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Poland

Tobacco and Products

Annual Update

2005

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Report Highlights:

Unfavorable weather conditions in 2004 caused a much lower crop than was forecasted. About 50 percent of the 2004 quota of 37,682 tons was allocated. The 2005 quota of 37,933 tons was allocated in full, reflecting farmers' optimism for better weather and improved crops. Meanwhile, imports of raw tobacco doubled in 2004, yet the production of cigarettes rose only by 6 percent.

Includes PSD Changes: No
Includes Trade Matrix: Yes
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Table of Contents

Executive Summary 3
Production 3
Cigarettes – Production and Trade 3
Unmanufactured tobacco - PSD..... 5
Unmanufactured tobacco – Exports 6
Unmanufactured tobacco – Imports 7
Tobacco, Manufactured – Cigarettes, PSD..... 8
Tobacco manufactured – Cigarettes – Exports 9
Tobacco manufactured – Cigarettes – Imports..... 10

Executive Summary

According to preliminary data, tobacco production in 2004 was 30 percent lower than in 2003 reaching 14-15,000 tons. By the end of March 2005, less than half of the allocated 2004 quota was used. Farmers hope that with their higher guaranteed production quota they will achieve even higher production levels. The guaranteed production quota of 37,933 tons has already been allocated reflecting farmers' hopes for better weather conditions which would enable them to receive higher yields in 2005.

Since May 1, 2004 there have been lower import taxes on raw tobacco (18.4 percent compared to 105 percent) and cigarettes (57.6 percent compared to 173 percent minimum 19EUR/1,000 pcs) in Poland which resulted in double the quantity of imported raw tobacco, mostly from EU suppliers. Unfortunately, the imports of raw tobacco from the United States represented only 1/3 of the volume imported in 2003. As in previous years, cigarette manufacturers have agreed to buy all contracted quantities of local tobacco in 2005 as well. As the excise tax on cigarettes is much higher in the EU, Poland will slowly adjust its excise tax on cigarettes through 2008 when it should mirror the EU rate. Prices for some cigarettes, primarily expensive varieties, increased in the first quarter of 2005. For some consumers, cigarettes prices are too expensive. Cigarette smuggling continues to be a problem for Polish law officials.

Tobacco – Production and Trade

In 2004, the number of tobacco producers slightly decreased from about 17,000 to about 15,000. The tobacco area planted increased from 10,300 hectares in 2003 up to 11,721 hectare in 2004. No accurate data for total tobacco production in 2004 is available. According to the Agency for Agricultural Markets, farmers have received payments for 14,100 tons of within quota tobacco (total 37,682 tons registered). As of March 30, 2005, PLN 70.4 million (US\$ 21.67 million) has been paid from PLN 200 million (US\$ 61.6 million) in available funds. The 2005 production quota of 37,933 tons of tobacco was allocated to 916 individual farmers and 10 producer groups representing 13,940 farmers.

The most important buyers of raw tobacco are Universal Leaf Tobacco Poland Ltd., Philip Morris Poland S.A., Tobacco Plants in Lublin, and Tobacco Company Merkury Ltd.

The Act on fruit and vegetables, hops, and feed markets, also regulates the tobacco market and adjusts Polish regulations to EU regulations.

The Act covers:

- conditions of preliminary processing of raw tobacco,
- limiting the production of tobacco,
- area of tobacco production.

Imports of raw tobacco in 2004 doubled compared with 2003 levels, mostly to augment weather-damaged crops, but also due to lower import duties. There was a significant increase in imports from other EU countries: Belgium, Germany, France, and Italy. Imports from the United States were 60 percent lower than in 2003 (1,093 tons), and almost 10 times lower than in 2002 (3,270 tons). According to FAS Warsaw sources, American tobacco is not imported directly to Poland, but through Switzerland, Belgium or Netherlands.

Cigarettes – Production and Trade

According to the Main Statistical Office, the production of cigarettes in 2004 was 6 percent higher than in 2003 and increased to 86.8 billion cigarettes.

Both exports and imports of cigarettes and tobacco products were much higher in 2004 than in 2003. Exports of cigarettes more than doubled, from 5 billion pieces in 2003 up to 12.6 billion in 2004. Imports increased from 9 million pieces in 2003 up to 465 million pieces in 2004. The main buyers of Polish tobacco products were France, Iraq, Germany, Hungary, Mauritania, Cambodia and Egypt. The main suppliers of cigarettes to Poland were Germany, Denmark, Netherlands and Russia.

Exports of cigars were 25,000 pieces (30 percent down from 2003), while imports increased considerably in 2004 and reached 230,000 pieces compared with 76,000 in 2003 and 20,000 in 2002. This is a new tendency in tobacco products consumption.

Description	Excise tax in PLN per 1000 pcs and/or in percent:
Tobacco products:	
cigarettes	PLN 68.35 + 28.48 % of the maximum retail price but the minimum excise tax rate is PLN 129.44 per 1000 pcs
cigars, cigarillos from tobacco or tobacco substitute	PLN 134.00
other tobacco products	PLN 46.53 per kilogram + 19.39 % of the maximum retail price
imported smoking tobacco	60 % of the maximum retail price

US\$1 = PLN 3.25

According to the Ministry of Finance the average increase of excise tax on tobacco products in 2005 was 14.7 percent. The excise tax will increase through 2008 when it equal the overall EU rates.

