USDA Foreign Agricultural Service
GAIN Report
Global Agriculture Information Network

Template Version 2.09

Voluntary Report - public distribution

Date: 7/19/2005

GAIN Report Number: PL5017

Poland

Wine

Product Brief

2005

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Report Highlights:
Imports of U.S. wine rose 16 percent between 2002 and 2003; nevertheless, this trend did not continue in 2004. However, lower EU external tariffs applied to U.S. products upon Poland's 2004 EU accession should further stimulate imports in the future. Projections indicate that wine consumption in Poland will increase 10-15 percent within the next few years. Competition in the wine industry is growing, with an estimate of over 10,000 different brands on the market. The Wine Institute of California sponsored a selected wine tasting in Warsaw in April 2005.

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

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I. Introduction

Wine popularity is growing in Poland. Poles believe that wine represents a healthy lifestyle, resulting in overall consumption growth. Poland's accession to the European Union should be an advantage to wine importers, producers, distributors, and consumers.

Polish consumer tastes have been influenced by Bulgarian vermouth. Poles prefer seasoned and sweet wines with the market dominated by cheaper-priced products. With consumption of wine growing, trends show that wine will soon be a major competitor with beer and vodka.

Several large and medium sized firms have been importing wine for the past ten years. Wine is also imported in bulk and bottled in Poland. Consumer preferences indicate that bulk wine bottled in Poland is not as popular as imported bottled wines.

Poland has developed a seasonal market where 30 percent of yearly wine sales occur during the holiday periods of Christmas, carnival in February, and First Communion in May.

Advantages	Challenges
Wine consumption will increase 10-15% per capita in the next few years.	Due to low salaries nearly 50 percent of wines purchased are table wines ($2.00 - $15.00).
Poles favor sweet wines including red, sparkling, and white wines.	It is only legal to advertise wine on billboards and the majority of the population does not know the virtues of U.S. wine.
Polish consumers are aware of country origin and look for this when purchasing wines.	Competition in the wine industry is growing with an estimate of more than 10,000 different brands.

II. Market Sector Opportunities and Threats

Retail & HRI Market Sector

1) Entry Strategy

Contacting the right importer will help a business enter the Polish wine market. Most supermarkets, hypermarkets, specialty shops, hotels, restaurants, and catering companies buy the majority of their wines through wholesalers. Wholesalers work both with large importers and independently. They have their own distribution channels and marketing contacts. U.S. wine exporters may obtain a list of current importers by contacting the Office of Agricultural Affairs of the U.S. Embassy in Warsaw (see Section IV).

2) Market Size, Structure, Trends

Competition in the wine industry is growing. With imports from Chile, the United States, Bulgaria, France, Italy, Spain, and Australia, Poles have a wide array of wines to choose from.

Recent marketing involving wine tastings have been successful in Poland. The Wine Institute of California organized its first wine tasting in 2002 in Warsaw and Krakow with almost 40 wineries represented. The Wine Institute has organized a wine event in Warsaw every year since then. These events have been successful at introducing Polish business leaders to different California wines.

