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Poland

Poultry and Products

Annual

2003

Approved by:
Charles Rush
U.S. Embassy
Prepared by:
PR

Report Highlights:
U.S. poultry meat exports to Poland will terminate late 2003 or early 2004 when Polish Veterinary Authorities implement EU import requirements. The exact date of implementation of the EU rules is not known. According to preliminary statements of Polish Veterinary Authorities, transhipment of U.S. poultry meat through Poland will be allowed after Poland's EU accession in May 2004. Regulations regarding post EU accession transhipments have not been established yet. Meanwhile, it is expected that Poland's chicken broiler production will increase six percent in 2003 and another four percent in 2004. Turkey meat production is expected to slightly increase or stabilize in 2003.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Annual Report
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I. Situation and Outlook

Poultry, Meat, Broiler

Production

It is expected that in 2003, chicken broiler production will increase six percent followed by four percent in 2004. Since mid 2002, chicken broiler production has developed at a slower pace than in the previous six years. Declining profitability, rising feed costs and competition from cheap pork on the market are the major reasons for slower development of chicken broiler output. Feed costs are expected to grow in the second half of 2003 and the first six months of 2004 due to an estimated four percent decrease in the domestic grain crop this year and reduced grain stocks from last year.

Over 70 percent of domestic broiler production is processed by 30 large slaughterhouses. Most large slaughterhouses have their own distribution systems, and sell directly to retail outlets or supermarkets rather than wholesalers. The remainder comes from smaller less intensive household flocks. However, large supplies of chicken meat on the market forced some farmers who had no signed contracts with large slaughterhouses to slaughter their birds in local small scale facilities. Of poultry produced on commercial farms, 73 percent was broiler chickens, 23 percent turkey and 4 percent water fowl (geese and ducks). Large slaughterhouses which produce chicken and turkey also have facilities for further processing chicken and turkey meat for sausages and smoked products.

There are no fully integrated poultry production operations. There are only a few partially integrated companies since some processing companies also own feed mills. There is limited U.S., German, and Spanish foreign investment in a few poultry meat processing facilities. There are currently 45 Polish processing plants eligible for export to the EU compared to 36 in 2002. Of 466 slaughterhouses and processing plants of poultry meat, 186 plants will not meet EU sanitary standards and will close when Poland joins the EU in May 2004. Within the remaining group of 235 plants, 25 will be granted a transition period which will allow them to adjust to the EU sanitary standards by 2007.

Consumption

Only 10 percent of chicken meat is sold frozen. Two thirds of chicken meat sold on the domestic market is distributed as whole birds and one third as cuts. Poultry meat consumption doubled over the last 10 years. According to the estimates of the Institute of Rural Economics in 2003, the average per capita consumption of poultry meat will be 21.0 kilograms compared to 19.8 kilograms in 2002. Strong consumer demand for poultry meat is partially a result of concerns with beef aggravated by Poland’s five recorded BSE cases in 2002 and 2003. Strong supplies of cheap pork on the domestic market are expected to reduce demand for poultry meat in 2003 and the first half of 2004. Nevertheless, consumption of chicken and turkey meat continue to grow as Poles become more health conscious and substitute poultry for other meats. The growing number of fast food restaurants also has stimulated demand for poultry meat.

Trade

Poland is a net exporter of poultry meat. In 2002, the total value of poultry meat exports was $137.8 million (an18 percent increase compared to 2001) while total value of imports was $25.1 million (a six percent decrease compared to 2001).

Exports

In 2002, exports of chicken meat and products grew mostly because of increased exports to EU member states and Eastern European markets. Increasing exports to the EU resulted from the introduction in 2001 of a zero tariff import quota for poultry meat and poultry meat products. In 2002, the EU duty free TRQ was 40,700 tons. In 2002, exports of chicken meat to the EU within the duty free quota of 57 percent consisted of fresh and chilled chicken parts. Export prices for chicken parts exported to the EU declined from $3.28 per kilogram in 2001 to $2.97 per kilogram in 2002.

