



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Required Report - public distribution

Date: 5/6/2004

GAIN Report Number: PL4011

Poland

Grain and Feed

Annual

2004

Approved by:

Wayne Mostad, Agricultural Counselor
U.S. Embassy

Prepared by:

WFM, CR, WPM

Report Highlights:

Polish MY 2004/05 grain production is expected to rise 12 percent due to much improved weather conditions compared to MY 2003/04 weather related losses. MY 04/05 imports are expected to decline due to reduced swine production, stocks will be replenished, and exports will be negligible. Poland joined the EU on May 1, 2004. It is undergoing a policy transition period, but farmer incomes are generally expected to rise. Poland is now in an internal EU-25 market. It will implement EU consistent third-country grain trade policy including elimination of weed seed zero tolerance trade constraints.

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

Table of Contents

Executive Summary	3
Wheat	4
Wheat PS&D Table	4
Production	4
-Input Supplies and Use are Limited:	5
-Durum wheat production first trials expected in Poland in MY 2004/05:	5
-High Wheat Prices:	5
Wheat Price Table	6
Consumption.....	6
Trade	7
Wheat Import Table.....	8
Wheat Export Table	8
Stocks.....	9
Policy.....	9
-Domestic Support	9
-Trade Policy.....	10
Marketing	11
Feed Grains	12
-Corn PS&D Table	12
-Barley PS&D Table	13
-Rye PS&D Table.....	14
-Oats PS&D Table	15
-Mixed Grain PS&D Table	16
Production	16
Consumption.....	17
-Prices.....	18
- Rye Price Table	18
Trade	18
Corn Import Table.....	19
Barley Import Table.....	20
Rye Import Table	20
Policy.....	21
Marketing	21

Executive Summary

Forecast MY 2004/05 grain production will increase close to a normal level of about 28 MMT due to mild weather conditions. This will be a 12 percent increase compared to the winterkill and summer drought reduced MY 2003/04 crop. There will also be reduced feed demand due largely to reduced swine inventories. Consequently, forecast grain imports should be very small, less than 0.5 MMT. Some stock replenishment is expected, but virtually no grain exports are anticipated.

In MY 2003/04, the Government of Poland's (GoP) unclear pre-accession tax policy on stock build-ups, combined with high world market grain prices, effectively prevented high imports of grain in spite of grain shortages and large tariff free quotas. To allow for larger grain imports, Poland's Government even changed it's long-standing zero tolerance Ambrosia spp. phytosanitary regulation, a factor which had blocked U.S. grain imports since 1997, two months before EU accession and before adoption of EU Sanitary and Phytosanitary regulations (SPS). Such weed seeds are not on the EU quarantine list. Estimated grain imports in MY 2003/04 are about 1.7 MMT.

On May 1, 2004 Poland joined the European Union (EU). It's grain support and intervention programs are now akin to those of the EU, although at lower transitional levels and more on a per hectare basis than among EU-15 farmers. Nevertheless it is expected that Polish grain farmers' incomes will rise because of CAP support. However the differences between previous and new support programs may cause some market disruptions during the first year of accession transition.

The following table summarizes the current total grain situation in Poland (000 hectares/000 metric tons):

	MY 2002/03	MY 2003/04	MY 2004/05		MY 2002/03	MY 2003/04	MY 2004/05
Area Harv.	8,259	8,126	8,420	MY Export	1,116	0	0
Beg. Stocks	3,563	2,491	1,488	Feed Use	18,761	17,575	16,945
Produc- tion	26,838	23,347	26,080	Tot.Dom Consum.	27,288	26,100	25,480
MY Import	494	1750	470	Ending Stocks	2,491	1,488	2,558
Tot. Supply	30,895	27,588	28,038	Total Distr.	30,895	27,588	28,038

Wheat

Wheat PS&D Table

PSD Table

Country Commodity	Poland		(1000 HA)(1000 MT)				UOM
	2002	Revised	2003	Estimate	2004	Forecast	
Market Year Begin	USDA Official [Estimate [	DA Official [Estimate [	DA Official [ Estimate [	DA Official [ Estimate [	DA Official [ Estimate [	DA Official [ Estimate [	MM/YYYY
Area Harvested	2414	2414	2308	2308	0	2450	(1000 HA)
Beginning Stocks	1100	1348	400	624	358	382	(1000 MT)
Production	9304	9304	7858	7858	0	8700	(1000 MT)
TOTAL Mkt. Yr. Imports	94	125	700	800		300	(1000 MT)
Jul-Jun Imports	94	125	700	800	0	300	(1000 MT)
Jul-Jun Import U.S.	0	0	0	5	0	5	(1000 MT)
TOTAL SUPPLY	10498	10777	8958	9282	358	9382	(1000 MT)
TOTAL Mkt. Yr. Exports	1092	1093	50	0	0	0	(1000 MT)
Jul-Jun Exports	1092	1093	50	0	0	0	(1000 MT)
Feed Dom. Consumption	3500	3960	3000	3800	0	3600	(1000 MT)
TOTAL Dom. Consumptic	9006	9060	8550	8900	0	8700	(1000 MT)
Ending Stocks	400	624	358	382	0	682	(1000 MT)
TOTAL DISTRIBUTION	10498	10777	8958	9282	0	9382	(1000 MT)

Production

The MY 2004/05 wheat crop is forecast to increase by almost 11 percent due to 6 percent larger acreage and higher yields. Last year's crop size was 15 percent smaller than in the previous year because of larger winter losses, reduced acreage and dry weather during the growing season.

