Country	Poland					
Commodity	Meal, Soybean				(1000 MT)(PERC ENT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Crush	0	0	0	0	0	0
Extr. Rate, 999.9999	ERR	ERR	ERR	ERR	ERR	ERR
Beginning Stocks	125	167	125	34	125	64
Production	0	0	0	0	0	0
MY Imports	890	769	875	850	0	850
MY Imp. from U.S.	40	1	40	40	0	40
MY Imp. from the EC	290	665	400	650	0	650
TOTAL SUPPLY	1015	936	1000	884	125	914
MY Exports	0	2	0	0	0	0
MY Exp. to the EC	0	2	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom. Consum	890	900	875	820	0	850
TOTAL Dom. Consumption	890	900	875	820	0	850
Ending Stocks	125	34	125	64	0	64
TOTAL DISTRIBUTION	1015	936	1000	884	0	914
Calendar Year Imports	0	769	0	850	0	850
Calendar Yr Imp. U.S.	0	1	0	40	0	40
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

**Soybean Meal Import Table**

Import Trade Matrix			
Country	Poland		
Commodity	Meal, Soybean		
Time period		Units:	metric tons
Imports for:	1998		1999
U.S.	72993	U.S.	583
Others		Others	
Germany	380647	The Netherlands	308292
The Netherlands	219925	Germany	234745
Brazil	218157	Belgium	107403
Belgium	72418	Brazil	93658
Argentina	3621	United Kingdom	12741
France	5500	Argentina	9093
Greece	4693	France	1500
Total for Others	904961		767432
Others not Listed	4094		705
Grand Total	982048		768720

**Rapeseed Meal PS&D Table**

PSD Table						
Country	Poland					
Commodity	Meal, Rapeseed				(1000 MT)(PERC ENT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		07/1998		07/1999		07/2000
Crush	0	0	0	0	0	0
Extr. Rate, 999.9999	0.6	0.6	0.6	0.6	ERR	0.6
Beginning Stocks	56	56	70	30	100	24
Production	564	528	660	474	0	480
MY Imports	0	1	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	620	585	730	504	100	504
MY Exports	230	245	250	180	0	180
MY Exp. to the EC	230	245	250	180	0	180
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom. Consum	320	310	380	300	0	300
TOTAL Dom. Consumption	320	310	380	300	0	300
Ending Stocks	70	30	100	24	0	24
TOTAL DISTRIBUTION	620	585	730	504	0	504
Calendar Year Imports	0	1	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	200	237	200	150	0	180
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

**Rapeseed Meal Export Table**

Export Trade Matrix			
Country	Poland		
Commodity	Meal, Rapeseed		
Time period		Units:	metric tons
Exports for:	1998		1999
U.S.	0	U.S.	0
Others		Others	
Denmark	86681	Denmark	124961
Germany	63280	Germany	75901
France	18781	United Kingdom	17035
United Kingdom	4350	Ireland	11965
Portugal	1800	France	4877
Ireland	1465	Spain	2200
Sweden	1100		
Switzerland	1042		
Total for Others	178499		236939
Others not Listed	58		112
Grand Total	178557		237051

**Fish Meal PS&D Table**

PSD Table						
Country	Poland					
Commodity	Meal, Fish			(1000 MT)(PERCENT)		
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		10/1998		10/1999		10/2000
Catch For Reduction	104	71	103	64	0	64
Extr. Rate, 999.9999	0.240385	0.239437	0.242718	0.234375	??	0.234375
Beginning Stocks	0	0	0	0	0	0
Production	25	17	25	15	0	15
MY Imports	2	2	3	2	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	1	1	1	1	0	0
TOTAL SUPPLY	27	19	28	17	0	15
MY Exports	6	8	6	6	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom. Consum	21	11	22	11	0	0
TOTAL Dom. Consumption	21	11	22	11	0	0
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	27	19	28	17	0	0
Calendar Year Imports	6	2	6	2	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	8	0	6	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

## Total Oils

### Production

Vegetable oil production in MY 2000/01 is forecast at roughly the same level for MY 1999/00 which is 10 percent lower than MY 1998/99. Limited supplies of domestic rapeseed during the current MY due to strong rapeseed exports and smaller forecast rapeseed production in 2000 will be the major constraint to oil production. It is estimated that vegetable oil production will be only around 320,000 tons in MY 1999/00, while expanded local crushing capacities could allow for around 450,000 tons to be produced.

Since 1991, increased consumption of vegetable fats among Polish consumers provided a strong impetus for the development in the oil industry. Over the past few years, the oil industry has remained one of the three most profitable sectors among all sectors of the food industry in Poland. However, the situation changed in 1997 when lack of domestic oilseeds and the effects of relatively more expensive imported seeds for crushing and oil for processing resulted in smaller profits.