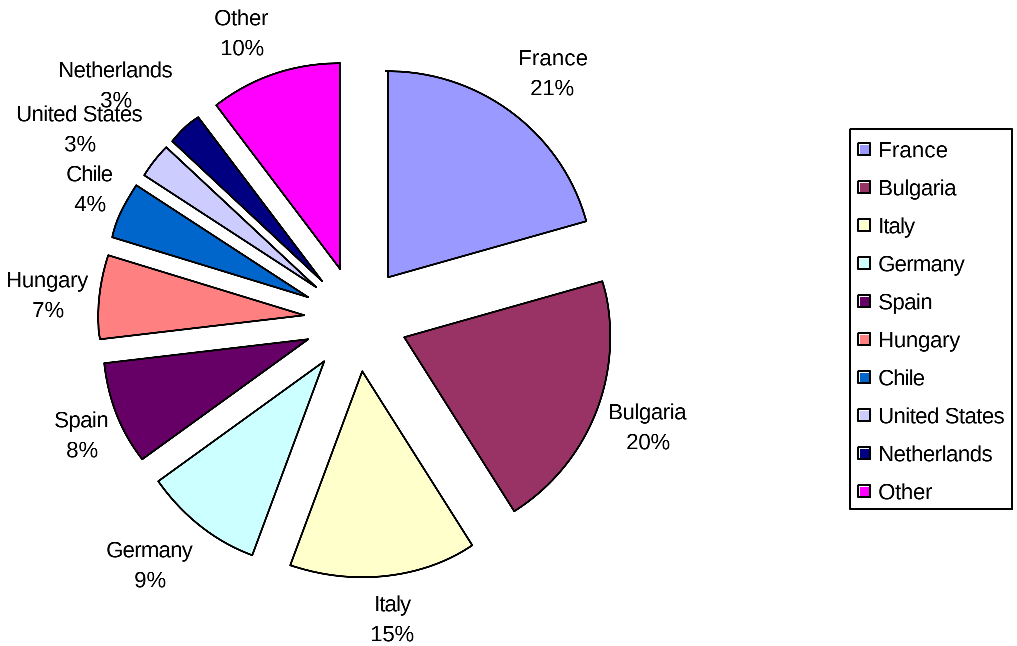
Most of the larger importers distribute products through their own wholesale operations located throughout Poland. Besides utilizing their own distribution channels, importers also sell their products to independent wholesale firms, which in turn distribute wine to hypermarkets, specialty shops, and small retail stores located in larger cities. Currently, the largest retail stores do not import wines for their own distribution but rather obtain it from a local importer or wholesaler.

Poland's Wine Imports

Partner Country	Unit	2002		2003		2004	
		USD	Quantity	USD	Quantity	USD	Quantity
World	L	58,392,259	52,387,729	78,689,104	56,997,647	95,634,679	61,342,317
France	L	15,148,179	8,699,213	21,256,630	15,361,818	19,732,789	9,030,900
Bulgaria	L	10,763,713	13,230,973	13,427,962	14,751,792	19,222,602	17,336,738
Italy	L	8,473,144	9,758,855	10,792,817	5,761,609	13,815,755	9,869,299
Germany	L	2,830,124	2,596,653	4,296,542	3,275,340	8,739,372	5,191,457
Spain	L	3,671,929	2,240,883	6,373,726	3,822,389	7,815,761	5,005,507
Hungary	L	6,530,068	6,155,794	7,408,879	5,350,062	6,233,305	5,173,965
Chile	L	1,682,436	895,849	2,659,048	1,143,329	4,064,199	1,664,776
United States	L	3,549,032	1,298,161	4,805,086	1,755,764	2,799,813	935,288
Netherlands	L	3,611	2,563	82	45	2,679,194	912,135

Source: Global Trade Atlas

Poland's Wine Import Market Share



3) Company Profiles

In the early 90s several large importing firms existed on the Polish market. In addition to these market leaders, there were 50 smaller, local importers/distributors. This market organization was maintained until the year 2000. During 2000, huge changes occurred in the area of wine distribution. This change occurred due to the worsening economic situation in Poland at that time. As a result, tightened markets forced smaller firms out of the market and caused other distributors to merge. Currently, there are about 7 large importers of wine on the Polish market.

4) Market Promotion Constraints

While direct promotion of alcoholic beverages in hypermarkets and specialty shops is prohibited, importers and wholesalers actively promote their products at restaurants, hotels, or special wine tastings.

III. Costs & Prices

Only 5-10 percent of the Poles are considered wealthy by European standards and can afford high quality wine. Thus, cheaper brands of wine dominate the Polish wine market.

