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Report Highlights:

Milk production is expected to fall two percent in CY 2000, but rebound in CY 2001. Shortages of butter continued, resulting in higher imports. Yogurt imports increased 34 percent. Cheese imports were less than half of previous year's levels, largely the result of falling sales to the Russian market.

In September 2000, Poland signed an agreement with the European Union liberalizing trade in agricultural products. According to the agreement, Poland will open duty-free quotas for imports of cheese and butter from the EU.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
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General Summary

Poland's fluid milk production is expected to decrease two percent from a year ago to 11.8 million tons in CY 2000 as a result of the spring drought and decreasing herd numbers. Reduced milk production is expected to lead to lower output of cheese, butter, whole dry milk (WDM) and non fat dry milk (NFDM) in CY 2000.

In CY 2001, milk production should rebound to 1999 levels as a result of growing milk yields for dairy cows and expected higher milk procurement prices caused by a shortage of high quality raw milk for processing. Higher output of milk will result in increased production of dairy products in CY 2001. The large number of small dairy plants and shortage of good quality raw milk are the major constraints in the further development of the dairy industry.

During the first eight months of CY 2000, production of cheese fell 8 percent in comparison to the same period in CY 1999. Production is expected to increase in CY 2001 due to higher milk output and stronger demand for cheese in the Polish diet as a result of lower supplies of pork and pork products. The decrease in cheese production is largely the result of fewer exports to Russia as well as reduced supplies of raw milk.

During the first eight months of CY 2000, industrial production of butter (excluding home churning) decreased by four percent due to lower supplies of raw milk. Most butter is produced during the summertime peak of raw milk supplies. Peak demand for butter is in November/December. Home churning is estimated to be 30,000 tons per year. Production of butter in CY 2001 is expected to increase by two percent due to higher demand on the domestic market. Total production of NFDM is expected to decrease by eight percent in CY 2000 as a result of low raw milk supplies and reduced exports.

Lower milk output is expected to result in lower consumption of milk, cheese and butter in CY 2000. However, long-range GOP forecasts indicate an increase in consumption of all dairy products within the next five years. Consumption of dairy products which had been increasing since CY 1996, stabilized in the first half of 1999 and decreased in the first half of 2000 due to competition from relatively cheap pork and pork products, lower consumer purchasing power caused by inflation, and higher prices for dairy products. On-farm consumption of milk is expected to grow in CY 2000 as the introduction of new quality standards for milk will preclude sales of the lowest quality milk to dairy plants. Dairy plants procure about 56 percent of total milk production. The average milk procurement price in July 2000 was 0.76 zls per liter (\$US .18), compared to 0.57 zls (\$US 0.14) in July 1999.

The Agency for Agricultural Markets (AAM) is responsible for supporting the milk procurement price through intervention purchases of butter and export subsidies for NFDM. In CY2000, the Agency for Agricultural Markets procured 8,000 tons of butter to stabilize the domestic market. In the summer of 2000, the AAM announced two tenders for export subsidies of NFDM. Export firms were bidding on lowest subsidy. As a result of the tenders, export firms signed contracts with the AAM for export of 37,000 tons of NFDM, of which 21,300 tons were exported as of September 23.

Shortages of butter in CY 2000 resulted in higher imports. In the first six months of CY 2000, imports of butter

were 8,469 tons (mostly from the Czech Republic) compared to 312 tons in the first half of CY 1999. In CY 2000, the import quota for butter containing over 85% of butterfat (CN 040510) was 8,578 tons and for butter with reduced content of butterfat (CN040520) was 5,129 tons. Butter imported within the quota has a tariff of 40 percent. For imports outside the quota, the tariff is 102 percent, maximum 2.31 EUR per kilogram. For Czech and Slovak Republic, the preferential tariff for butter is 30 percent. For Bulgaria, the tariff is 40 percent. Continuing shortages of butter provide good prospects for U.S. exports in CY 2001.