According to official reports, almost 1.9 million hectares of winter wheat were planted in fall 2003, which was about the same as the previous year. As winter began, crops were in better condition than in previous years. Winter was much milder than a year ago and almost no winter losses were reported. Crop evaluations conducted in March showed larger (3.4 percent) live plant rates on wheat fields compared to a year ago.

This year's spring planting and crop vegetation is significantly earlier than a year ago but one week later than average. Current spring weather is considered good for early stage plant growth. The major concerns are relatively small use of certified seeds in grain planted, due to the high seed price trend observed for the last few years, and additionally this year high prices on fertilizers and plant protection chemicals may result in significant reductions in input use and reduce potential yields.

Over the past few years favorable prices for grain on the domestic market, supported by large government programs, resulted in a relatively large grain area, currently 70 percent of total arable land. Almost one-third of the total grain area is wheat of which 75 percent is winter wheat.

-Input Supplies and Use are Limited:

Because of high prices, farmers rely mainly on grain seeds reproduced often on their own farms. The percentage of new seeds purchased from seed companies in Poland currently is about 10 percent and in some cases only 7 percent, while such seed exchanges on farms in EU 15 countries is reported at 60-80 percent each year. That results in the use of less productive seeds in Poland and consequently smaller crops.

This year farmers are also facing serious problems buying fertilizers due to market shortages. In fertilizer purchasing markets there are long lines and pending orders to buy fertilizers. The situation is similar to that of the old centralized economic system in Poland. The reason for the above situation is recent drastically reduced fertilizer production and supplies, particularly nitrogen fertilizers. Also previous imports of nitrogen fertilizers from Russia are mostly unavailable because Russian companies are mainly exporting to Euro currency countries due to high Euro value. This situation resulted in significant fertilizer price increases. Nitrogen fertilizer market prices increased about 40% since last fall and may still rise. Such a situation undoubtedly will influence MY 2004/05 grain yields. It is expected that EU accession will result in further increase in input prices for grain farmers.

-Durum wheat production first trials expected in Poland in MY 2004/05:

This year there will be field trials in Wielkopolska region (Central Poland) of production of Italian durum wheat in Poland. About 150 hectares are expected to be planted this spring, and if successful, may be the first possibility to grow durum in Poland. The idea was that of an Italian company to find alternatives to meet their production demand. Current durum demand is estimated at more than 100,000 tons annually, however, actual use of durum, all from imports, is much smaller and an average is about 50,000 tons because other wheat is used/blended with durum in pasta production.

-High Wheat Prices:

Wheat prices this season are up significantly in Poland, which possibly will strengthen wheat and other grain acreage. The current average wheat procurement price is about zlotys 700 (\$175) and zlotys 500 (\$125) for rye, about 40 percent more compared to a year ago. The current wheat prices in Poland are far above the 2004/05 EU intervention price for wheat.

Wheat Price Table

Country Poland

Commodity Wheat

Prices in **PLN** per uom **ton**

Year	2002	2003	% Change
Jan	477	436	-9%
Feb	483	447	-7%
Mar	483	454	-6%
Apr	478	475	-1%
May	469	514	10%
Jun	466	534	15%
Jul	434	479	10%
Aug	430	435	1%
Sep	429	443	3%
Oct	433	446	3%
Nov	422	547	30%
Dec	431	628	46%

Exchange Rate **4** Local Currency/US \$

Date of Quote **30/04/2004** MM/DD/YYYY

Note: Above table represents average wheat procurement price; Source: Main Statistical Office.

Consumption

Milling wheat consumption remains relatively stable in Poland, competing only with rye which is used for bread. Food wheat accounts for around 4.3 million tons or 74 percent of the 5.8 million tons of grain consumed annually in Poland.

About 50,000 tons of imported durum wheat is used annually for pasta production. Annual pasta production is close to 110,000 tons, but it is difficult to estimate the total amount of durum used to produce pasta. High quality pasta producers use 100 percent durum, other local pasta producers blend durum and common wheat while the lowest quality producers do not use durum.

A relatively large amount of wheat, up to about 4 million tons annually (approximately 40 percent of total domestically used wheat) is used in feed. It often replaces corn in poultry rations.