There are 8 major vegetable oil companies in Poland. All except two have their own crushing and processing facilities. The largest plants are now owned or controlled by foreign companies. Only the Warsaw Vegetable Fats Plant remains 100 percent state owned.

Crushers in Poland focus primarily on rapeseed to take advantage of the higher oil yield to produce vegetable oil for further processing into table/salad oil or margarine. Protein meal is of secondary importance to the crushing industry.

### Consumption

The sharp growth which occurred in vegetable oil consumption between 1990-96 appears to have stabilized as overall per capita consumption of vegetable fats in Poland, currently 17 kg, approaches average EU levels. Household consumption of margarine and vegetable oil was estimated at 12.2 kg per capita in 1998. Margarine accounts for 65 percent of total vegetable fat consumption. Lower butter prices resulted in a small decline in margarine consumption in CY 1999. Total vegetable fat production increased in CY 1999 to 699,000 tons from 663,000 in CY 1998. Margarine production (in larger companies) was stable (394,000 tons in 1999, 395,000 tons in CY 1998). No significant changes in vegetable fat production and use is forecast for MY 2000/01.

### Trade

Although oil production is expected to remain unchanged in MY 2000/01, vegetable oil imports are forecast to increase since few stocks remain after the drawn down of stocks which occurred in MY 1999/00. MY 2000/01 soybean oil imports, forecast at 70,000 tons, are expected to increase 10,000 tons from MY 1999/00 import levels as uncertainty regarding application of GMO regulations, which is reflected in the reduced MY 1999/00 import level, is eliminated. Some substitution of rapeseed oil may continue to occur since rapeseed oil is more readily available and has advantage being free of GMO components. Also Sunflower oil will likely replace part

of soybean oil imports if prices are competitive.

Oil imports during CY 1999 declined significantly because of accumulated stocks and reduced demand. Soybean oil imports were 69,266 tons (preliminary data), 47% lower than imports in CY 1998. CY 1999 imports of palm oil were 38,053 tons (54,767 tons in CY 1998) and sunflower oil imports were 33,324 tons (59,357 tons in CY 1998). Both soybean oil and rapeseed oil are imported mainly from EU and small amounts from CEFTA countries. Majority of soybean oil imports is reported from Germany (63% of total soybean oil imports in 1999) and The Netherlands (17% of total soybean oil imports in 1999). European Union is also major supplier for sunflower and palm oil.

Note: Figures in Trade Matrix tables are for calendar years (CY). No reliable data are available for marketing year imports. The CY 1998 trade table is based on unpublished data from the Main Statistical Office. Figures in the CY 1999 trade table figures are based on preliminary official trade data.

### **Stocks**

Oil stocks are rather small because domestic production does not meet Poland's demand for vegetable oils. However, last year the structure of stocks changed from soybean oil to rapeseed oil. High soybean oil stocks accumulated after large imports in CY 1998 were reduced significantly in CY 1999. Rapeseed oil stocks rose sharply in CY 1999 because of increased rapeseed oil production and increased rapeseed oil imports. Stock levels in MY 2000/01 are rather moderate because vegetable oils domestic production will be lower.

### **Policy**

The Polish government does not provide subsidies for oil production or processing. However, Poland's tariff policy provides some protection and encouragement for expansion of domestically produced products.

Under Poland's agreement with WTO, tariff-rate quotas for various imported vegetable oils and vegetable oil products were established. Currently, Poland is not using the tariff-rate quotas to restrict imports except for rapeseed. Out-of-quota import tariffs are below the within-quota tariff rates. If necessary, Poland could activate tariff-rate quotas for 50,000-tons of soybean oil, a 30,000-ton final quota for sunflower seed oil and a 20,000-ton quota for other oils including rapeseed oil and margarine (tariff headings 1510, 1514, 1515, 1517, 1518, and 1522).

For all products, except rapeseed oil, applied tariffs are lower than the WTO bound levels. Olive oil, palm oil and refined peanut oil tariffs are at the maximum allowed levels allowed under Poland's WTO commitments.

Poland is making use of a 7,400 ton tariff-rate quota for non-refined rapeseed oil with an in-quota tariff of 35 percent under the 2000 tariff schedule. A tariff-rate quota for 600 tons of refined edible rapeseed oil is also in effect in 2000 with an in-quota tariff of 45% for bottled oil and 40% for bulk oil. Since January 18, 2000 till end of CY, tariffs for unrefined soybean oil and unrefined linseed oil (not for human consumption) have been reduced to zero.

