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Poland

Grain and Feed

Poland Corn Import Rise

2003

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Report Highlights:

Poland corn imports, mostly from Brazil, have risen dramatically due largely to production shortages, rising wheat versus corn prices, and new duty free grain import quotas only valid until Poland's May 1, 2004 EU accession. However, the pace of imports appears to be slowing because of factors related to possible high stock fees, speculations that some current Polish grain needs will be met within an expanded EU, and stabilizing yet high domestic prices.

Includes PSD Changes: Yes
Includes Trade Matrix: No
Unscheduled Report
Warsaw [PL1]
[PL]

Based on recent developments, the current MY corn and wheat PSDs have been adjusted to reflect changing import levels. Corn imports are rising while wheat (mostly feed wheat) imports are not as high as originally expected due to high wheat prices.

Although Polish 2003 corn production was only 4 percent below the 2002 record level, 2003/04 corn imports are expected to increase to around 600,000 tons. This is the highest level since 1996/97.

Because of 13 percent reduced 2003 grain production and supply shortages (reported in GAIN reports PL3023, 08/23/2003 and PL 3029, 08/29/2003), Poland's MY 2003/04 grain import needs are high. Various sources estimate total grain import needs as ranging from 1.5 MMT to 2.7 MMT.

In response to grain needs, the Government of Poland (GoP) eased grain import constraints by introducing additional duty free grain import quotas totaling 1 MMT. Besides large tariff free import quotas for EU wheat and zero duty on corn imports from the Czech and Slovak Republics, Hungary, Lithuania and Latvia, an additional tariff free quota on 600,000 tons of unspecified grains from all countries became available at the beginning of January 2004. An additional 400,000 tons tariff free quota was announced by the Minister of Agriculture at the end of January; actual availability expected soon.

The GoP issued a December 2003 suggested change in the Polish pre EU accession plant quarantine list which might have made wheat imports from the U.S. possible before May 1, 2004. However, the regulation is still not in place as of the date of this report due to a time consuming approval process. In any case, it may not fully address all plant quarantine issues. Also, even if approved, prospects for U.S. wheat would depend on relative world prices. Also, U.S. corn Polish plant quarantine barriers might be partially addressed, but imports would be unlikely because of GoP biotechnology trade constraints.

According to a mid-January quota distribution announcement, importer quota applications were approved for over 350,00 tons of corn and 50,000 tons of barley out of the initial 600,000 ton all grain import quota. According to trade sources, almost all corn contracted is Brazilian while barley is mainly malting barley from European sources. The residual over 200,000 tons from the first quota is expected to be allocated the week of Feb. 9th. However, things have been complicated by GoP recent information indicating a possible Polish adoption of regulations consistent with EU laws related to "unjustified" grain stocks. The impact of the proposed regulation is unclear to the grain industry, including importers. The regulation may suggest large fees on accumulated stocks. Stock levels would be assessed based on the actual stocks versus the average annual individual company's stocks for the last 3 years as of the last day of April. This policy would be further complicated because of the shift to largely private company stock holding versus previous years' GoP policies requiring that the GoP Agricultural Market Agency serve as the main grain stock holder institution.

These stock regulations could slow the pace of imports by increasing GoP fees and lessening a desire to hold high level stocks. Possible changes appear consistent with reported EU concerns that Poland not build up substantially large grain stocks just prior to its EU accession. Imports may also be slowed some by very recent Polish grain market stabilization. Wheat is currently traded in Poland at slightly over ZLN 700 (USD 183) per ton, rye at ZLN 500-560 (USD 131-146) per ton, barley at around ZLN 600 (USD 157) and corn at ZLN 620-640 (USD 162-167) per ton.

Feed wheat is a key component for Poland's feed industry, but due to current feed wheat shortages and high prices, corn has become the best alternative. Because of the changing

corn import levels, we currently estimate that wheat imports will decline so have reduced our MY 2003/04 wheat import estimate.

There is common public opinion that Poland's EU entry will solve large grain deficit problems, because domestic prices will become similar to those of the EU and there will be no tariffs in an internal EU 25 market. However, there have already been large EU tariff free wheat quotas available for over a year.

