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Poland

Oilseeds and Products

Annual for Poland

2004

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Report Highlights:
Favorable weather will stimulate almost a 40 percent increase in rapeseed production. Consequently, crushing, exports and stocks will rise. We estimate a record 1.5 MMT of soybean meal imported during MY03/04, however, imports are expected to be somewhat lower in MY 2004/05 due to swine inventory reductions. The majority of Poland's soybean meal imports are from the EU, however, roughly 40 percent of these imports may originate from U.S. soybeans processed in the EU. Meanwhile, soybean oil imports remain strong. All current Polish oilseed sector import duties, TRQs, and prohibitive weed seed phytosanitary practices will end May 1, 2004 when Poland joins the EU and adopts EU policies.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Annual Report
Warsaw [PL1]
[PL]

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Executive Summary

Rapeseed production is forecast to increase nearly 40 percent in 2004 due to increased acreage and yields stimulated by better weather. This significant increase in production will be comparable with production levels in years preceding 2003, which were not affected by harsh winter conditions that can reduce acreage and yields. Such production will lead to increased crushing, some stock buildup and a small positive export balance. Some vegetable oil industry ownership changes and additional demand from bio-diesel production will result in stronger demand for oilseeds for crushing.

Although demand and use of protein meals will decrease in MY 2004/05, use of soybean meal imports will remain relatively strong at about 1.4 MMT. Rising poultry production and Poland's November 2003 ban on MBM in non-ruminant feed use will partly compensate for an expected sharp decline in swine inventories and reduced demand for commercial feeds. Soybean meal imports rose significantly over the last three years due to a ban on the use of meat and bone meal for ruminant feed which was restricted due to BSE concerns. The value of U.S. soybean exports to the EU used to make EU soybean meal entering Poland in CY 2003 is estimated by FAS Warsaw at approximately $175 million.

Vegetable oil consumption in Poland is expected to remain stable. Consumption was 19.3 kg per capita in 2003, comparable to average EU consumption levels. Domestic rapeseed oil is complemented with about 130,000 tons of soybean oil, 50,000 tons palm oil, 20,000 tons sunflower oil and 15,000 tons coconut oil.

Total Oilseeds

Soybeans PS&D Table

Country	Poland						
Commodity	Oilseed, Soybean					(1000 HA)(1000 MT)	
	2002	Revised	2003	Estimate	2004	Forecast	UOM
	USDA Official	[Estimate [	DA Official	[Estimate [	DA Official	[Estimate [New]	
Market Year Begin		10/2002		10/2003		10/2004	MM/YYYY
Area Planted	0	0	0	0	0	0	(1000 HA)
Area Harvested	0	0	0	0	0	0	(1000 HA)
Beginning Stocks	0	0	0	0	0	0	(1000 MT)
Production	0	0	0	0	0	0	(1000 MT)
MY Imports	20	7	22	10	0	12	(1000 MT)
MY Imp. from U.S.	0	0	0	0	0	0	(1000 MT)
MY Imp. from the EC	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	20	7	22	10	0	12	(1000 MT)
MY Exports	0	0	0	0	0	0	(1000 MT)
MY Exp. to the EC	0	0	0	0	0	0	(1000 MT)
Crush Dom. Consumptior	0	0	0	0	0	0	(1000 MT)
Food Use Dom. Consum	20	7	21	10	0	10	(1000 MT)
Feed,Seed,Waste Dm.Cr	0	0	1	0	0	2	(1000 MT)
TOTAL Dom. Consumptic	20	7	22	10	0	12	(1000 MT)
Ending Stocks	0	0	0	0	0	0	(1000 MT)
TOTAL DISTRIBUTION	20	7	22	10	0	12	(1000 MT)
Calendar Year Imports	10	10	12	12	0	12	(1000 MT)
Calendar Yr Imp. U.S.	0	0	0	0	0	0	(1000 MT)
Calendar Year Exports	0	0	0	0	0	0	(1000 MT)
Calndr Yr Exp. to U.S.	0	0	0	0	0	0	(1000 MT)