During first six month of CY 2000, imports of cheese amounted to 3,582 tons compared to 1,079 tons in the first half of CY 1999. The tariff for cheese is 35 percent. However, for cheese imported from the EU, the tariff is 25 percent while the Czech and Slovak Republics enjoy a tariff of 5 or 8 percent. The tariff for Latvia and Lithuania is 30 percent. Lower production was the primary factor in the increased imports in CY2000. In CY 2001, as production is forecast to increase, cheese imports are expected to decline.

In the first half of CY 2000, imports of NFDG were 6,562 tons out of which 4,450 tons were from Russia. Imported NFDG is mostly re-exported. Tariff for NFDG is 70 percent. There is preferential tariff of 37 percent for the Czech and Slovak Republics, Romania, Hungary, Slovenia and Bulgaria. The tariff for Lithuania is 20 percent.

Yogurt was the major dairy product imported to Poland in CY 1999. Total imports of yogurt were 55,600 tons, up 34 percent compared with CY 1998, of which 55,200 tons was from Germany. Because of high imports, the GOP increased its tariff for yogurt on April 1, 1999, from 9 to 35 percent.

In CY1999, imports of casein amounted to 10,800 tons and were 25 percent higher than in CY1998. Most imported casein was re-exported.

In the first half of CY2000, Poland exported 3,258 tons of hard cheese compared to 8,169 tons in the first six months of 1999. The sharp drop in exports was largely the result of lower cheese shipments to Russia. It is estimated that during the second half of CY 2000, Polish exports of hard cheese will be an estimated 4,000 tons. The United States accounted for 16 percent of Poland's cheese exports in CY 1999, no change to CY 1998. The Polish dairy industry has requested increases in the U.S. import quota for cheese due to its high profitability.

In the first six months of CY 2000, Poland exported 784 tons of butter compared to 2,273 in the same period in CY1999. It is forecast that in CY 2000 exports of butter will be reduced due to lower output and decrease of governmental stocks.

The expected decrease in exports of NFDG in CY 2000 are due to lower production. Traditionally, Poland has been selling NFDG to EU countries for re-export to North Africa and the Middle East. Since 1994, Poland has been selling NFDG directly to North African and Asian customers. In CY 2001, exports of NFDG will increase as a result of higher output. Polish exports of WDM are expected to remain unchanged in CY2000.

In September 2000, Poland signed an agreement with the EU to liberalize trade in agricultural products. It is expected that the agreement will be implemented January 1, 2001 at the earliest. According to the agreement, Poland will open quotas with zero tariff for cheese and butter imported from the EU. The annual quota initially will be 9,000 tons for cheese and 5000 tons for butter. The quotas will be increased each year by 10 percent. Dairy

products exported to the Polish market must be accompanied by a health certificate and comply with Polish Norms which are enforced by the Ministry of Agriculture and Rural Development. Exporters should confirm compliance with their importers. Transshipments stored in Poland are also subject to these norms.

PS&D Table, Dairy, Milk, Fluid

PSD Table						
Country	Poland					
Commodity	Dairy, Milk, Fluid			(1000 HEAD)(1000 MT)		
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Cows In Milk	3471	3471	3400	3296	0	3200
Cows Milk Production	11880	12068	12500	11800	0	12000
Other Milk Production	30	31	30	30	0	30
TOTAL Production	11910	12099	12530	11830	0	12030
Intra EC Imports	0	0	0	0	0	0
Other Imports	0	2	0	2	0	2
TOTAL Imports	0	2	0	2	0	2
TOTAL SUPPLY	11910	12101	12530	11832	0	12032
Intra EC Exports	0	0	0	0	0	0
Other Exports	0	1	0	1	0	1
TOTAL Exports	0	1	0	1	0	1
Fluid Use Dom. Consum.	5400	5400	5300	5050	0	5000
Factory Use Consum.	5900	6100	6530	6161	0	6331
Feed Use Dom. Consum.	610	600	700	620	0	700
TOTAL Dom. Consumption	11910	12100	12530	11831	0	12031
TOTAL DISTRIBUTION	11910	12101	12530	11832	0	12032
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