-Imports

Total 2002 imports of chicken meat increased 24 percent as a result of higher imports from the EU. As a part of the Poland - EU pre-accession agreement signed in March 2001, Poland established a duty free import quota for poultry meat from the EU. In 2002, this duty free import quota was 23,000 tons and was entirely utilized. Elimination of tariffs for the EU resulted in a significant increase in imports of poultry meat from the EU at the expense of imports from the United States. As a result, imports of poultry meat from the U.S. dropped over 80 percent in 2002. Imports from the U.S. may rebound temporarily in 2003 due to the high exchange rate of the Euro versus the Polish zloty, and relatively low exchange rate between U.S. dollar and Polish zloty which may reduce the profitability of imports of chicken meat from the EU.

In 2003, the import quota for non-EU poultry meat was 47,736 tons. The within quota tariff rate is 30 percent (min. 0.3 EUR/kg) while the above quota tariff rate is 60 percent (min. 0.6 EUR/kg).

Turkey Meat

Production

Turkey meat production is expected to grow slightly or stabilize in 2003. Turkey meat production has developed very quickly over the last decade. Output has almost doubled since 1999, reaching a record level in 2002. High commercial stocks of turkey meat and plentiful supplies of pork and chicken meat in 2003, as well as high feed costs stemming from an expected four percent decrease in grain output in 2003 will stabilize output of turkey meat in 2003. Production of turkey meat in 2004 is expected to remain at this year's level. (Note: There are no official data on turkey meat production and estimates have to be made on the basis of industry sources and the Institute of Rural Economics).

Most turkey meat produced in Poland is processed and turkey is often used instead of pork in sausages. Compared with other meats, there is no tradition of fresh turkey meat consumption. However, consumption has begun to increase as prices of fresh and frozen turkey (imported) become more competitive and as Poles perceive it as a healthier product.

Trade

Imports

In 2002, imports of turkey meat from the United States declined 80 percent. The decrease in imports from the U.S. resulted from the zero duty import quota for poultry meat established for the EU. Turkey meat imported to Poland in 2002 consisted mostly of frozen boneless parts and legs. In 2002, the average import price for frozen boneless turkey parts imported from the EU was $1.53 per kilogram and for frozen legs $0.66 per kilogram. In 2002, the average import prices for frozen turkey parts imported from the U.S. was $1.08 per kilogram and for frozen turkey legs $1.19 per kilogram. The price disadvantage between frozen turkey legs imported from the EU and the U.S. was one of the reasons for drop in imports of turkey meat from the U.S. in 2002.

Exports

Poland mainly exports processed turkey meat. In 2002, exports of processed turkey meat (sausages) increased by 40 percent in comparison to 2001 level. Exports increased both to EU countries and to Central and Eastern Europe countries. Higher export of turkey meat products to the EU stimulated increase of export prices for turkey meat products.

Poultry Meat Policy

Trade Policy

Poland will join the European Union in May 2004. However, according to the Polish Veterinary Service the new health certificates for red meat and poultry meat will be implemented as of December 1, 2003 or January 1, 2004. Implementation of new health certificates similar to the health certificates used in the EU are required by the EU in order to harmonize border inspection in Poland prior to actual accession. Implementation of new health certificates will practically ban imports of U.S. poultry meat. Imports of U.S. poultry meat will be blocked entry unless the U.S. and the EU can resolve the dispute regarding U.S. poultry meat access to the EU.

Poland is a major transshipment point for U.S. poultry meat shipments to Ukraine and Moldova. Trade sources indicate that recent annual average transshipments range from 60,000 to 80,000 tons per year. The FASWarsaw seeks confirmation from the Polish Veterinary Authorities that transhipment of U.S. poultry meat will continue after implementation of the EU import requirements.

Implementation of the EU import requirements by the Polish Veterinary Authorities five to six months prior to actual EU accession creates a situation that Poland will ban imports of U.S. poultry meat due to anti-microbial chlorine wash procedures used by some of U.S. poultry processors. However, the anti-microbial chlorine wash procedures are still in use in some Polish poultry processing plants. It is difficult to estimate the number of Polish plants which are still using this procedure. Continuation of the anti-microbial chlorine wash by some Polish poultry processing plants and, at the same time banning imports of poultry meat from the U.S. for the same reason, is a violation of the WTO rule on national treatment. If Polish poultry processing plants continue to use anti-microbial chlorine wash after EU accession in May 2004, then it will become a larger issue between the EU and the United States. (See Gain Report #PL3018, "Updated Status of U.S.-Poland Veterinary Policy Related Trade Concerns".)