Rapeseed PS&D Table

Country	Poland						
Commodity	Oilseed, Rapeseed				(1000 HA)(1000 MT)		
	2002	Revised	2003	Estimate	2004	Forecast	UOM
	USDA Official [	Estimate [	DA Official [	Estimate [	DA Official [	Estimate [New]	
Market Year Begin		07/2002		07/2003		07/2004	MM/YYYY
Area Planted	449	449	535	573	0	525	(1000 HA)
Area Harvested	436	439	425	426	0	500	(1000 HA)
Beginning Stocks	0	0	10	8	0	0	(1000 MT)
Production	995	953	750	793	0	1100	(1000 MT)
MY Imports	30	7	150	40	0	50	(1000 MT)
MY Imp. from U.S.	0	0	0	0	0	0	(1000 MT)
MY Imp. from the EC	10	2	40	10	0	50	(1000 MT)
TOTAL SUPPLY	1025	960	910	841	0	1150	(1000 MT)
MY Exports	40	30	50	6	0	100	(1000 MT)
MY Exp. to the EC	15	8	0	6	0	10	(1000 MT)
Crush Dom. Consumptior	915	853	810	775	0	950	(1000 MT)
Food Use Dom. Consum	0	0	0	0	0	0	(1000 MT)
Feed,Seed,Waste Dm.Cr	60	69	50	60	0	60	(1000 MT)
TOTAL Dom. Consumptic	975	922	860	835	0	1010	(1000 MT)
Ending Stocks	10	8	0	0	0	40	(1000 MT)
TOTAL DISTRIBUTION	1025	960	910	841	0	1150	(1000 MT)
Calendar Year Imports	30	13	150	40	0	50	(1000 MT)
Calendar Yr Imp. U.S.	0	0	0	0	0	0	(1000 MT)
Calendar Year Exports	20	6	10	100	0	100	(1000 MT)
Calndr Yr Exp. to U.S.	0	0	0	0	0	0	(1000 MT)

Production

Total oilseed production (almost exclusively rapeseed) is forecast to increase almost 39 percent in 2004 due to increased acreage, and yields stimulated by better weather. Nevertheless, this significant increase in production will be comparable with production levels in years preceding 2003. The production level forecast will allow for some stock buildup and a small positive export balance.

Although the Main Statistical Office (GUS) reports that planting was significantly lower last fall, rapeseed industry reports do not confirm such a reduction but suggest the same level of planting as in fall 2002. As officially reported by GUS, only 383,500 hectares of winter rapeseed were planted last fall (21 percent less than was planted in the fall of 2002). This is about 11 percent more area planted than winter and spring rapeseed area harvested last year. However, the official winter planting estimates are usually adjusted later in the season when data are more reliable, as was the case in 2003 and in 2002. There have not been reports of significant winter killings therefore, we estimate that only about 5 percent of the fields will be eliminated this winter (2002 winter killing was about 30 percent). In addition, about 50,000 hectares are estimated to be planted this spring, as a result about 500,000 hectares of rapeseed will be harvested in 2004. This represents a 17 percent increase in production area compared to the 2003 harvest. High rapeseed producer prices last season, anticipated increasing rapeseed profitability after EU accession, and additional demand supported by possible processing for bio-diesel production suggest that there may be

justification for an even larger acreage than currently forecast. In 2003 harvested rapeseed producer prices averaged PLN 1,016.3 per ton ($261) and the rapeseed/wheat price ratio increased from 1.95 after the 2002 harvest to 2.31. It is also expected that after EU accession rapeseed prices will remain strong.

Although weather conditions last autumn were not favorable for sowing rapeseed for the second consecutive year, crop conditions improved in the fall as a result of higher precipitation and higher temperatures. GUS' crop evaluation at the beginning of winter was 3.6 points (1-5 scale), which was 0.2 higher than a year ago. Relatively good weather should also result in increased rapeseed yields, which are estimated at slightly more than 2.2 ton per hectare, about 18 percent above the very low level in 2003. The forecast crop may be impacted by reduced fertilizer supplies and significantly increased (50% above last season) nitrogen fertilizer prices, which may result in lower fertilizer use and a smaller crop. Considering all the above factors, we estimate 2004 rapeseed output at 1.1 MMT, 39% above the sharply reduced (winterkill) 2003 crop.

Average Producer Prices for Rapeseed and Wheat, zlotys per metric ton.

