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Poland

Sugar

Semi-Annual

2000

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Report Highlights:
Although 2000 sugar beet area has been reduced more than anticipated due to spring and summer drought, beet and centrifugal sugar production will be only slightly less than last year. More discipline in market supplies from domestic production resulted in increased sugar prices on the domestic market which facilitated some sugar imports despite adequate domestic supplies.

Includes PSD changes: Yes
Includes Trade Matrix: No
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Executive Summary

Based on preliminary information from the Main Statistical Office (GUS), planted area for sugar beets in 2000 is 333,000 hectares, a 10 percent decrease from 1999. Low profitability from sugar production resulted in significantly fewer beet contracts which in turn caused a reduction in planted area. Although the drought in spring and early summer caused some reduction in area, it also resulted in better plant rooting and better growth later in the season. Such plant development combined with favorable conditions during July, August and September resulted in higher yields and in a relatively good crop for processing, similar to 1999. However, good plant growth was less favorable for sugar content and as of September sugar content was somewhat lower than the same time a year ago. Sugar content may still improve during the final stage of plant growth.

As a result, we have significantly revised beet area (down 7.5 percent from PL0012) while beet crop and sugar production estimates have been lowered only marginally in MY 2000/01. It is estimated that sugar production will be 1.85 million tons of raw sugar, 2.5 percent below last year and 24 percent below record production in MY 1996/97. Because of reduced beet production and large processing capacity, sugar precessing will last only 70 days.

Contrary to previous years, the financial condition of Polish sugar plants has improved because of higher sugar prices. Better industry discipline which includes less domestic bartering, has reduced “excess” sugar on the market. In the past, additional sugar often found its way to the market which distorted the supply situation. For example, sugar was often bartered for coal which, in turn, entered the market without restrictions. New industry regulations no longer permit such practices. Polish sugar refiners were able to sell sugar well over the zlotys 1.71 per kilogram, the minimum wholesale price.

Although sugar processing is about to begin at all plants, they have not yet agreed to a beet price this year with farm organizations. According to farmers, the cost of production this year is equal to 4,800 zlotys per hectare, which is zlotys 120-124 per ton of beets. Farmers’ unions are requesting this price from the industry for beets delivered within the Quota A (sugar produced for use on the Polish market) this year.

Under Poland’s sugar program, refineries will be limited to sales of 1.52 million tons of white sugar (quota A, equivalent of 1.65 million tons of raw sugar) for the domestic market in MY 2000/2001. The quota for white sugar has been reduced by 110,000 tons from the previous marketing year. For MY 2001/2002 quota A has been only slightly increased to 1.54 million tons of white sugar, equivalent of 1.67 million tons of raw sugar. Refineries are required to price sugar for the domestic market at not less than zlotys 1.92/kg for the next marketing year. For the current year (MY 1999/00) the price is zlotys 1.71/kg. Refiners who sell sugar on the domestic market above their permitted quota or below the minimum price are subject to penalties. The government will limit CY 2001 subsidized exports (quota B) to 104,400 tons (113,482 tons raw sugar equivalent) the same level as in 1999.

Although sugar production was larger than consumption in MY 1999/2000, increased domestic prices in CY

2000 allowed for significant sugar imports. Sugar was imported withing the WTO reduced tariff quota, which has 40 percent or minimum 0.17 EUR/kilogram tariff. It is forecast that sugar prices will continue to be high resulting in continued sugar imports in MY 2000/01. Estimated MY 1999/2000 sugar exports dropped by 24% and will further decline by an additional 50 percent in MY 2000/01.

The revised sugar beets and centrifugal sugar PSD tables follow

Sugar Beets PS&D Table

PSD Table						
Country	Poland					
Commodity	Sugar Beets				(1000 HA)(1000 MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		09/1998		09/1999		09/2000
Area Planted	400	400	0	372	0	340
Area Harvested	400	400	0	372	0	333
Production	15200	15200	0	12600	0	12500
TOTAL SUPPLY	15200	15200	0	12600	0	12500
Utilization for Sugar	15200	15200	0	12600	0	12500
Utilizatn for Alcohol	0	0	0	0	0	0
TOTAL UTILIZATION	15200	15200	0	12600	0	12500

Centrifugal Sugar PS&D Table

PSD Table						
Country	Poland					
Commodity	Centrifugal Sugar				(1000 MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		09/1998		09/1999		09/2000
Beginning Stocks	303	303	326	326	207	242
Beet Sugar Production	2239	2239	1957	1957	1900	1850
Cane Sugar Production	0	0	0	0	0	0
TOTAL Sugar Production	2239	2239	1957	1957	1900	1850
Raw Imports	0	0	0	0	0	0
Refined Imp.(Raw Val)	13	13	10	45	5	50
TOTAL Imports	13	13	10	45	5	50
TOTAL SUPPLY	2555	2555	2293	2328	2112	2142
Raw Exports	0	0	0	0	0	0
Refined Exp.(Raw Val)	489	489	370	370	186	186
TOTAL EXPORTS	489	489	370	370	186	186
Human Dom. Consumption	1724	1724	1700	1700	1730	1710
Feed Dom. Consumption	16	16	16	16	16	16
TOTAL Dom. Consumption	1740	1740	1716	1716	1746	1726
Ending Stocks	326	326	207	242	180	230
TOTAL DISTRIBUTION	2555	2555	2293	2328	2112	2142

Centrifugal Sugar Price Table

Prices Table			
Country	Poland		
Commodity	Centrifugal Sugar		
Prices in	zlotys	per uom	kilogram
Year	1999	2000	% Change
Jan	2.11	2.44	15.64%
Feb	2.09	2.67	27.75%
Mar	2.05	2.73	33.17%
Apr	1.95	2.75	41.03%
May	1.81	2.76	52.49%
Jun	1.62	2.97	83.33%
Jul	1.48	3.35	126.35%
Aug	1.44		-100.00%
Sep	2.04		-100.00%
Oct	2.26		-100.00%
Nov	2.32		-100.00%
Dec	2.32		-100.00%
Exchange Rate	4.62	Local currency/US $	
Date of Quote	09/21/00	MM/DD/YYYY	

Note: The above table illustrates average retail prices for white sugar.