Following is a list of basic tariffs for oils:

Tariff No.	Description	MFN Countries	EU	DEV Count.	LDC Count.
1504	Fish oil 1/ 2/	5-20	5-20	0	0
1507.10	Soybean oil, crude 1/	10	10	10	10
1507.9010	Soybean oil,ref., not for food 1/ 6/	30	30	30	30
1507.90901	Soybean oil,ref. bottled 1/	40	40	40	40
1507.90909	Soybean oil,ref., other than in bot. 1/	30	30	30	30
1508.10	Peanut oil, crude 1/	10	10	0-7	0
1508.90	Peanutoil, refined 1/	25	25	0-17.5	0
1509	Olive oil 1/	15	6.8-15	10.5	0
1512.11	Sunflower oil, crude 3/	10	10	10	10
1512.19	Sunflower oil,ref. 4/	30-40	30-40	30-40	30-40
1512.21	Cotton seed oil 1/	10-20	10-20	10-20	10-20
1514	Rapeseed oil 5/	86	86	86	86
1515.11/19	Linseed oil 1/	20	10-20	10-20	0-20
1515.21/29	Corn oil 1/	20	20	10-20	0-20

1/ these products have zero tariff if imported from CEFTA countries and Lithuania and Latvia;

2/ these products have zero tariff if imported from some EFTA countries, zero or reduced tariff if imported from Faeroe Islands;

3/ tariff is reduced to 10 percent if imported from Hungary, Czech and Slovak Republics and Latvia and tariff is reduced to zero if imported from Lithuania and Romania;

4/ tariff is reduced to 0 percent if imported from Lithuania and Latvia and reduced to 20 percent if imported from Hungary, Czech and Slovak Republics;

5/ tariff is reduced to zero percent if imported from Latvia, reduced to 10/20 percent if imported from Czech and Slovak Republics and to 15/20 percent if imported from Hungary and for refined oil reduced to 20 if imported from Romania;

6/ tariff suspended since 18 of January 2000.

## **Marketing**

As described in the oilseed section of this report, new regulations concerning GMO became effective in 1999 with labeling requirements set to become mandatory in April 2000. These regulations are expected to reduce significantly soybean oil imports. According to trade contacts, importers are being asked by their CUSTOMERS to supply "GMO free certificates" FOR imported oil. Some customers (Unilever) stopped using soybean oil in late 1999. It is now clear that soybean oil imports are being replaced by increased imports of rapeseed oil.

## Soybean Oil PS&amp;D Table

PSD Table						
Country	Poland					
Commodity	Oil, Soybean				(1000 MT)(PERC ENT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Crush	0	0	0	0	0	0
Extr. Rate, 999.9999	ERR	ERR	ERR	ERR	ERR	ERR
Beginning Stocks	16	37	11	16	8	6
Production	0	0	0	0	0	0
MY Imports	75	69	55	60	0	70
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	45	55	45	45	0	45
TOTAL SUPPLY	91	106	66	76	8	76
MY Exports	0	1	0	0	0	0
MY Exp. to the EC	0	1	0	0	0	0
Industrial Dom. Consum	48	54	26	45	0	45
Food Use Dom. Consump.	32	35	32	25	0	25
Feed Waste Dom. Consum	0	0	0	0	0	0
TOTAL Dom. Consumption	80	89	58	70	0	70
Ending Stocks	11	16	8	6	0	6
TOTAL DISTRIBUTION	91	106	66	76	0	76
Calendar Year Imports	75	69	75	60	0	70
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	1	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

**Soybean Oil Import Table**

Import Trade Matrix			
Country	Poland		
Commodity	Oil, Soybean		
Time period		Units:	metric tons
Imports for:	1998		1999
U.S.	3291	U.S.	6
Others		Others	
Germany	54758	Germany	43748
The Netherlands	29910	The Netherlands	11648
Belgium	11165	Romania	5112
Romania	10040	Switzerland	5332
France	8038	Czech Republic	1336
Switzerland	4852	Norway	1200
Yugoslavia	3969		
Czech Republic	3099		
Brazil	2000		
Total for Others	127831		68376
Others not Listed	95		884
Grand Total	131217		69266

## Rapeseed Oil PS&amp;D Table

PSD Table						
Country	Poland					
Commodity	Oil, Rapeseed				(1000 MT)(PERC ENT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		10/1998		10/1999		10/2000
Crush	940	880	1100	790	0	800
Extr. Rate, 999.9999	0.4	0.4	0.4	0.4	ERR	0.4
Beginning Stocks	10	10	16	30	26	26
Production	376	352	440	316	0	320
MY Imports	5	17	0	50	0	50
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	2	7	0	30	0	30
TOTAL SUPPLY	391	379	456	396	26	396
MY Exports	20	9	30	20	0	10
MY Exp. to the EC	5	5	5	5	0	3
Industrial Dom. Consum	305	290	350	295	0	305
Food Use Dom. Consump.	50	50	50	55	0	55
Feed Waste Dom. Consum	0	0	0	0	0	0
TOTAL Dom. Consumption	355	340	400	350	0	360
Ending Stocks	16	30	26	26	0	26
TOTAL DISTRIBUTION	391	379	456	396	0	396
Calendar Year Imports	3	31	0	50	0	50
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	20	22	30	10	0	10
Calndr Yr Exp. to U.S.	0	0	0	0	0	0