	Jan.-Dec.2000	Jan.-Dec.2001	Jan-Dec.2002	July-Sep.2002	July-Sep.2003
Rapeseed	806	822	854	857	1,016
Wheat	508	505	436	439	440
Rapeseed/Wheat Ratio	1.59	1.63	1.96	1.95	2.31

Source: GUS data and the Institute of Agricultural Economics calculation;
Wheat prices do not include direct Government of Poland (GoP) wheat price support payments, PLN 100-130 per ton. If included, this would make the price relationship less favorable for rapeseed. Current exchange rate is $1 = zlotys 3.9

In 2003, the rapeseed crop declined 17 percent as a result of severe winter conditions (30 percent winter killing). In spite of increased spring planting, the total rapeseed harvested area declined 3 percent. A late arriving spring and unfavorable weather later in the season along with poor winter conditions resulted in only 1.8 ton per hectare yield in 2003 compared to 2.1 in 2002. The 2003 yield was the smallest reported since the mid 90s.

Consumption

Rapeseed MY 2004 crushing will possibly increase about 23 percent, up to 0.95 MMT, because of higher domestic rapeseed supplies, sufficient capacities and possible small crushing needs for bio-diesel production. MY 2003 crushing has been reduced because of small local supplies and high prices on the world market. In addition, high tariffs made rapeseed imports uncompetitive with vegetable oil imports.

Total oilseed crushing capacities increased significantly in 2002, to more than 900,000 tons. The purchase and subsequent reopening of closed facilities in Brzeg will likely increase crushing capacity by 200,000 tons in 2004. Several other small companies may try to develop crushing facilities to take advantage of the new approved legislation on bio-fuel use (see GAIN PL3049, dated 12/12/2003). Even though interest in processing rapeseed for esters used in bio-diesel seems to be relatively small. Forecast rapeseed supplies are not

significantly larger than that demanded by the domestic vegetable oil food industry. This accounts for the limited interest in processing rapeseed for esters to be used in bio-diesel. Another factor is the requirement that there must be a 5 year contract with the rapeseed supplier and the benefits from reduced taxation are at this point only for one year.

There are two major crushing plants in Poland, one is owned by ADM and located in Szamotuly with a crushing capacity of about 300,000 tons annually and a facility in Kruszwica with similar crushing capacity owned by Bunge. There is a government owned crushing plant with a smaller capacity in Warsaw. It is likely that it will be privatized in 2004. In addition, there are also some small companies throughout Poland.

Soybeans for many years have not been crushed in Poland. Only one plant in Kruszwica has crushed soybeans in the past. Poland's current small soybean imports are mainly used by the food industry and are not for crushing.

The Polish vegetable oil industry focuses primarily on vegetable oil production due to the country's vegetable oil deficit. Since soybean crushing yields less oil than rapeseed, soybeans are less attractive to the industry. However, assuming large demand for soybean meal and soybean oil in Poland, the potential exists for some investments in soybean crushing. Based on Polish annual soybean oil requirements, nearly one million soybeans could be crushed annually. Poland's annual soybean meal requirements could increase soybean crushing to almost 2 MMT annually. In recent years small crushing companies have also crushed small amounts of imported sunflower seeds in Poland.

Nearly 10,000 tons of soybeans are used annually by the food industry and only a small amount is used as a direct feed component. During the last few years, feed use has been minimal while use for baking in the food industry has increased. With the elimination of meat and bone meals from livestock and poultry feeding in December 2003, full fat soybean use in livestock diets seems to have some chances to develop and thereby expand soybean use.

Trade

Although rapeseed production is expected to increase almost 40 percent, the increase in rapeseed exports in MY 2004/05 is expected to be moderate because of increased domestic crushing. At the same time it may become easier to import from the Czech and Slovak Republics after EU accession.

MY 2003/04 rapeseed exports were negligible due to small production. Even though domestic supplies were low, high world prices made it impractical to import significant quantities. Historically, rapeseed annual exports exceeded 500,000 tons, primarily to Mexico and China during the 80's under the Communist era state farm system.

Because of very small trade reported in 2002 and 2003, no Trade Matrix tables are supplied.

