



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Required Report - public distribution

Date: 10/16/2000

GAIN Report #PL0036

Poland

Strawberries

Annual

2000

Approved by:

James Higgiston, Agricultural Counselor

U.S. Embassy

Prepared by:

Jolanta Ganczewska, Marketing Specialist

Report Highlights:

Unfavorable weather conditions resulted in reduced strawberry output. During the past summer, Poland produced only 169,000 MT of strawberries. Anticipated output was 200,000 MT. As a result of lower profits, strawberry acreage is expected to decrease this fall from 60 to 50 THA. Frozen strawberry exports, however, are expected to remain at current levels for 2000 and 2001.

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

Table of Contents:

Executive Summary Page 2 of 14

Fresh Strawberries Page 2 of 14

 Production Page 2 of 14

 Purchase Prices for Strawberries: Page 3 of 14

 PSD Table Page 4 of 14

 Consumption Page 5 of 14

 Price Table - Retail Page 5 of 14

 Policy Page 5 of 14

 Tariff Tables Page 6 of 14

 Trade Page 7 of 14

 Export Table - Fresh Strawberries Page 8 of 14

 Import Table - Fresh Strawberries Page 8 of 14

 Marketing Page 9 of 14

Frozen Strawberries Page 9 of 14

 Production Page 9 of 14

 PSD Table Page 10 of 14

 Consumption Page 11 of 14

 Price Table - Retail Page 11 of 14

 Stocks Page 11 of 14

 Trade Page 11 of 14

 Table - Export Strawberries Frozen Page 13 of 14

 Table - Import Strawberries Frozen Page 13 of 14

 Marketing Page 14 of 14

Executive Summary

The CY 2000 strawberry crop fell far short of expectations. Only 169,000 MT of strawberries were harvested this year, over 30,000 MT less than predicted. The combination of older genetic stock, lack of funds to purchase sufficient plant protection chemicals and unfavorable weather conditions reduced both the production's quantity and quality. In many cases, the quality was not even suitable for freezing. Prices for fresh strawberries this year (PLN 1.30) were significantly lower than a year ago (PLN 2.20). The weaker prices sharply reduced farmers' profits. Poland exported seven percent of fresh production, primarily to the European Union (Germany, Austria). Minimal quantities of table varieties were imported from Spain and Italy.

The significant decline in fresh strawberry output in 2000 reduced the amount available for the processing industry. Nevertheless, strawberry prices were at the lowest level in three years, largely due to weak demand on the local market. Export prices during the summer and autumn of 2000 were DM 2000/ton (USD 1,070). Polish exports of processed products (including frozen, canned, preserves and jams) were approximately 88 TMT. Frozen strawberries accounted for 80 TMT of Polish processed strawberry exports. The European Union remains Poland's biggest export market, with Germany the single largest importer of frozen Polish strawberries.

Higher profits for strawberries in 1998 and 1999 encouraged Polish farmers to increase area under cultivation. This year, however, many fields were ploughed under during the autumn as the income from sales covered only 54 percent of production costs. The Polish strawberry crop over the next several years, consequently, is not expected to exceed 150,000 -160,000 MT per year.

Fresh Strawberries

Production

Attractive prices encouraged many Polish farmers to increase area under cultivation in 1998. In 1998/99 strawberry area totaled nearly 58 THA. Because of this year's poor financial returns, only 50 THA may be planted in 2000/2001 season. This decrease in acreage could result in a crop of only 150 TMT in 2001, a 13 percent drop from 2000. The level of production will depend greatly on weather conditions, which has adversely affected production during past years.

Despite the expanded area under cultivation, unfavorable weather depressed production. Spring frosts destroyed plants in early May, while drought conditions from the beginning of June through July resulted in lower output. Despite the weather, however, average 2000 yields were only slightly lower (2.50 tons/hectare) than 1999 yields (3.45 tons/hectare).

According to the Polish Institute of Agricultural Economics, there were no profits in strawberry production this year. Production costs (including labor) were estimated at PLN 2.42 per kilogram (USD 0.57). The profitability index for strawberry cultivation [(price/costs) x 100%] in 2000 was 54 % compared with 107 % in 1999.

Purchase Prices for Strawberries:

The harvest started very early in 2000 with the first strawberries available during the month of May. During June, the purchase price offered by processors for strawberries with leaf stalk removed was PLN 1.30 (USD 0.30) per kilogram as compared with PLN 2.43 per kilogram (USD 0.60) during 1999. The lack of demand for strawberries resulted in low prices throughout the harvest. By the end of July, farm-gate prices increased only slightly to PLN 1.44 (USD 0.35).