There has been periodic domestic poultry producer opposition to poultry meat imports. These producers blamed imports for declining Polish poultry meat prices even though imports account for five percent or less of total supplies. Further, protectionist elements also accused divergence of transshipments onto the domestic market as another reason for slumping prices. However, Poland has a strict control system to ensure transshipments exit the country. All government and trade sources indicate that such divergence rarely, if ever, occurs. Perhaps as a consequence of domestic producer pressures in conjunction with Poland’s Feb. 2002 new veterinary law, the government has instituted higher transshipment customs deposits as well as additional veterinary certificate Polish language requirements. These have hindered but not stopped transshipments.

All poultry meat imported into Poland must be accompanied by a health certificate issued by a government-approved veterinarian from the exporting country. Each box containing poultry meat must be labeled in Polish and should include the date of production expressed in numbers (not as a bar code), along with the name of the producer and the product's name.

Impact of EU Accession on Polish Poultry Meat Industry.

The Polish poultry meat industry is very diversified. There is a group of 50 large and strong poultry meat companies which will successfully compete with the West European poultry meat suppliers after Poland’s EU accession in May 2004. However, the majority of smaller scale producers and processors of poultry meat will not be able to successfully compete with EU suppliers due to inadequate sanitary conditions and a lack of resources to modernize and restructure firms. Polish processors of poultry meat (especially turkey meat) specialized in production of high quality poultry sausages and variety of processed poultry products which are exported to the EU. It is expected that after EU accession Poland will remain a supplier of processed poultry products and water fowl to other EU member states.

Other Reports of Interest:

- Gain Report #3019 “Livestock and Products 2003”
- Gain Report #3013 “Grain & Feed Annual”
- Gain Report #PL3018, "Updated Status of U.S.-Poland Veterinary Policy Related Trade Concerns".

II. Statistical tables

PSD, Poultry, Meat, Chicken - 16 weeks

PSD Table						
Country	Poland					
Commodity	Poultry, Meat, Broiler				(1000 MT)(MIL HEAD)	
	2002	Revised	2003	Estimate	2004	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		01/2002		01/2003		01/2004
Inventory (Reference)	0	0	0	0	0	0
Slaughter (Reference)	0	0	0	0	0	0
Beginning Stocks	0	0	0	0	0	0
Production	485	470	495	500	0	520
Whole, Imports	0	0	0	0	0	0
Parts, Imports	10	13	8	10	0	10
Intra EC Imports	0	0	0	0	0	0
Other Imports	0	0	0	0	0	0
TOTAL Imports	10	13	8	10	0	10
TOTAL SUPPLY	495	483	503	510	0	530
Whole, Exports	0	0	0	0	0	0
Parts, Exports	12	23	14	25	0	25
Intra EC Exports	0	0	0	10	0	10
Other Exports	0	0	0	0	0	0
TOTAL Exports	12	23	14	25	0	25
Human Consumption	483	460	489	485	0	505
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	483	460	489	485	0	505
TOTAL Use	495	483	503	510	0	530
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	495	483	503	510	0	530
Calendar Yr. Imp. from U.S.	1	0	1	0	0	0

Import Trade Matrix, Chicken - 16 weeks

Import Trade Matrix			
Country	Poland		

Commodity	Poultry, Meat, Broiler		
Time period	Jan - Dec	Units:	Tons
Imports for:	2001		2002
U.S.	2842	U.S.	487
Others		Others	
The Netherlands	4799	The Netherlands	9831
Denmark	657	Great Britain	1004
Belgium	375	Germany	467
Germany	340	Belgium	262
Ireland	306	Denmark	139
Italy	280	Hungary	119
Great Britain	225	Italy	85
France	119	France	71
Hungary	58	Finland	60
Canada	44	Czech Republic	42
Total for Others	7203		12080
Others not Listed	195		126
Grand Total	10240		12693