Stocks

Because of reduced production stocks at the end of the MY 2003/04 will be minimal. It is assumed that stocks will recover after the 2004 crop.

POLICY

Production Policy Changes

Poland approved bio-fuel legislation.

Poland's new law regulating domestic use and production of bio-fuel become effective January 2004. This new law may lead to higher production of rapeseed, grains, potatoes and sugar beets, which will be processed into engine oil esters or bio-ethanol (see PL 3049, dated 12/12/2003 and PL2040 dated 12/24/2002). The new law may still favor domestic farmers because companies processing products for bio-fuel must be licensed as well as have long-term contracts (5 years) with raw material suppliers.

In 2004 bio-fuel processing will be limited. Planting decisions were made by farmers prior to the approval of the final version of the law. Also, 2003 fall planted rapeseed acreage is estimated to equal the previous year's level, which will not result in an increase in rapeseed production above the usual level demanded by the food industry. However, some processing for bio-diesel production may start late in 2004 and in 2005.

In accordance with the new law, the Government of Poland (GoP) will annually announce in October minimum levels of bio-components that should be used in gasoline and diesel oil. For CY 2004 the minimum volume is 0.11 percent for esters in diesel oil. This low level is due to a shortage of raw material from the 2003 crop.

On the surface the legislation seems to support an increase in rapeseed production in the future, this is consistent with the suggestion that the GoP will approve a higher level of bio-fuel use. Production will also be influenced by companies' willingness to meet the regulatory requirement of a 5 year contract with a supplier. Of course, this new legislation and future production levels will be heavily influenced by any future CAP changes or EU bio-fuel legislative requirements as Poland becomes an EU member May 1, 2004.

Rapeseed Export Subsidies:

Although Poland had a WTO export subsidy ceiling for rapeseed (HS code 1205) of 341,500 tons/year and it's expenditures could not exceed $12.9 million under its WTO commitments, rapeseed export subsidies were mostly unused.

EU Accession May Result in Increased Rapeseed Production:

Poland will join the EU on May 1, 2004. The final results of negotiations on EU accession resulted in less favorable terms than originally requested by Poland. 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 at an average level for the years 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%, 30% and 35% of the support provided to current EU members will be allocated in 2004, 2005 and 2006 (100% by 2013) to all farmers in Poland based on their arable land. Supplemental support will bring the totals to 55, 60, and 65% compared to the level of direct payments to current EU farmers. However, the supplemental payments are production related for certain crops rather than on a per hectare farmland basis. For rapeseed, supplemental amounts will be based on rapeseed area.

These supplemental funds will be derived from EU structural readjustment program funds and the GoP budget.

Neither Poland nor the EU establish intervention prices for rapeseed nor do they provide support for rapeseed processing. Prices are determined in the EU and in Poland by market forces and are similar. Prices are not expected to change significantly after EU accession. In addition, there are no tariffs for rapeseed and other oilseeds imported by the EU. This creates a stable situation for the oilseed crushing industry.

Poland does not provide direct support to rapeseed producers, however, after accession rapeseed producers will receive general acreage support and there will be an additional acreage payment for rapeseed, grains and some other specified crops, as a result income from rapeseed production should improve in Poland significantly. Meanwhile, income for wheat farmers will decrease. According to the Institute of Agricultural Economics (IAE) of Poland, income for rapeseed producers will increase significantly. Direct payments of 55% of the EU level will double rapeseed producers' income per hectare when compared to the current situation while wheat producers will have significantly reduced income. EU accession will result in significantly increased rapeseed acreage, yields and production. According to IAE estimates, rapeseed production will increase to 1.2 - 1.4 million tons as a result of increased acreage up to 500,000 - 600,000 hectares and yields of up to 2.3 - 2.4 tons per hectare. Joining the EU will eliminate general Polish support programs, but a number of other general programs for rural areas will become available instead. For more details on various farm support programs after EU accession (see PL 4004, dated 3/12/2004).

Polish Biotechnology Policy Increasingly Mirroring that of the EU:

At the end of 2000, the Minister of Environment approved (decision no. 14/2000, dated Nov.17, 2000) registration of "Round-Up Ready" soybeans for use in Poland. This is the first genetically modified variety approved for use in Poland. The approval allows the import, distribution and processing for feed and food of this variety, except for planting. Although Poland does not import significant quantities of soybeans, the approval allows the feed industry to more easily comply with current regulations. The approval clearly states that food products or food ingredients from such soybeans require separate permits from the Ministry of Environment, based on an evaluation by Poland's Chief Health Inspector.