Prices Table, Milk, Fluid

Prices Table			
Country	Poland		
Commodity	Dairy, Milk, Fluid		
Prices in	zlotys	per uom	1 liter, 2%fat
Year	1999	2000	% Change
Jan	1.04	1.15	10.58%
Feb	1.04	1.17	12.50%
Mar	1.04	1.2	15.38%
Apr	1.04	1.2	15.38%
May	1.04	1.2	15.38%
Jun	1.04	1.2	15.38%
Jul	1.04	1.2	15.38%
Aug	1.04		
Sep	1.05		
Oct	1.06		
Nov	1.08		
Dec	1.12		
Exchange Rate	4.52	Local currency/US \$	

Import Trade Matrix, Milk, Fluid

Import Trade Matrix			
Country	Poland		
Commodity	Dairy, Milk, Fluid		
Time period	Jan-Dec	Units:	Tons
Imports for:	1998		1999
U.S.		U.S.	
Others		Others	
France	215	Germany	1231
		Czech Republic	186
		France	146
		Thailand	5
		Slovak Republic	4
Total for Others	215		1572
Others not Listed			1
Grand Total	215		1573

Export Trade Matrix, Milk , Fluid

Export Trade Matrix			
Country	Poland		
Commodity	Dairy, Milk, Fluid		
Time period	Jan-Dec	Units:	Tons
Exports for:	1998		1999
U.S.		U.S.	24
Others		Others	
Russia	408	Russia	46
Moldova	62	Germany	12
Bahama Islands	40	Bahama Islands	64
Cyprus	33	Cyprus	30
Malta	19	Malta	20
Bulgaria	18	Bulgaria	18
Sweden	17	Sweden	15
Ukraine	14	Italy	14
Liberia	12	Macedonia	18
Republic of Korea	10		
Total for Others	633		237
Others not Listed	201		259
Grand Total	834		520

PS&D Table, Dairy, Cheese

PSD Table						
Country	Poland					
Commodity	Dairy, Cheese					(1000 MT)
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Beginning Stocks	10	10	4	6	3	4
Production	157	155	164	145	0	150
Intra EC Imports	0	0	0	0	0	0
Other Imports	2	2	2	5	0	2
TOTAL Imports	2	2	2	5	0	2
TOTAL SUPPLY	169	167	170	156	3	156
Intra EC Exports	0	0	0	0	0	0
Other Exports	16	12	17	7	0	10
TOTAL Exports	16	12	17	7	0	10
Human Dom. Consumption	149	149	150	145	0	141
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	149	149	150	145	0	141
TOTAL Use	165	161	167	152	0	151
Ending Stocks	4	6	3	4	0	5
TOTAL DISTRIBUTION	169	167	170	156	0	156
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	2	2	0	2	0	2

Prices Table, Dairy, Cheese

Prices Table			
Country	Poland		
Commodity	Dairy, Cheese		
Prices in	Zlotys	per uom	1 kilogram of Gouda Cheese
Year	1999	2000	% Change
Jan	12.39	n/a	
Feb	12.19	n/a	
Mar	12.06	n/a	
Apr	12.07	n/a	
May	12.01	n/a	
Jun	12.01	n/a	
Jul	11.96	n/a	
Aug	11.96	n/a	
Sep	12.33	n/a	
Oct	12.85		
Nov	13.42		
Dec	14.07		
Exchange Rate	4.58	Local currency/US \$	

Import Trade Matrix, Dairy, Cheese

Import Trade Matrix			
Country	Poland		
Commodity	Dairy, Cheese		
Time period	Jan-Dec	Units:	Tons
Imports for:	1998		1999
U.S.	20	U.S.	
Others		Others	
Czech Republic	830	Czech Republic	973
France	482	France	397
The Netherlands	328	The Netherlands	283
Germany	220	Germany	194
Denmark	204	Denmark	149
Australia	100	Canada	115
Switzerland	77	Switzerland	53
Sweden	73	Sweden	29
Italy	26	Italy	70
Andorra	14	Slovak Republic	66
Total for Others	2354		2329
Others not Listed	18		35
Grand Total	2392		2364