At the beginning of June, the prices for strawberries with leaf stalk attached were PLN 1.60 per kilogram (USD 0.37), dropping to PLN 1.10 per kilogram (USD 0.25) by the middle of June. The average purchase price paid for strawberries with leaf stalk was PLN 1.30 per kilogram (USD 0.30) as compared with PLN 2.25 per kilogram (USD 0.59) in 1999.

Poland's most popular varieties continue to be Senga Sengana (60% of crop) and Dukat. The quality of the Senga Sengana variety has been decreasing steadily in recent years due to poor farming practices. Farmers have been attempting to reduce costs by using cuttings from older fields rather than investing in new seedlings. With the use of older cuttings, any diseases present in older plants are more easily spread resulting in lower yields. Farmers reportedly prefer Dukat to Senga Sengana because of its resistance to diseases. However, the processing industry does not like this variety because its tolerance to cold storage has not been proven. Polish farmers tend to have different varieties on each field.

There has been increased interest in the cultivation of fresh table varieties including Dukat, Kent and, especially, Elsanta in recent years. Polish farmers are aware that fresh table varieties attract higher prices and could increase the profitability of their operations. By introducing more varieties, they are able to both prolong the strawberry harvest season and to offer a new product for Polish markets and exports. The majority of Polish strawberry production is processed and not sold fresh.

PSD Table

PSD Table						
Country	Poland					
Commodity	Fresh Strawberries			(HA)(MT)		
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Area Planted	58000	58000	60000	60000	0	50000
Area Harvested	58000	58000	60000	60000	0	50000
TOTAL Production	178000	178000	200000	169000	0	150000
Imports, Fresh	900	900	900	900	0	900
TOTAL SUPPLY	178900	178900	200900	169900	0	150900
Exports, Fresh	12300	12300	15900	12500	0	13000
Domestic Fresh Market	41600	42600	50000	42000	0	32900
For Processing	125000	124000	135000	115400	0	105000
TOTAL UTILIZATION	178900	178900	200900	169900	0	150900

* Production area and figures are the official Polish Statistical Office figures. Polish statistics do not include some smaller farms and non-industry plantations. The Statistical Office plans to change its calculation procedure in 2001 to more fully reflect small farm production.

Consumption

During the past several years, consumption of fresh strawberries has remained constant at 1.5-2.00 kg/per capita and is expected to remain at a similar level in 2000.

Price Table - Retail

Prices Table			
Country	Poland		
Commodity	Fresh Strawberries		
Prices in	PLN	per uom	kilogram
Year	1998	1999	% Change
Jan	n/a	n/a	??
Feb	n/a	n/a	??
Mar	23.01	n/a	-100.00%
Apr	18.18	n/a	-100.00%
May	14.92	n/a	-100.00%
Jun	4.43	4.52	2.03%
Jul	5.53	4.03	-27.12%
Aug	9.62	n/a	-100.00%
Sep	9.12	n/a	-100.00%
Oct	n/a	n/a	??
Nov	n/a	n/a	??
Dec	n/a	n/a	??
Exchange Rate	4 PLN/US \$		

Policy

The Polish government through the Ministry of Agriculture and Rural Development's Agency For Restructuring and Modernizing of Agriculture offers the following preferential agricultural credits:

Basic investment credit (utilized primarily for the construction of new buildings, food processing activities): GOP subsidizes provides loans to farmers at half the commercial agricultural credit rate which can be as high as 35%. Loans under this program average 12.36-13.44% interest.

Credits for new farmers below age 40 (utilized for land purchase as well as construction of new farm buildings): Farmers meeting the program criteria receive loans with 5.38% interest.

Credits for purchase of additional land: Farmers can obtain loans at 5.38% interest.

Credit for development of new agricultural production (includes purchase of seedlings) at 5.38-13.34% interest.

Loans for creation of agricultural farms within the settlement program approved by the Minister of Agriculture for areas owned by Government Treasury: 5.38 %-13.44 %

Tariff Tables

PCN Code	Product	Preferential tariffs for:				
	Fresh Strawberries	MFN Tariff	Czech Slovak Republic	Hungary	Lithuania	Latvia
081010001	Strawberries, Fresh, imported 1 Jan-30 Apr	20%	0	15%	10%	0
081010103	Strawberries, Fresh, imported May1-31 July*	40%	5%	15%	10%	15%
081010009	Strawberries, Fresh, imported 1 Aug-31 Dec	20%	0	15%	10%	0

* Please note that a tariff rate quota for fresh strawberries is in effect between May 1 - July 31. Imports made within the quota of 19 tons are assessed lower tariff of 20 percent.