Poland implemented its first ever law concerning biotechnology entitled "Genetically Modified Organisms" which went into effect October 25, 2001 as published in Dziennik Ustaw 76 on June 22, 2001. With the new food safety and "GMO" laws, the Polish government is essentially adopting biotechnology policies which reflect those of the EU per FAS Warsaw's cable Warsaw 05503, Dec. 21, 2001. There is also consideration of labeling and traceability amendments to this law pending EU legislative developments.

Rapeseed Import Duties:

The basic tariff on rapeseed in 2004 is 27 percent only valid until May 1, 2004 when Poland joins the EU and adopts EU external oilseed rates of zero. However, there is a 9,745 ton quota for WTO members and an additional 10,667 ton quota for EU members; both in-quota tariffs are 15 percent. All of the TRQs will no longer apply when Poland joins the EU May 1, 2004. Reduced tariffs, down to 15 percent, also currently apply to imports from the Czech and Slovak Republics, while the rate is zero if rapeseed is imported from Hungary, Romania, Lithuania and Latvia.

Soybean Import Duties and Ragweed

Polish tariffs on imported soybeans were always relatively low compared to tariffs on rapeseed, refined vegetable oils, and margarine. Tariffs for soybeans were suspended for 2004. Although this should encourage soybean imports, little experience in crushing soybeans and the industry's preference for crushing high oil content seeds to maximize production of vegetable oils inhibit soybean crushing.

Ragweed, among other weed seeds, was on the Polish quarantine list, which severely restricted imports of U.S. soybeans. On February 26, 2004, the GoP modified its plant protection law and removed *Ambrosia spp* from its plant quarantine list. Unfortunately, other weed seeds remain on the quarantine list (*Acroptilon repens, Cenchrus tyribuloides* and *Iva spp).* Therefore, U.S. grain and soybean exports to Poland remain blocked by these remaining phytosanitary requirements. The revised quarantine list will remain in effect until April 30, 2004, following which Poland will adopt EU phytosanitary requirements and future prospects for U.S. grain and soybean exports to Poland not impeded by EU constraints should likely resume.

A new Polish Plant Protection Law, adjusting Polish legislation to be consistent with that of the EU, was passed by the Polish parliament Dec. 18, 2003. It is ready to be published but as yet has not. The Ministry of Agriculture says the overall legislation and resolutions are consistent with those of the EU and include exactly the same text as EU 2000/29. All will become effective and implemented upon Poland's official EU accession on May 1, 2004.

Total Oil Meals

Soybean Meal PS&D Table

Country	Poland						
Commodity	Meal, Soybean					(1000 MT)(PERCENT)	
	2002 Revised		2003 Estimate		2004 Forecast		UOM
	USDA Official [	Estimate [	DA Official [	Estimate [	DA Official [	Estimate [New]	
Market Year Begin		10/2002		10/2003		10/2004	MM/YYYY
Crush	0	0	0	0	0	0	(1000 MT)
Extr. Rate, 999.9999	0	0	0	0	0	0	(PERCENT
Beginning Stocks	211	211	161	119	211	119	(1000 MT)
Production	0	0	0	0	0	0	(1000 MT)
MY Imports	1400	1408	1650	1550	0	1400	(1000 MT)
MY Imp. from U.S.	10	0	10	10	0	10	(1000 MT)
MY Imp. from the EC	1300	1025	1100	1200	0	1100	(1000 MT)
TOTAL SUPPLY	1611	1619	1811	1669	211	1519	(1000 MT)
MY Exports	0	0	0	0	0	0	(1000 MT)
MY Exp. to the EC	0	0	0	0	0	0	(1000 MT)
Industrial Dom. Consum	0	0	0	0	0	0	(1000 MT)
Food Use Dom. Consump	0	0	0	0	0	0	(1000 MT)
Feed Waste Dom. Consu	1450	1500	1600	1550	0	1350	(1000 MT)
TOTAL Dom. Consumptic	1450	1500	1600	1550	0	1350	(1000 MT)
Ending Stocks	161	119	211	119	0	169	(1000 MT)
TOTAL DISTRIBUTION	1611	1619	1811	1669	0	1519	(1000 MT)
Calendar Year Imports	1400	1480	1650	1500	0	1400	(1000 MT)
Calendar Yr Imp. U.S.	0	0	10	10	0	10	(1000 MT)
Calendar Year Exports	0	0	0	0	0	0	(1000 MT)
Calndr Yr Exp. to U.S.	0	0	0	0	0	0	(1000 MT)