As a result of foreign investment, the amount of wheat processed into isoglucose sweeteners and gluten increased in recent years. In December 2002 Poland signed its EU accession agreement. The total isoglucose production quota for Poland as established in accordance with Poland's accession agreements is 26,781 tons of which 1,870 tons is quota B. In the final stage of it's negotiations, Poland requested a 40,000 ton isoglucose production quota. Poland had reportedly originally sought a much higher isoglucose production quota but the effort was rejected by the EU, so there is much less fast rising wheat use in the future.

Trade

Forecast wheat imports in MY 2004/05 are estimated to be 300,000 tons. This is about 37% of the level imported in the current MY 2003/04. Increased domestic production and reduced demand for feed will result in reduced imports, almost exclusively durum for pasta production and high quality wheat necessary for blending with local wheat in baking industry. As an EU member there will be more internal trade after accession while external trade will depend almost entirely on EU regulations.

Current year (MY2003/04) imports are estimated at 800,000 tons. Considering available (until end of April) large tariff free quotas, these imports could certainly be higher based on domestic supplies and demand but high prices on the world grain market, often only marginally lower than prices on the local market were resulting in rather reluctant imports. Additionally, EU regulations on excessive stocks and related proposed regulations by the Polish government made importers reluctant to import which reduced earlier import expectations.

Wheat exports in the current MY are almost none. As a result of a small crop and large import needs, the Government of Poland implemented export fees on wheat and wheat flour from the end of August 2003 through April 30, 2004 (see PL 3029) which eliminated export possibilities. No exports are foreseen in MY 2004/05, because increased production will be used on the domestic market and to rebuild stocks.

Poland also continued to reach record level wheat gluten exports to the U.S. with Jan.-Nov. 2003 exports to the U.S. at 18,421 tons, 39 percent higher than total CY 2002 wheat gluten exports to the United States. During Jan.-Nov. 2003, Poland's wheat gluten exports to the United States accounted for 84 percent of it's total wheat gluten exports.

Wheat Import Table

Country Poland
Commodity Wheat

Time Period	Jan.-Dec.	Units:	tons
Imports for:	2002		2003
U.S.	2400	U.S.	0
Others		Others	
Germany	139271	Russia	25375
Hungary	13683	Italy	11053
Slovakia	15856	Canada	16347
Canada	19480	Czech Republic	12198
Italy	10200	Germany	11618
Vietnam	8554	Slovakia	10793
Czech Republic	9372	France	6226
France	6454	Vietnam	6097
Greece	6711	Greece	5365
Denmark	7010	United Kingdom	1957
Total for Others	236591		107029
Others not Listed	15340		5987
Grand Total	254331		113016

Note: Figures in the Trade Matrix table are for CY based on data from the Global Trade Atlas - WTA, CY 2003 data are only for January-November.

Wheat Export Table

Country Poland
Commodity Wheat

Time Period	Jan.-Dec.	Units:	tons
Exports for:	2002		2003
U.S.	889	U.S.	1274
Others		Others	
South Africa	88848	Brazil	310621
Brazil	74869	South Africa	54750
Germany	64150	Nigeria	37100
Malaysia	62551	Yemen	36000
Egypt	52035	Uruguay	35141
Indonesia	68032	Germany	29517
Spain	25090	Indonesia	39113
Netherlands	23699	Algeria	19300
Oman	27500	Spain	6088
Sudan	22500	Senegal	2640
Total for Others	509274		570270
Others not Listed	62520		9569
Grand Total	572683		581113

Note: Figures in the Trade Matrix table are for CY based on data from the Global Trade Atlas - WTA, CY 2002 data are only for January-November.

Stocks

Estimated beginning MY 2002/03 wheat stocks were 1.3 million tons, about 14 percent of domestic annual consumption. The Agricultural Market Agency (AMA), which is responsible for stocks used for market intervention purposes and for strategic government stocks is the major grain stock holder. Before the weather affected the MY 2003/04 crop, the AMA decided to reduce its wheat stocks. Stocks from MY 2002/03 were exported, which resulted in more than a 50 percent stock reduction. Current AMA stocks are smaller compared to a year ago. Recently, it was officially announced that residual 300,000 tons of AMA wheat stocks will be released on the domestic market during May through June 2004. With increased wheat production projected in MY 2004/05, total wheat stocks should be partly rebuilt.

EU regulation no. 60/2004, dated 01/14/2004, obligated Poland and other new member states to report and penalize companies which accumulate an over supply of grain. This regulation required a separate domestic law. The first version halted a number of importers from grain imports, because they were afraid of the high additional costs on the imported product. The final form of local regulation was changed shortly before accession and created a more comfortable situation for a number of grain industry companies. Among major changes was the amount required for reporting (increased from 100 to 1,000 tons) and some additional changes less restrictive for industry and traders. However, the first version of the regulation and a fear of it's approval stopped pre-accession imports and resulted in even deeper stock market reductions than previously expected.