Unmanufactured tobacco - PSD

PSD Table							
Country	Poland						
Commodity	Tobacco, Unmfg., Total						(HA)(MT)
	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		01/2003		01/2004		01/2005	MM/YYYY
Area Planted	10300	10300	10300	11721	0	11721	(HA)
Beginning Stocks	45227	45227	44027	44303	42527	42685	(MT)
Farm Sales Weight Prod	25000	25000	25000	20000	0	20000	(MT)
Dry Weight Production	22000	22000	22000	14000	0	18000	(MT)
U.S. Leaf Imports	2000	1093	2000	349	0	350	(MT)
Other Foreign Imports	17800	18566	20000	42085	0	40000	(MT)
TOTAL Imports	19800	19659	22000	42434	0	40350	(MT)
TOTAL SUPPLY	87027	86886	88027	100737	42527	101035	(MT)
Exports	6000	6490	6000	6703	0	7000	(MT)
Dom. Leaf Consumption	23000	20000	23000	15000	0	15000	(MT)
U.S. Leaf Dom. Consum.	2000	1093	1500	349	0	350	(MT)
Other Foreign Consump.	12000	15000	15000	36000	0	36000	(MT)
TOTAL Dom. Consumption	37000	36093	39500	51349	0	51350	(MT)
TOTAL Disappearance	43000	42583	45500	58052	0	58350	(MT)
Ending Stocks	44027	44303	42527	42685	0	42685	(MT)
TOTAL DISTRIBUTION	87027	86886	88027	100737	0	101035	(MT)

Unmanufactured tobacco – Exports

Export Trade Matrix

Country	Poland		
Commodity	Tobacco, Unmfg., Total		
Time Period	Jan-Dec	Units:	000 MT
Exports for:	2003		2004
U.S.		U.S.	
Others		Others	
Lithuania	1490	Russia	2023
Russia	1348	Germany	1369
Germany	899	Ukraine	1232
Ukraine	770	Sweden	562
France	568	Kazakhstan	308
Kazakhstan	405	Yugoslavia	252
Norway	395	France	252
		Czech	
Belgium	160	Republic	152
Sweden	113	Lithuania	126
Romania	83	Norway	102
Total for Others	6231		6378
Others not Listed	259		325
Grand Total	6490		6703

Unmanufactured tobacco – Imports

Import Trade Matrix

Country	Poland		
Commodity	Tobacco, Unmfg., Total		
Time Period	Jan-Dec	Units:	000 MT
Imports for:	2003		2004
U.S.	1093	U.S.	349
Others		Others	
Brazil	8014	Belgium	11379
Zimbabwe	2011	Germany	7662
India	1185	Brazil	6112
Italy	1168	France	4603
France	1139	Italy	2063
Argentina	941	India	1530
Turkey	863	Spain	1095
Malawi	685	Zimbabwe	911
Greece	490	Malawi	868
China	370	Hungary	706
Total for Others	16866		36929
Others not Listed	1700		5156
Grand Total	19659		42434

Tobacco, Manufactured – Cigarettes, PSD

PSD Table							
Country	Poland						
Commodity	Tobacco, Mfg., Cigarettes						
	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		01/2003		01/2004		01/2005	MM/YYYY
Filter Production	78240	78240	78500	78500	0	78800	(MIL PCS)
Non-Filter Production	3260	3260	3000	3000	0	3000	(MIL PCS)
TOTAL Production	81500	81500	81500	81500	0	81800	(MIL PCS)
Imports	84	9	84	465	0	500	(MIL PCS)
TOTAL SUPPLY	81584	81509	81584	81965	0	82300	(MIL PCS)
Exports	5081	5045	5081	12597	0	13000	(MIL PCS)
Domestic Consumption	76503	76464	76503	69368	0	69300	(MIL PCS)
TOTAL DISTRIBUTION	81584	81509	81584	81965	0	82300	(MIL PCS)

Tobacco manufactured – Cigarettes – Exports

Export Trade Matrix

Country	Poland		
Commodity	Tobacco, Mfg., Cigarettes		
Time Period	Jan-Dec	Units:	MLN PCS
Exports for:	2003		2004
U.S.	9	U.S.	
Others		Others	
Djibouti	849	France	2160
Mauritania	718	Iraq	1520
Egypt	653	Hungary	1235
Czech Rep.	430	Germany	1161
Ghana	378	Mauritania	1029
UAE	349	Cambodia	1018
Iraq	434	Czech Rep.	808
Panama	103	Djibouti	653
Slovenia	71	Egypt	544
Jordan	63	Ghana	286
Total for Others	4048		10414
Others not Listed	988		2183
Grand Total	5045		12597

Tobacco manufactured – Cigarettes – Imports

Import Trade Matrix

Country	Poland		
Commodity	Tobacco, Mfg., Cigarettes		
Time Period	Jan-Dec	Units:	MIL PCS
Imports for:	2003		2004
U.S.		U.S.	
Others		Others	
Germany	5	Germany	355
Czech Rep.	1	Netherlands	50
		Denmark	46
		Russia	11
Total for Others	6		462
Others not Listed	3		3
Grand Total	9		465