Cost in Zloty	% of Market
0-30	50%
30-50	30%
50-100	10%
100 +	10%

(1 USD = 3.34 PLN; June 15, 2005)
Source: FAS Warsaw Estimates

Retail prices for wine vary depending on the type of wine (red, sparkling, white), by country of origin and region, as well as perceived quality. The popularity of wine is influenced by word of mouth and by foreign television series and films. Professional tastings organized independently by Polish importers, or in conjunction with trade shows, are also becoming popular. Current market trends show that Polish consumers prefer “exotic” and “ecological” wines to wines from Bulgaria and other Eastern European countries, primarily due to the assumption that these wines are purer and healthier than other wines offered on the market. The price of wine depends heavily on the factors listed above and fluctuations between supermarkets and wine specialty shops. Wine specialty shops carry higher quality wines and a larger selection compared to supermarkets.

Wine Retail Price Comparison

	Red			White		
Country	Basic Wines	Quality Wines	Special Quality Wines	Basic Wines	Quality Wines	Special Quality Wines
Bulgaria	13-30	*	*	10-20	*	*
U.S.	25-55	55-110	110-1000	25-55	55-93	93-350
France	25-48	48-119	119-4700	25-42	42-105	105-5000
Chile	18-42	42-105	105-336	17-41	41-105	105-410
Italy	19-47	47-115	115-409	19-43	43-79	79-760
South Africa	30-49	49-110	110-122	27-42	42-100	100-123
New Zealand	*	49-115	115-195	*	54-102	102-115
Australia	13-49	49-110	110-512	30-42	42-103	103-1468
Spain	6-43	43-112	112-1205	6-39	39-100	100-160
Argentina	24-35	35-62	*	19-35	*	*
Greece	10-35	*	*	12-34	*	*
Israel	20-50	50-57	*	21-38	*	*
Portugal	35-55	55-112	112-239	*	45-93	93-194
Germany	12-18	*	*	10-40	40-100	100-760
Hungary	13-18	*	*	13-30	30-76	76-105
Champaign	*	*	*	*	127-230	230-733
Sparkling Wine	*	*	*	8-40	40-80	*

(1 USD = 3.34 PLN, June 15, 2005)
* Data Unavailable
Source: FAS Warsaw Field Research Data

Currently, U.S. exporters are visible in Poland, with about 10 California wineries exporting to Poland, with a market share of 2.56 percent.

All wine products entering Poland are charged an excise tax. Prior to importing bottled wine, Polish importers must provide the U.S. firm with excise bands. These excise bands need to be applied to all bottles prior to arriving in Poland and constitute partial payment of the excise tax.

The value-added tax (VAT) for wine products in Poland is 22 percent. For a detailed list of wine custom tariffs for wine products, see appendix A.

Poland's EU accession in May 2004 significantly reduced import duties for non-EU suppliers. Now that Poland has adopted EU external duty rates, U.S. exporters face lower duties, which should stimulate higher exports of wine from the United States. However, Poland's membership in the EU-25 has given European wine an increased comparative advantage in the Polish market due to the internal duty free market. European suppliers are also no longer subject to third country import paperwork required for entry from non-EU supplying countries.

IV. Key Contacts and Further Information

For more information concerning market entry and a current importer list contact:

-Embassy of the United States of America
Office of Agricultural Affairs, Warsaw, Poland
e-mail: agwarsaw@usda.gov or agwarsaw@poczta.onet.pl
tel: 48 22 504 2336, fax: 48 22 504 2320

-United States Department of Agriculture, Foreign Agricultural Service, AGX Division
Marketing: Nancy Hubbell, e-mail: Nancy.Hubbell@fas.usda.gov tel: 202-720-9487
Analysis: Dorsey Luchok, e-mail: Dorsey.Luchok@fas.usda.gov tel: 202-720-3083
FAS TTY Number: 202-690-4879

Additional information on the Polish market (eg. Retail Sector) can be found on the Internet (www.fas.usda.gov), at the *Attaché Reports* link.