Policy

Poland joined the EU on May 1, 2004. EU accession will result in substantial Polish shifting to EU CAP policies which will impact grain production as well as local and foreign market activities. Poland has generally been more supportive of decoupling and payments to farmers on a per hectare basis. This is driven by the large number of farmers (approximately 18% of Poland's population live on farms) and nearly 2 million farms in a country the size of the state of New Mexico.

-Domestic Support

Poland reached its main accession agreement with the EU at the December 2002 EU Copenhagen summit. Final results of negotiations on farm support after accession resulted in less favorable terms than originally requested by Poland. Nevertheless, ultimately, they achieved a mixed system that incorporates per hectare payments.

The basic area for major supported crops (grains, oilseeds, flaxseed and pulses) was set at 9.454 million hectares as a total for all crops based on the average level for 1994/95 - 1998/99 while the average reference yield was set at 3.0 tons per hectare to establish equal support per hectare for each crop. The equivalent of 25 percent, 30 percent and 35 percent of direct payment support provided to EU-15 member state farmers will be allocated in 2004, 2005 and 2006 (100 percent by 2013) to all farmers in Poland based on their arable land. Supplemental support will bring the totals to 55, 60 and 65 percent compared to the level of direct payments to current EU farmers. However, supplemental payments are production related for certain crops rather than on a per hectare farmland basis. For grain, supplemental amounts will be based on area planted. These supplemental funds will be derived from the EU structural readjustment program and the GoP's budget.

The EU approved mixed farm support program (payments are on a per hectare farm land basis plus payments for producing certain crops) does not require Poland to eliminate part of the cultivated area from production as is the case in the single system payments for certain crops. Based on GUS data, in 2003 there were nearly 1.8 million hectares of idle land, which was 13.9 percent of total arable land in Poland. The approved mixed system with the same reference yield (3.0 MT/ha) will give the same support per hectare to all farmers in Poland, regardless of their scale of production and actual yields. This, however, reduces a potential larger support payment to efficient farmers.

There has been reluctance by many authorities to estimate actual accession impact. However a year ago according to analyses by Poland's Institute of Agricultural Economics, if full support is implemented (55, 60 and 65 percent of the EU level in years 2004, 2005 and 2006), farm income from grain production in average scale farm production would increase more than 30 percent when compared with income from grain production annual income averages for 1999-2001. This income level increase is consistent with European Commission analysis recently reported in the Polish media.

Polish government pre-accession support of food wheat and food rye is being replaced by a system, except in terms of intervention (wheat, corn, and barley), that provides similar per hectare support to farmers of all types of grain. Former food wheat and food rye sold to the industry received a minimum price plus direct price support. After accession this support will be eliminated and replaced with support based on total arable area and the supported crop area, which also applies to grain, rapeseed or other supported crops. It was estimated that only 58,000 of about 2 million farms in Poland participate in the former GoP grain procurement program which accounted for less than 2.5 percent of total grain farms.

According to EU regulations, intervention procurement will apply only to wheat, corn and barley. In general this will likely result in no price benefit for food wheat producers when compared with other grain. Under the new conditions all grain farmers will participate in general support for each unit of cultivated land and direct payment to each unit cultivated of grain. Previously all farmers participated only in small credit subsidies for input purchases and a small number of farmers participated in prices support for food wheat and food rye sold to the industry under specific conditions.

Former market wheat and rye grain domestic purchases, conducted right after harvest, entitled farmers to additional price subsidies under the GoP program. This will no longer exist. Rather, market intervention purchases will now start much later, November 1 until the end of May next calendar year. That may cause a number of market problems and less favorable conditions, particularly for farmers, who do not have grain storage facilities.

Former Government Loan Rate Subsidies for the industry participating in the grain GoP program will not exist. Grain buyers, who purchased at the minimum price or higher, were eligible for bank financing guaranteed by AMA. The banks were further subsidized by direct payments from the government for lower interest rates on loans used to purchase grain at levels below normal commercial rates. Such change (liquidation of subsidy) will increase the grain industry costs of processing and storage. In general it can be expected that the grain processing industry will be more reluctant in building their own stocks and may mean lower prices after harvest.

-Trade Policy

Poland's entire grain trade policy will now be incorporated into that of the EU. This will shift Poland's grain movement within the EU-25 but also impact trade with third countries. Poland

shifted its weed seed quarantine list to that of the EU which could positively impact imports, including from the U.S., during grain deficit periods. During surplus periods, Poland will move such stocks amongst EU-25 member states yet also likely periodically seek EC approval to include Polish grain exports to third countries under EU export subsidies.