PCN Code	Product	Preferential tariffs for:			
	Frozen Strawberries	MFN Tariff	Czech, Slovak Repts Hungary Slovenia	Romania Bulgaria	Latvia
0811 10	Strawberries containing added sugar or other sweetening matter:				
0811 10 11	Strawberries boiled/frozen with sugar content of more than 13%	30%	9%	9%	0
0811 10 19	Other	30%	9%	9%	0

0811 10 90	Other	25%	9%	9%	0
0812 20 00	Preserved strawberries not for immediate consumption	25%	0	0	0

Trade

Poland exports around 12-20 TMT annually of fresh and/or chilled strawberries. The European Union (Germany, Austria) imports almost all of the product. During MY99/00, exports were 12,500 tons and are expected to slightly increase in MY 2000/2001. Polish analysts expect exports of fresh product will increase within the next 5-10 years as Polish farmers increase production of table varieties. Polish product is exported by small Polish private firms as well as branch offices of foreign (German) firms.

Polish exports of fresh, preserved and frozen strawberries to the European Union could increase even further after January 1, 2001 when Polish-European Union agreement should become effective. This agreement specifies that duties which were previously imposed on the strawberry products exported from Poland to the EU will be eliminated. Also EU does not plan to impose any import quotas on strawberries imported from Poland.

During the off season, limited quantities of fresh strawberries are imported by air from Spain and Italy. High prices (two to three times higher than that of Polish strawberries during harvest season) limit sales.

For the following tables, please note that the Polish statistics combine both fresh and chilled strawberries.

Export Table - Fresh Strawberries

Export Trade Matrix			
Country	Poland		
Commodity	Fresh Strawberries		
Time period	12 months	Units:	tons
Exports for:	1998		1999
U.S.		U.S.	
Others		Others	
Germany	8000	Germany	5520
Austria	3200	The Netherlands	2080
The Netherlands	2200		
Belgium	850		
Great Britain	100		
Switzerland	35		
Total for Others	14385		7600
Others not Listed	315		4700
Grand Total	14700		12300

Import Table - Fresh Strawberries

Import Trade Matrix			
Country	Poland		
Commodity	Fresh Strawberries		
Time period	12 months	Units:	tons
Imports for:	1998		1999
U.S.		U.S.	
Others		Others	
Spain	430	Spain	526
Italy	260	Italy	262
		The Netherlands	47
		Germany	41
		Austria	10
Total for Others	690		886
Others not Listed	10		14

Grand Total	700	900
-------------	-----	-----

Marketing

During the harvest season, vendors traditionally sell fresh strawberries in wooden baskets containing 2 kg of fruit from the back of trucks or from temporary stands. The dynamic growth of the supermarket/hypermarket retail outlets has resulted in a consolidation of wholesale suppliers. Hypermarkets tend to contract with individuals or supplier groups.

Polish exports of fresh and chilled strawberries are carried out by private Polish firms as well as foreign companies seasonally operating in Poland. The foreign companies (mostly German) either set up purchasing points or pre-contract with Polish farmers. Product is purchased directly from farms and either pre-cooled before transport or transported in temperature-controlled trucks to Germany for further processing. Polish traders and representatives of local freezers also purchase fresh product from farmers. However, lacking financial resources, Polish companies often find it difficult to compete with the foreign firms. Limited quantities of imported fresh strawberries, which appear during the off season, are mostly sold in supermarkets and on vegetable stands in larger cities.

Frozen Strawberries

Production

Sixty to seventy percent of strawberry production is sold as frozen product annually. Of the 98 TMT of fresh strawberries delivered to processors in 2000, only about 91 TMT of frozen product was produced. In 2000, a large portion of the fresh product delivered to processors was unsuitable for freezing due to small size and high sand content. Polish processors complained about the unusually, large waste.

PSD Table

PSD Table						
Country	Poland					
Commodity	Frozen Strawberries				(MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Deliv. To Processors	115000	115000	120000	98000	0	100000
Beginning Stocks	0	0	12000	12000	2500	5500
Production	97000	97000	106000	91000	0	95300
Imports	955	955	500	500	0	500
TOTAL SUPPLY	97955	97955	118500	103500	2500	101300
Exports	72000	72000	99000	80000	0	82000
Domestic Consumption	13955	13955	17000	18000	0	17000
Ending Stocks	12000	12000	2500	5500	0	2300
TOTAL DISTRIBUTION	97955	97955	118500	103500	0	101300

Consumption

Consumption of frozen strawberries in Poland is only about 0.2 kg per capita. Poles prefer purchasing fresh product during the harvest season as well as consuming products processed at home (jams, compotes etc.).