Rapeseed Meal PS&D Table

Country	Poland						
Commodity	Meal, Rapeseed				(1000 MT)(PERCENT)		
	2002	Revised	2003	Estimate	2004	Forecast	UOM
	USDA Official [	Estimate [	DA Official [	Estimate [	DA Official [	Estimate [New]	
Market Year Begin		07/2002		07/2003		07/2004	MM/YYYY
Crush	915	853	810	775	0	950	(1000 MT)
Extr. Rate, 999.9999	0.590164	0.600234	0.58642	0.6	0	0.6	(PERCENT
Beginning Stocks	10	10	30	37	20	27	(1000 MT)
Production	540	512	475	465	0	570	(1000 MT)
MY Imports	10	13	0	5	0	0	(1000 MT)
MY Imp. from U.S.	0	0	0	0	0	0	(1000 MT)
MY Imp. from the EC	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	560	535	505	507	20	597	(1000 MT)
MY Exports	240	188	230	150	0	250	(1000 MT)
MY Exp. to the EC	240	188	230	150	0	250	(1000 MT)
Industrial Dom. Consum	0	0	0	0	0	0	(1000 MT)
Food Use Dom. Consum	0	0	0	0	0	0	(1000 MT)
Feed Waste Dom. Consu	290	310	255	340	0	320	(1000 MT)
TOTAL Dom. Consumptic	290	310	255	340	0	320	(1000 MT)
Ending Stocks	30	37	20	17	0	27	(1000 MT)
TOTAL DISTRIBUTION	560	535	505	507	0	597	(1000 MT)
Calendar Year Imports	10	10	0	5	0	0	(1000 MT)
Calendar Yr Imp. U.S.	0	0	0	0	0	0	(1000 MT)
Calendar Year Exports	260	200	250	150	0	250	(1000 MT)
Calndr Yr Exp. to U.S.	0	0	0	0	0	0	(1000 MT)

Production

Increased rapeseed crushing will result in increased meal production in MY 2004/05. It is estimated that 570,000 tons of rapeseed meal will be produced in MY 2004/05, which will be a 23 percent increase over last MY. Oil meal production is almost exclusively based on domestic rapeseed.

MY 2003/04 meal production declined almost 10 percent, down to 465,000 tons, due to reduced domestic rapeseed supplies and very small rapeseed imports. Poland produces almost exclusively rape meal at local crushing facilities, which are oriented toward locally produced oilseeds.

Consumption

Total protein meal consumption is forecast to decline 13 percent in MY 2004/05, down to 1.83 million tons compared to the estimated current MY level. Forecast demand for protein meals should slow due to reduced demand for feeds. Poultry production increased last year 7 percent but its growth is expected to slow somewhat. 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. 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.

Protein meal consumption, particularly soybean meal consumption has increased significantly in Poland since MY 2000 due to the BSE and FMD crises in Europe. Historically, Poland imported annually about 300,000 tons of meat and bone meal (MBM) almost exclusively from EU countries. In December 2000, Poland banned the use of imported MBM that resulted in increased vegetable protein meal use. Until 2000, annual soybean meal use in Poland was below one million tons but increased to almost 1.5 million in MY 2001 and its use is estimated at 1.55 million tons in current MY 2003/04. Poland has experienced 13 confirmed BSE cases since May 2002, this has not significantly impacted feed demand. Since November 2003 there has been a ban on use of locally produced meat and bone meals. According to industry sources the ban on use of locally produced meat and bone meal should increase demand for soybean meal by an additional 15-20 percent, which is not reflected in the PS&D table because of declining swine populations. Locally produced rapeseed meal use is small because there are specific types of livestock feeds for which it can be used.