Before Poland's accession, it had significantly eased grain import constraints because of their reduced crop and market shortages in MY 2003/04. Although general, basic import regulations were not changed from the previous year, significant additional quantities become available to be imported within tariff free quotas. There were also 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 600,000 ton tariff free quota of unspecified grain from all countries became available at the beginning of January 2004. Together with an unused part of the first quota, an additional 600,000 tons was added for all countries; this was only available March 18 - April 30, 2004. Actual imports were reduced when the government, under EU pressure out of concern for building up on stocks in Poland prior to accession, sought implemented high grain storage fees for the period prior to accession (see Stocks section for more details).

EU external grain trade regulations may be easier for Poland in terms of high quality wheat imports from other than EU sources. Accession will, however, mean a substantially reduced barrier for Poland meeting its grain needs within an internal EU-25 market; Poland has been importing over 80 percent of its grain imports from current EU-25 countries in recent years in any case. This does not, however, refer to the current unusual MY 2003/04 given grain deficits through the EU 25. Also, elimination of barriers could also mean much larger internal trade for grain products such as wheat flour, pasta, groats and bran of which over 90% of imports are coming from current EU-25 countries.

Marketing

At the end of February, 2004 the GoP changed its former SPS zero tolerance requirements concerning *Ambrosia spp.* weed seeds. Poland implemented a derogation removing *Ambrosia spp.* from its pre-accession plant quarantine list. U.S. wheat, corn and soybeans had been virtually blocked access to the Polish market since 1997 because of Poland's zero tolerance regulation on the presence of *Ambrosia spp.* in such shipments. Despite this pre-May 1 opportunity, U.S. grain market prices proved higher than expected and most of Poland's grain needs were, instead, purchased from other countries such as Brazil. Also, corn was not an option because Poland had also previously implemented biotechnology requirements which essentially blocked U.S. corn entry possibilities.

Upon EU accession, Poland introduced new a Plant Protection Law and directives, together with a list of quarantine pest organisms the same as that of the EU. That means no weed seed barrier on imports from U.S. grain. Nevertheless, Poland had not totally stopped its request that the EU consider adding *Ambrosia spp.* to it's quarantine list. Poland's separate earlier efforts to have *Ambrosia spp.* added to the European and Mediterranean Plant Protection Organization (EPPO) quarantine list had failed and was not accepted by an EPPO working committee.

Being within the EU with adopted EU regulations may enhance prospects for some U.S. wheat exports to Poland, particularly if combined with increasing grain industry technical support for Polish flour and feed mills. Specifically durum and hard red winter wheat would have the greatest potential to fill periodic needs of Poland's domestic grain milling industry but within the context of the EU-25 grain import quota system.

Feed Grains

-Corn PS&D Table

Country Commodity	Poland		(1000 HA)(1000 MT)				UOM
	2002	Revised	2003	Estimate	2004	Forecast	
Market Year Begin	USDA Official [	Estimate [DA	Official [	Estimate [DA	Official [	Estimate [New]	MM/YYYY
	07/2002		07/2003		07/2004		
Area Harvested	319	319	356	356	0	400	(1000 HA)
Beginning Stocks	448	457	637	648	621	432	(1000 MT)
Production	1962	1962	1884	1884	0	2400	(1000 MT)
TOTAL Mkt. Yr. Imports	127	136	300	400	0	0	(1000 MT)
Oct-Sep Imports	137	136	300	400	0	0	(1000 MT)
Oct-Sep Import U.S.	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	2537	2555	2821	2932	621	2832	(1000 MT)
TOTAL Mkt. Yr. Exports	0	7	0	0	0	0	(1000 MT)
Oct-Sep Exports	0	7	0	0	0	0	(1000 MT)
Feed Dom. Consumption	1800	1809	2100	2408		2200	(1000 MT)
TOTAL Dom. Consumptic	1900	1900	2200	2500	0	2300	(1000 MT)
Ending Stocks	637	648	621	432	0	532	(1000 MT)
TOTAL DISTRIBUTION	2537	2555	2821	2932	0	2832	(1000 MT)

-Barley PS&D Table

Country Commodity	Poland		(1000 HA)(1000 MT)				UOM
	2002	Revised	2003	Estimate	2004	Forecast	
Market Year Begin	USDA Official [Estimate [DA Official [Estimate [MM/YYYY				
	07/2002		07/2003		07/2004		
Area Harvested	1059	1051	1000	1016	0	1100	(1000 HA)
Beginning Stocks	181	348	189	300	39	181	(1000 MT)
Production	3369	3369	2800	2831	0	3300	(1000 MT)
TOTAL Mkt. Yr. Imports	139	153	350	350	0	150	(1000 MT)
Oct-Sep Imports	147	154	350	350	0	150	(1000 MT)
Oct-Sep Import U.S.	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	3689	3870	3339	3481	39	3631	(1000 MT)
TOTAL Mkt. Yr. Exports	0	0	0	0	0	0	(1000 MT)
Oct-Sep Exports	0	0	0	0	0	0	(1000 MT)
Feed Dom. Consumption	2800	2867	2600	2600	0	2500	(1000 MT)
TOTAL Dom. Consumptic	3500	3570	3300	3300	0	3200	(1000 MT)
Ending Stocks	189	300	39	181	0	431	(1000 MT)
TOTAL DISTRIBUTION	3689	3870	3339	3481	0	3631	(1000 MT)