PSD Table

| Country Commodity | Poland Corn | | (1000 HA)(1000 MT) | | | | UOM |
|------------------------|-----------------------|---------------------|-----------------------|----------|-----------------------|----------------------|-----------|
| | 2001 USDA Official | Revised Estimate | 2002 USDA Official | Estimate | 2003 USDA Official | Forecast Estimate | |
| Market Year Begin | 10/2001 | | 10/2002 | | 10/2003 | | MM/YYYY |
| Area Harvested | 224 | 224 | 305 | 319 | 350 | 356 | (1000 HA) |
| Beginning Stocks | 280 | 285 | 448 | 457 | 578 | 630 | (1000 MT) |
| Production | 1362 | 1362 | 1950 | 1962 | 1900 | 1884 | (1000 MT) |
| TOTAL Mkt. Yr. Imports | 156 | 133 | 80 | 120 | 20 | 600 | (1000 MT) |
| Oct-Sep Imports | 123 | 133 | 60 | 120 | 20 | 600 | (1000 MT) |
| Oct-Sep Import U.S. | 0 | 1 | 0 | 0 | 0 | 0 | (1000 MT) |
| TOTAL SUPPLY | 1798 | 1780 | 2478 | 2539 | 2498 | 3114 | (1000 MT) |
| TOTAL Mkt. Yr. Exports | 0 | 0 | 0 | 7 | 0 | 0 | (1000 MT) |
| Oct-Sep Exports | 0 | 0 | 0 | 7 | 0 | 0 | (1000 MT) |
| Feed Dom. Consumption | 1250 | 1220 | 1800 | 1800 | 1900 | 2550 | (1000 MT) |
| TOTAL Dom. Consumptic | 1350 | 1323 | 1900 | 1902 | 2000 | 2700 | (1000 MT) |
| Ending Stocks | 448 | 457 | 578 | 630 | 498 | 414 | (1000 MT) |
| TOTAL DISTRIBUTION | 1798 | 1780 | 2478 | 2539 | 2498 | 3114 | (1000 MT) |

PSD Table

| Country Commodity | Poland Wheat | | (1000 HA)(1000 MT) | | | | UOM |
|------------------------|-----------------------|---------------------|-----------------------|----------|-----------------------|----------------------|-----------|
| | 2001 USDA Official | Revised Estimate | 2002 USDA Official | Estimate | 2003 USDA Official | Forecast Estimate | |
| Market Year Begin | 07/2001 | | 07/2002 | | 07/2003 | | MM/YYYY |
| Area Harvested | 2627 | 2627 | 2422 | 2414 | 2450 | 2308 | (1000 HA) |
| Beginning Stocks | 1150 | 1094 | 1100 | 1348 | 400 | 605 | (1000 MT) |
| Production | 9283 | 9283 | 9297 | 9304 | 7900 | 7858 | (1000 MT) |
| TOTAL Mkt. Yr. Imports | 281 | 310 | 94 | 101 | 850 | 700 | (1000 MT) |
| Jul-Jun Imports | 281 | 310 | 94 | 101 | 850 | 700 | (1000 MT) |
| Jul-Jun Import U.S. | 0 | 0 | 0 | 2 | 0 | 5 | (1000 MT) |
| TOTAL SUPPLY | 10714 | 10687 | 10491 | 10753 | 9150 | 9163 | (1000 MT) |
| TOTAL Mkt. Yr. Exports | 41 | 39 | 1092 | 1088 | 100 | 0 | (1000 MT) |
| Jul-Jun Exports | 41 | 39 | 1092 | 1088 | 100 | 0 | (1000 MT) |
| Feed Dom. Consumption | 4100 | 3740 | 3500 | 3500 | 3200 | 3400 | (1000 MT) |
| TOTAL Dom. Consumptic | 9573 | 9300 | 8999 | 9060 | 8750 | 8900 | (1000 MT) |
| Ending Stocks | 1100 | 1348 | 400 | 605 | 300 | 263 | (1000 MT) |
| TOTAL DISTRIBUTION | 10714 | 10687 | 10491 | 10753 | 9150 | 9163 | (1000 MT) |