Export Trade Matrix, Chicken - 16 weeks

Export Trade Matrix			
Country	Poland		
Commodity	Poultry, Meat, Broiler		

Time period	Jan - Dec	Units:	Tons
Exports for:	2001		2002
U.S.		U.S.	
Others		Others	
Germany	3884	Germany	5365
France	2036	Ukraine	4869
Russia	1181	Russia	2570
Belarus	439	Belarus	2327
The Netherlands	424	U.K.	1401
Italy	350	Moldova	1086
Romania	246	The Netherlands	985
Ukraine	174	France	972
Latvia	146	Benin	387
Moldova	94	Romania	385
Total for Others	8974		20347
Others not Listed	648		2955
Grand Total	9622		23302

Retail Price of Chicken Broilers

Prices Table			
Country	Poland		
Commodity	Poultry, Meat, Broiler		

Prices in	zlotys	per uom	kilogram of dressed chicken
Year	2002	2003	% Change
Jan	4.86	4.45	-8.44%
Feb	4.77	4.53	-5.03%
Mar	4.81	4.59	-4.57%
Apr	4.92	4.74	-3.66%
May	4.98	5.2	4.42%
Jun	5.12		-100.00%
Jul	4.96		-100.00%
Aug	5.13		-100.00%
Sep	5.37		-100.00%
Oct	5.31		-100.00%
Nov	4.63		-100.00%
Dec	4.33		-100.00%
Exchange Rate	4	Local currency/US $	

PSD, Poultry, Meat, Turkey

PSD Table						
Country	Poland					
Commodity	Poultry, Meat, Turkey				(1000 MT)(MIL HEAD)	
	2002	Revised	2003	Estimate	2004	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]

Market Year Begin		01/2002		01/2003		01/2004
Inventory (Reference)	0	0	0	0	0	0
Slaughter (Reference)	0	0	0	0	0	0
Beginning Stocks	0	0	0	0	0	0
Production	165	165	170	170	0	175
Whole, Imports	0	0	0	0	0	0
Parts, Imports	10	17	10	15	0	15
Intra EC Imports	0	0	0	0	0	0
Other Imports	0	0	0	0	0	0
TOTAL Imports	10	17	10	15	0	15
TOTAL SUPPLY	175	182	180	185	0	190
Whole, Exports	0	0	0	0	0	0
Parts, Exports	12	14	13	13	0	13
Intra EC Exports	0	0	0	0	0	0
Other Exports	0	0	0	0	0	0
TOTAL Exports	12	14	13	13	0	13
Human Consumption	163	168	167	172	0	177
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	163	168	167	172	0	177
TOTAL Use	175	182	180	185	0	190
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	175	182	180	185	0	190
Calendar Yr. Imp. from U.S.	4	2	3	1	0	0

Import Trade Matrix, Meat, Turkey

Import Trade Matrix			
Country	Poland		
Commodity	Poultry, Meat, Turkey		
Time period	Jan - Dec	Units:	Tons
Imports for:	2001		2002
U.S.	4691	U.S.	1889
Others		Others	

Great Britain	2889	Great Britain	5043
Italy	1626	Hungary	3987
France	1441	Italy	2648
Canada	1397	France	1364
Denmark	508	Germany	484
The Netherlands	183	Spain	305
Germany	147	Denmark	300
Hungary	96	Canada	194
Spain	36	Ireland	158
Ireland	20	Finland	154
Total for Others	8343		14637
Others not Listed	7		294
Grand Total	13041		16820

Export Trade Matrix, Meat, Turkey

Export Trade Matrix			
Country	Poland		
Commodity	Poultry, Meat, Turkey		
Time period	Jan - Dec	Units:	Tons
Exports for:	2001		2002
U.S.		U.S.	
Others		Others	
Germany	8451	Germany	9216

Russia	1226	Russia	1429
Belarus	742	Belarus	1374
The Netherlands	178	Moldova	451
France	163	Great Britain	401
Italy	145	The Netherlands	208
Austria	121	Italy	138
Ukraine	37	France	133
Great Britain	36	Ukraine	130
Estonia	21	Benin	22
Total for Others	11120		13502
Others not Listed	163		220
Grand Total	11283		13722