-Rye PS&D Table

Country Commodity	Poland		(1000 HA)(1000 MT)				UOM
	2002	Revised	2003	Estimate	2004	Forecast	
Market Year Begin	USDA Official [	Estimate [07/2002	DA Official [	Estimate [07/2003	DA Official [	Estimate [New] 07/2004	MM/YYYY
Area Harvested	1585	1560	1600	1479	0	1520	(1000 HA)
Beginning Stocks	542	542	314	324	214	196	(1000 MT)
Production	3822	3831	3200	3172		3500	(1000 MT)
TOTAL Mkt. Yr. Imports	61	61	50	200	0	20	(1000 MT)
Oct-Sep Imports	78	83	50	200	0	20	(1000 MT)
Oct-Sep Import U.S.	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	4425	4434	3564	3696	214	3716	(1000 MT)
TOTAL Mkt. Yr. Exports	11	10	0	0	0	0	(1000 MT)
Oct-Sep Exports	11	11	0	0	0	0	(1000 MT)
Feed Dom. Consumption	2000	2135	1350	1531	0	1430	(1000 MT)
TOTAL Dom. Consumptic	4100	4100	3350	3500	0	3400	(1000 MT)
Ending Stocks	314	324	214	196	0	316	(1000 MT)
TOTAL DISTRIBUTION	4425	4434	3564	3696	0	3716	(1000 MT)

-Oats PS&D Table

Country Commodity	Poland		(1000 HA)(1000 MT)				UOM
	2002	Revised	2003	Estimate	2004	Forecast	
Market Year Begin	USDA Official [Estimate [DA Official [Estimate [MM/YYYY				
	07/2002		07/2003		07/2004		
Area Harvested	591	605	525	527	0	550	(1000 HA)
Beginning Stocks	73	73	68	77	68	59	(1000 MT)
Production	1480	1486	1200	1182	0	1400	(1000 MT)
TOTAL Mkt. Yr. Imports	0	3	0	0	0	0	(1000 MT)
Oct-Sep Imports	1	4	0	0	0	0	(1000 MT)
Oct-Sep Import U.S.	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	1553	1562	1268	1259	68	1459	(1000 MT)
TOTAL Mkt. Yr. Exports	5	5	0	0	0	0	(1000 MT)
Oct-Sep Exports	4	4	0	0	0	0	(1000 MT)
Feed Dom. Consumption	1200	1317	920	1040	0	1220	(1000 MT)
TOTAL Dom. Consumptic	1480	1480	1200	1200	0	1380	(1000 MT)
Ending Stocks	68	77	68	59	0	79	(1000 MT)
TOTAL DISTRIBUTION	1553	1562	1268	1259	0	1459	(1000 MT)

-Mixed Grain PS&D Table

Country Commodity	Poland		Mixed Grain				UOM
	2002	Revised	2003	Estimate	2004	Forecast	
Market Year Begin	USDA Official [Estimate]	DA Official [Estimate]	USDA Official [Estimate]	DA Official [Estimate]	USDA Official [Estimate]	DA Official [Estimate]	MM/YYYY
	07/2002	07/2002	07/2003	07/2003	07/2004	07/2004	
Area Harvested	2287	2310	2400	2440	0	2400	(1000 HA)
Beginning Stocks	908	795	571	518	471	238	(1000 MT)
Production	6863	6886	6450	6420	0	6780	(1000 MT)
TOTAL Mkt. Yr. Imports	0	16	0	0	0	0	(1000 MT)
Oct-Sep Imports	0	17	0	0	0	0	(1000 MT)
Oct-Sep Import U.S.	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	7771	7697	7021	6938	471	7018	(1000 MT)
TOTAL Mkt. Yr. Exports	0	1	0	0	0	0	(1000 MT)
Oct-Sep Exports	0	1	0	0	0	0	(1000 MT)
Feed Dom. Consumption	6450	6673	5800	6196	0	5995	(1000 MT)
TOTAL Dom. Consumptic	7200	7178	6550	6700	0	6500	(1000 MT)
Ending Stocks	571	518	471	238	0	518	(1000 MT)
TOTAL DISTRIBUTION	7771	7697	7021	6938	0	7018	(1000 MT)

Note: This table summarizes data for mixed grains and triticale.

Production

Because of almost no winter loses and almost normal (better than a year ago) weather conditions forecast for the majority of the growing season, forecast total grain production will increase 12 percent in MY 2004/05. The increase is attributed to higher yields (8 percent) and 3.5 percent increased acreage. Reported winter rye area is larger than a year ago. Increased barley and corn area are also predicted for the new MY. Additionally, very high feed grain prices will encourage farmers to increase spring planting.