Total commercial feed production in CY 2003 increased to 5.31 million MT, 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 million MT) commercial feed production in 2003, compound feed production was 4.68 million tons, up 9% and concentrated protein feed production was 540,000 tons, a 7% increase. Concentrated protein feeds are used in hog production to be mixed with on farm available feed components.

Trade

The demand for commercial feeds is expected to decline modestly, yet vegetable protein meal imports in MY 2004 will remain strong with soybean meal imports decreasing only slightly, down to 1.4 million tons.

Until 2000, Poland annually imported about 300,000 tons of meat and bone meal. The ban on the use of imported meat and bone meal resulted in significantly increased imports and use of vegetable protein meals in CYs 2001 and 2002. Despite low world market prices for soybean meal, the upward trend continued in CY 2003 due to large domestic demand and a strong local currency. Preliminary data indicates that CY 2003 soybean meal imports increased 2 percent, up to almost 1.5 million tons.

Assuming current development and historic demand the potential market for direct U.S. soybean meal imports is approximately 300,000 MT or $80.0 million (@$270/mt). The United States potentially loses almost 100%, or $80.0 million due to less costly imports from the EU and SPS issues (zero-tolerance for weed seeds which impacts lower protein soybean meal imports). Poland's long-standing restrictive weed seed zero tolerance phytosanitary measures will be changed to the less restrictive EU plant quarantine list effective May 1, 2004. Nevertheless, some high protein U.S. meal milled in the EU from U.S. soybeans currently enters Poland as EU product (see "Marketing" section below).

Besides large soybean meal imports, CY 2003 imports of sunflower seed meal almost doubled, at 195,000 tons, while 96,000 tons were imported in CY 2002. Sunflower meal is

almost exclusively imported from Ukraine with a small amount from the Slovak Republic. Expansive soy meal and geographically close sources of sunflower meal made it price competitive with soybean meal, consequently, it accounted for more than 10 percent of all protein meals.

Substantial amounts of rapeseed meal are exported each year. However, in MY 2003/04, rapeseed meal exports are expected to decline because of reduced domestic production. Rapeseed meal exports are shipped almost exclusively to EU countries.

Note: Figures in the Trade Matrix tables are for calendar years (CY). CY 2002 is based on data from the Global Trade Atlas -WTA and 2003 trade data are only for January-October are from the same source.

Soybean Meal Import Table

Country	Poland		
Commodit	Meal, Soybean		
Time Period	Jan.-Dec.	Units:	metric tons
Imports for:	2002		**2003**
U.S.	91	U.S.	83
Others		Others	
Netherlands	460,365	Netherlands	304,806
Germany	406,639	Argentina	267,455
Belgium	361,827	Germany	248,387
Argentine	154,264	Belgium	207,736
Brazil	66,269	Brazil	28,304
Antigua	4,000	Norway	11,487
Israel	599	Israel	647
Yugoslavia	563	Yugoslavia	521
Denmark	1,687	France	73
France	2,906	Austriaa	67
Total for Others	1459119		1069483
Others not Liste	174		3,211
Grand Total	1,459,384		1,072,777

Policy

Genetically Modified Product Legislation

Poland implemented a law regulating biotechnology that went into effect October 25, 2001 (for details see oilseed section). During summer 2002 the Ministry of Environment approved applications for new import permits from individual importers. Permits were issued for soybean meal (multiple biotech soybean varieties) and corn (only one biotech variety) and were originally valid for ten years. On May 21, 2003 the GMO Act was amended to make permits valid only until the end of 2004. After Poland's EU accession the procedures to obtain import permits may become more complicated, as Poland will most likely follow EU procedures.

Tariff policy:

In accordance with its WTO commitments Poland's final tariff reduction on protein meals for WTO members was made in January 2000. The basic rate on soybean meal imports is five percent although this rate has always been reduced or suspended. The tariff suspension for soybean and sunflower seed meal established in 2003 will remain in effect through April 30, 2004. Because the EU does not protect its vegetable protein meal market with tariffs, accession to the EU will open the Polish market for rapeseed meal imports. However, Poland is generally a net rapeseed meal exporter.