Export Trade Matrix, Dairy, Cheese

Export Trade Matrix			
Country	Poland		
Commodity	Dairy, Cheese		
Time period	Jan-Dec	Units:	Tons
Exports for:	1998		1999
U.S.	2707	U.S.	1968
Others		Others	
Russia	6532	Russia	2164
Latvia	2069	Latvia	796
Ukraine	1919	Ukraine	2063
Lithuania	1773	Lithuania	1164
Bosnia& Herzegovina	377	The Netherlands	848
Azerbaijan	313	Azerbaijan	194
Malta	288	Malta	334
Moldova	274	Morocco	342
Andorra	107	Germany	351
Brasil	40	Venezuela	
Total for Others	13692		8256
Others not Listed	561		1779
Grand Total	16960		12003

PS&D Table, Dairy, Butter

PSD Table						
Country	Poland					
Commodity	Dairy, Butter					(1000 MT)
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Beginning Stocks	9	9	4	4	5	4
Production	181	168	185	162	0	165
Intra EC Imports	0	0	0	0	0	0
Other Imports	3	8	3	12	0	10
TOTAL Imports	3	8	3	12	0	10
TOTAL SUPPLY	193	185	192	178	5	179
Intra EC Exports	0	0	0	0	0	0
Other Exports	5	3	3	3	0	3
TOTAL Exports	5	3	3	3	0	3
Domestic Consumption	184	178	184	171	0	172
TOTAL Use	189	181	187	174	0	175
Ending Stocks	4	4	5	4	0	4
TOTAL DISTRIBUTION	193	185	192	178	0	179
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

Prices Table, Dairy, Butter

Prices Table			
Country	Poland		
Commodity	Dairy, Butter		
Prices in	Zlotys	per uom	200 grams
Year	1999	2000	% Change
Jan	2.09	3.14	50.24%
Feb	2.09	3.15	50.72%
Mar	2.07	3.1	49.76%
Apr	2.06	3	45.63%
May	2.05	2.9	41.46%
Jun	2.04	2.8	37.25%
Jul	2.05	2.8	36.59%
Aug	2.18		
Sep	2.41		
Oct	2.54		
Nov	2.64		
Dec	2.88		
Exchange Rate	4.58	Local currency/US \$	

Import Trade Matrix, Dairy Butter

Import Trade Matrix			
Country	Poland		
Commodity	Dairy, Butter		
Time period	Jan - Dec	Units:	Tons
Imports for:	1998		1999
U.S.		U.S.	
Others		Others	
The Netherlands	408	Czech Republic	2324
France	318	Norway	1981
Belgium	120	Australia	720
Denmark	115	The Netherlands	531
Lithuania	23	Argentina	400
Malta	20	France	428
Germany	16	Slovak Republic	280
		Uruguay	200
		Island	190
		Hungary	176
Total for Others	1020		7230
Others not Listed	2		416
Grand Total	1022		7646

Export Trade Matrix, Dairy Butter

Export Trade Matrix			
Country	Poland		
Commodity	Dairy, Butter		
Time period	Jan - Dec	Units:	Tons
Exports for:	1998		1999
U.S.	172	U.S.	
Others		Others	
Russia	1659	Russia	108
Lithuania	705	Lithuania	442
Belarus	573	The Netherlands	847
Uzbekistan	538	Germany	599
Ukraine	488	Ukraine	140
Egypt	284	France	151
Azerbaijan	170	Azerbaijan	82
Latvia	110	Belgium	102
Turkey	66	Denmark	84
Nigeria	20	Armenia	20
Total for Others	4613		2575
Others not Listed	207		101
Grand Total	4992		2676

PS&D Table, Dairy, Milk, Nonfat Dry

PSD Table						
Country	Poland					
Commodity	Dairy, Milk, Nonfat Dry				(1000 MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Beginning Stocks	15	15	25	20	25	28
Production	124	109	125	100	0	110
Intra EC Imports	0	0	0	0	0	0
Other Imports	4	5	4	8	0	5
TOTAL Imports	4	5	4	8	0	5
TOTAL SUPPLY	143	129	154	128	25	143
Intra EC Exports	0	0	0	0	0	0
Other Exports	95	83	104	70	0	80
TOTAL Exports	95	83	104	70	0	80
Human Dom. Consumption	0	0	0	0	0	0
Other Use, Losses	23	26	25	30	0	28
Total Dom. Consumption	23	26	25	30	0	28
TOTAL Use	118	109	129	100	0	108
Ending Stocks	25	20	25	28	0	35
TOTAL DISTRIBUTION	143	129	154	128	0	143
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	2	0	0	0	0