Due to poor weather conditions, 2003 total grain production was only 23.4 million tons, which was 3.5 MMT or 13 percent less than 2002 production and seven percent below average 1996 - 2000 production.

Because Polish soils are light and well suited for rye, winter-sown rye accounts for a relatively large area, almost 19 percent of total grain area. However, in recent years rye area has been significantly reduced. Wheat has become the largest grain crop in recent years in Poland, accounting for about 30 percent of total grain area. In part, because of a shift in feed demand from imported corn to wheat. The feed wheat increase was spurred by high government food wheat intervention prices, which stimulated high overall wheat production. However, a large portion of wheat is of low feed quality. Barley accounts for about 13 percent of the total area sown. Triticale and mixed grain account for 27 percent and oats for seven percent of total grain area. Poland has limited production of corn because of the short growing season. Corn production (more than 4 percent of total grain area) is concentrated mainly in the south, west and some central parts of the country.

In 2003 corn production declined slightly compared to the record level in previous year. The 4% decline to 1.9 MMT in production was minimal compared to the sharp production decline for all other grains. This resulted from 12% increased area and relatively good yields. Since CY 1996, corn area and production have grown rapidly in Poland. The area is five times as

large and production is six times as much as 1996 levels. Attractive corn prices and the introduction of early varieties (shorter growing season varieties) encouraged larger planting area and a resultant production increase. While production has risen, Polish climatic conditions continue to impede substantial long-term increases.

The sharply reduced grain production in MY 2003/04 combined with relatively large demand for feed grains, a result of high swine inventories and large poultry production, sharply increased grain prices, and to some extent increased imports and significantly reduced grain stocks.

Consumption

Feed grain consumption in MY 2004/05 is forecast to decline about four percent compared to MY 2003/04 (six percent level lower). Forecast demand for feed should once again decline. Poultry production increased 7 percent last year, and future production is expected to boom stimulated by larger exports to EU-25 member states. Pork production will undoubtedly be reduced significantly, which is attributed to a downswing in the swine cycle as well as to very low swine prices at the end of CY 2003. After two consecutive years of an upward trend in swine inventories and production, swine numbers declined at the end of 2003. November swine inventories were 2.9% lower and pregnant sow inventories were 7.1% lower than the same period a year ago. It is estimated that total swine inventories will be reduced in July 2004 down to 17.1-17.5 million head from 18.6 million in July 2003. However, it is reported that more farmers are thinking of the inventory increases as they speculate that pork prices may go up significantly. Currently, the major barrier is relatively high feed prices due to expensive grains. Nevertheless, piglet prices in recent days increased significantly. For example in Kujawy-Pomorze Province a pair off piglets now cost PLN 100-160 (\$ 25-40), while not long ago these prices were about PLN 70 (\$ 18). According to the AMA pork prices should be at least PLN 4 per kilo (\$1.0) of live weight as a stronger incentive for pork producers. In addition the AMA expects that September pork prices should be PLN 4.5 – 4.8 (\$1.13 – 1.20) per kilo of live weight. These prices would undoubtedly reduce the current declining trend in swine production. Additionally, cattle and sheep inventories were lower, cattle were down 2.7% in December 2003. It is forecast that the prevailing upward trend in poultry production will only partly compensate for reduced demand for feeds and protein meals, now estimated at about 0.6 MMT reduced grain feed use in MY 2004/05.

MY 2003/04 feed grain use is estimated to decline almost 7 percent to 17.6 MMT due to reduced pork production and low inventories. Early MY 2003/04 profits in pork production declined sharply because of low pork producer prices, the result of over production. In Poland, a significant amount, more than 10 million tons of potatoes continued to be used as hog feed in 2000/01. The 2003 potato crop declined 11 percent from 2002 and was 42 percent below the average for 1996 -2000. Potato feed use declined to an estimated 4 MMT in MY 2003/04. As a result of this situation, current MY feed grain market supplies are insufficient and feed grain prices high.

Total commercial feed production in CY 2003 increased to 5.31 MMT, up 9 percent from the CY 2002 level. Only a small decline in commercial feed production is forecast for 2004. Increased poultry production will partly compensate for the reduced demand for pork commercial feeds. Of the total (5.31 MMT) commercial feed production in 2003, compound feed production was 4.68 million tons, up 9% and concentrated protein feed production was 540,000 tons (used mainly in hog production), a 7% increase. Concentrated protein feeds are used in hog production to be mixed with on-farm available feed components.

The Polish feed industry, which is largely private, invested heavily in recent years in modern production technology to improve feed quality. In addition to local feed companies, there are several companies with foreign capital. Provimi (formerly Central Soya), Rolimpex, Cargill, and Kudijas (purchased local Land O'Lakes) are the major commercial feed producers in Poland.