Price Table - Retail

Prices Table			
Country	Poland		
Commodity: Frozen Strawberries			
Prices in	PLN	per uom	kilogram
Year	1998	1999	% Change
Jan	7.6	11.22	47.63%
Feb	7.8	11.42	46.41%
Mar	8	11.54	44.25%
Apr	6.6	11.6	75.76%
May	8.4	11.58	37.86%
Jun	8.6	11.5	33.72%
Jul	8.7	11.52	32.41%
Aug	9.8	11.48	17.14%
Sep	9.84	11.42	16.06%
Oct	10.4	11.4	9.62%
Nov	10.76	11.38	5.76%
Dec	10.92	11.02	0.92%
Exchange Rate	4	PLN/US \$	

Stocks

No official data on stocks is available. Post uses estimates obtained from the Institute of Agricultural Economy and the Polish Ministry of Agriculture and Rural Development. Carryover stocks of frozen strawberries depend on the total supply and price in any given year. The lower the price and the higher the quantity, the more likely some frozen product will be stored. Stocks are held in cold storage facilities throughout Poland.

Trade

Poland continues to be the major supplier of frozen strawberries to the European Union. Germany is

Poland's largest market. During the last quarter of 2000, export prices dropped to the level of DM 1,500 (USD 806.00) per ton as compared with DM 2,000 (USD 1,070) offered during summer of 1999.

In the past, Hortex was responsible for the majority of Polish exports. This company is currently undergoing major changes and very limited funding was available for raw material purchases during this year's harvest. Hortex's share of the export market has dropped to under 10 percent and continues to decrease. Other exporters now include: Freezing Company in Bialystok, Agros/Lowicz, Agros/Bialystok, Agros/Lublin, Miedzychod S.A., Chlodnia Poznan, Freezing Company Olsztyn, Freezing Company Tolkmicko, Siemiatyce, Plonsk, Warminskie Fruit Processing Facility, Miedzychod Fruit Processing Facility and Calfrost Company, among others.

Polish medium and small companies also experienced a very difficult trade year during 2000. The lack of government financial support for purchases as well as the lack of preferential credits hurt production. These factors, together with overall slower development of the Polish economy, resulted in very limited purchases of strawberries for processing, especially in case of smaller firms.

Many "seasonal" companies with foreign investment (mostly German) also purchase fresh product locally, by signing contracts with Polish freezers for processing fruits and then transporting frozen strawberries to destination markets.

Limited imports of frozen strawberries enter Poland from countries such as Spain, China and Germany.

Table - Export Strawberries Frozen

Export Trade Matrix			
Country	Poland		
Commodity			
Frozen Strawberries			
Time period	12 months	Units:	Tons
Exports for:	1998		1999
U.S.		U.S.	20
Others		Others	
Germany	36000	Germany	32000
The Netherlands	11000	The Netherlands	12000
Denmark	6500	France	4100
Great Britain	5500	Denmark	3690
France	4700	Sweden	3650
Belgium	3600	Belgium	2900
Austria	3750	Great Britain	2820
Finland	3700	Austria	2190
Switzerland	3617	Norway	1980
Norway	3400	Finland	1970
Total for Others	81767		67300
Others not Listed	2033		4680
Grand Total	83800		72000

Table - Import Strawberries Frozen

Import Trade Matrix			
Country	Poland		
Commodity	Frozen Strawberries		
Time period	12 months	Units:	tons
Imports for:	1998		1999
U.S.		U.S.	
Others		Others	
Spain	150	Germany	488
China	140	The Netherlands	107
Germany	15	Austria	102
Total for Others	305		697
Others not Listed			258

Grand Total	305		955
-------------	-----	--	-----

Marketing

Recently, there has been a tremendous change in methods of distribution of frozen products, including strawberries, in Poland. The appearance of new retail outlets throughout Poland has created a demand for national distribution of frozen products. In the past, Hortex was the only company capable of delivering their products at the national level. Currently, two distribution groups have established themselves on the Polish market - Frozen Food Group and KFD.

Both of these associations are composed of several large distribution firms which work closely with individual freezing companies and frozen food producers. Transportation is conducted by a specialized fleet of freezer trucks contracted from transportation companies. Both organizations often provide smaller shops with storage freezers used for storage of many different frozen products, including strawberries. Some of the recently privatized freezing companies are trying to serve local markets with their products. Often, they also provide their own transportation.