Import Trade Matrix, Dairy, Milk, Nonfat, Dry

Import Trade Matrix			
Country	Poland		
Commodity	Dairy, Milk, Nonfat Dry		
Time period	Jan - Dec	Units:	Tons
Imports for:	1998		1999
U.S.	40	U.S.	
Others		Others	
Russia	2928	Russia	558
Ukraine	2034	Ukraine	1000
Lithuania	553	Lithuania	1772
Germany	210	Germany	213
Belarus	127	Thailand	1167
The Netherlands	90	The Netherlands	48
France	56	Great Britain	20
India	35	Czech Republic	24
Denmark	22	Australia	120
Total for Others	6055		4922
Others not Listed	1		8
Grand Total	6096		4930

Export Trade Matrix, Dairy, Milk, Nonfat, Dry

Export Trade Matrix			
Country	Poland		
Commodity	Dairy, Milk, Nonfat Dry		
Time period	Jan - Dec	Units:	Tons
Exports for:	1998		1999
U.S.	543	U.S.	1877
Others		Others	
Algeria	26986	Algeria	17784
The Netherlands	15829	The Netherlands	11616
Germany	9284	Germany	7159
Vietnam	6701	Vietnam	6657
Egypt	5166	Egypt	3527
Bangladesh	4103	Bangladesh	3811
Japan	3348	Japan	2872
Pakistan	3335	Pakistan	4412
Brasil	2892	Indonesia	4660
Chile	2667	France	1666
Total for Others	80311		64164
Others not Listed	20062		17174
Grand Total	100916		83215

PS&D Table, Dairy, Dry Milk

PSD Table						
Country	Poland					
Commodity	Dairy, Dry Whole Milk Powder					(1000 MT)
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Beginning Stocks	1	1	1	1	1	1
Production	39	32	39	31	0	32
Intra EC Imports	0	0	0	0	0	0
Other Imports	0	2	0	1	0	1
TOTAL Imports	0	2	0	1	0	1
TOTAL SUPPLY	40	35	40	33	1	34
Intra EC Exports	0	0	0	0	0	0
Other Exports	5	5	5	5	0	5
TOTAL Exports	5	5	5	5	0	5
Human Dom. Consumption	34	29	34	27	0	28
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	34	29	34	27	0	28
TOTAL Use	39	34	39	32	0	33
Ending Stocks	1	1	1	1	0	1
TOTAL DISTRIBUTION	40	35	40	33	0	34
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

Import Trade Matrix, Dairy, Dry Milk

Import Trade Matrix			
Country	Poland		
Commodity	Dairy, Dry Whole Milk Powder		
Time period	Jan - Dec	Units:	Tons
Imports for:	1998		1999
U.S.		U.S.	
Others		Others	
The Netherlands	190	France	809
France	104	Germany	351
Germany	20	Lithuania	297
		Czech Republic	243
		Argentina	75
		Denmark	44
		Belgium	40
		Austria	24
Total for Others	314		1883
Others not Listed			113
Grand Total	314		1996

Export Trade Matrix, Dairy, Dry Milk

Export Trade Matrix			
Country	Poland		
Commodity	Dairy, Dry Whole Milk Powder		
Time period	Jan - Dec	Units:	Tons
Exports for:	1998		1999
U.S.		U.S.	
Others		Others	
Russia	1274	Russia	372
Egypt	656	Egypt	2614
Uzbekistan	500	Pakistan	576
The Netherlands	322	The Netherlands	166
Lithuania	172	Lithuania	330
Hungary	143	Hungary	224
Romania	111	Germany	327
Syria	74	Syria	320
U.A.E.	48	France	47
Brasil	34	Saudi Arabia	45
Total for Others	3334		5021
Others not Listed	231		116
Grand Total	3565		5137