-Prices

Immediately after harvest feed grain prices were the same as a year earlier and were at the level guaranteed by the GoP program. During the last months of CY 2003 and beginning of 2004, prices increased very sharply following grain price changes on the world market. Domestic prices, however, were still not high enough to stimulate significant imports. Currently, prices are more or less stable although low grain supplies and low stocks may cause some sharp changes. According to the opinion of some traders, current high rye prices in Poland will soon allow for rye imports from Germany while corn prices are at the level of feed wheat despite the relatively large corn crop and imports.

- Rye Price Table

Country	Poland		
Commodity	Rye		
Prices in	PLN	per uom	ton
Year	2002	2003	% Change
Jan	382	353	-8%
Feb	374	360	-4%
Mar	374	363	-3%
Apr	374	377	1%
May	371	419	13%
Jun	373	437	17%
Jul	323	361	12%
Aug	320	325	2%
Sep	320	337	5%
Oct	324	345	6%
Nov	335	428	28%
Dec	334	472	41%

Exchange Rate Local Currency/US \$

Date of Quote MM/DD/YYYY

Note: Above table represents average rye procurement price; Source: Main Statistical Office.

Trade

In addition to durum and some quality wheat imports, there could also be imports of malting barley in MY 2004/05. Depending on prices in nearby countries, some imports of other feed grains, in rather small quantities, may also appear; all will be within the internal EU-25 market.

During current MY 2003/04, imports were reported of wheat, corn and barley. These imports could have been much larger, based on the country's supply and demand situation. However as explained in the wheat section, unclear regulations concerning grain stock taxation made importers reluctant to significantly import more grain under the pre-accession tariff free quotas.

Corn Import Table

Country Poland Commodity Corn

Time Period	Jan.-Dec.	Units:	tons
Imports for:	2002		2003
U.S.	675	U.S.	206
Others		Others	
Hungary	89105	Slovakia	60042
Slovakia	21565	Czech Republic	46745
Czech Republic	8710	Hungary	20180
France	3046	France	2649
Argentina	259	Austria	602
Austria	167	Argentina	426
Canada	171	Germany	173
Romania	93	Canada	165
Sierra Leone	51	Ukraine	41
Ukraine	80	Chile	23
Total for Others	123247		131046
Others not Listed	286		19
Grand Total	124208		131271

Note: Figures in the Trade Matrix table are for CY based on data from the Global Trade Atlas - WTA, CY 2003 data are only for January-November.

Barley Import Table

Country Poland
Commodity Barley

Time Period	Jan-Dec	Units:	tons
Imports for:	2002		2003
U.S.	0	U.S.	0
Others		Others	
Denmark	72143	Denmark	68248
Sweden	22365	Sweden	23323
Ukraine	1748	Czech Republic	24154
France	17780	France	12600
United Kingdom	25322	United Kingdom	7524
Netherlands	4200	Russia	7337
Lithuania	4252	Lithuania	3065
Austria	3001	Kazakhstan	1000
Hungary	2523	Slovakia	258
Finland	2000	Germany	77
Total for Others	155334		147586
Others not Listed	1518		76
Grand Total	156852		147662

Note: Figures in the Trade Matrix table are for CY based on data from the Global Trade Atlas - WTA, CY 2003 data are only for January-November.

Barley Import Table

Rye Import Table

Country Poland
Commodity Rye

Time Period	Jan.-Dec.	Units:	tons
Imports for:	2002		2003
U.S.	0	U.S.	0
Others		Others	
Ukraine	8222	Belarus	46665
Germany	4630	Denmark	23734
Slovakia	311	Russia	10996
Sweden	150	Czech Republic	2132
Hungary	150	Hungary	286
Belarus	132	Germany	87
Czech Republic	25		
Total for Others	13620		83900
Others not Listed			
Grand Total	13620		83900

Note: Figures in the Trade Matrix table are for CY based on data from the Global Trade Atlas - WTA, CY 2003 data are only for January-November.

Barley Import Table

Policy

The Polish Government had no specific pre-accession policies for feed grain production or marketing. Government grain support and intervention programs solely existed for food grain (food wheat and rye).

Grain support policies changed May 1, 2004 when Poland joined the EU. EU support policies are the same for wheat and major feed grains. Consequently, it is expected that feed grain prices will shift to higher EU price levels, contrary to wheat prices. This will likely ultimately result in increased barley and corn production but most likely no significant change in rye production.

(See "Wheat, Policy" section regarding more details on support programs and changes in trade.)

Marketing

Poland's zero tolerance for weed seeds, such as ragweed, was a serious barrier to U.S. corn exports to Poland from 1997. See "Wheat, MARKETING" for more information regarding the status of the weed seed issue which effectively blocked entry of U.S. wheat, corn and oilseeds into Poland. Despite elimination of trade restrictive phytosanitary weed seed barriers due to Poland's EU accession, U.S. corn still faces strong barriers because of GOP biotechnology trade constraints similar to those in other EU member states.