Marketing

FAS Warsaw believes that U.S. soybeans are the raw materials of substantial quantities of soybean meal imported by Poland from EU crushing facilities. We estimate that U.S. soybeans valued at about $175 million were exported to the EU for crushing into soybean meal which was subsequently exported to Poland in 2003 (for calculation methodology details see, PL3008, dated 3/28/03.)

EU suppliers have a significant logistical advantage and are currently in the best position to supply smaller deliveries by truck, rail, and small sea vessels. Nevertheless, large demand for soybean meal opens more possibilities for larger shipments, when there is a price advantage.

Total Oils

Soybean Oil PS&D Table

Country	Poland						
Commodity	Oil, Soybean					(1000 MT)(PERCENT)	
	2002	Revised	2003	Estimate	2004	Forecast	UOM
	USDA Official [	Estimate [	DA Official [	Estimate [	DA Official [	Estimate [New]	
Market Year Begin		10/2002		10/2003		10/2004	MM/YYYY
Crush	0	0	0	0	0	0	(1000 MT)
Extr. Rate, 999.9999	0	0	0	0	0	0	(PERCENT
Beginning Stocks	25	25	20	10	20	10	(1000 MT)
Production	0	0	0	0	0	0	(1000 MT)
MY Imports	140	115	140	130	0	140	(1000 MT)
MY Imp. from U.S.	6	4	5	5	0	5	(1000 MT)
MY Imp. from the EC	125	100	125	120	0	120	(1000 MT)
TOTAL SUPPLY	165	140	160	140	20	150	(1000 MT)
MY Exports	0	0	0	0	0	0	(1000 MT)
MY Exp. to the EC	0	0	0	0	0	0	(1000 MT)
Industrial Dom. Consum	75	65	70	65	0	65	(1000 MT)
Food Use Dom. Consum	70	65	70	65	0	70	(1000 MT)
Feed Waste Dom. Consu	0	0	0	0	0	0	(1000 MT)
TOTAL Dom. Consumptic	145	130	140	130	0	135	(1000 MT)
Ending Stocks	20	10	20	10	0	15	(1000 MT)
TOTAL DISTRIBUTION	165	140	160	140	0	150	(1000 MT)
Calendar Year Imports	140	110	140	130	0	140	(1000 MT)
Calendar Yr Imp. U.S.	6	4	6	5	0	5	(1000 MT)
Calendar Year Exports	0	0	0	0	0	0	(1000 MT)
Calndr Yr Exp. to U.S.	0	0	0	0	0	0	(1000 MT)

Rapeseed Oils PS&D Table

Country	Poland						
Commodity	Oil, Rapeseed					(1000 MT)(PERCENT)	
	2002	Revised	2003	Estimate	2004	Forecast	UOM
	USDA Official [	Estimate [	DA Official [	Estimate [	DA Official [	Estimate [New]	
Market Year Begin		07/2002		07/2003		07/2004	MM/YYYY
Crush	915	853	810	775	0	950	(1000 MT)
Extr. Rate, 999.9999	0.4	0.399766	0.388889	0.4	0	0.4	(PERCENT
Beginning Stocks	20	20	40	20	20	15	(1000 MT)
Production	366	341	315	310	0	380	(1000 MT)
MY Imports	3	3	3	10	0	0	(1000 MT)
MY Imp. from U.S.	0	0	0	0	0	0	(1000 MT)
MY Imp. from the EC	2	3	3	10	0	0	(1000 MT)
TOTAL SUPPLY	389	364	358	340	20	395	(1000 MT)
MY Exports	10	1	5	0	0	5	(1000 MT)
MY Exp. to the EC	2	2	2	0	0	5	(1000 MT)
Industrial Dom. Consum	239	240	233	225	0	260	(1000 MT)
Food Use Dom. Consum	100	103	100	100	0	105	(1000 MT)
Feed Waste Dom. Consu	0	0	0	0	0	0	(1000 MT)
TOTAL Dom. Consumptic	339	343	333	325	0	365	(1000 MT)
Ending Stocks	40	20	20	15	0	25	(1000 MT)
TOTAL DISTRIBUTION	389	364	358	340	0	395	(1000 MT)
Calendar Year Imports	3	3	3	10	0	0	(1000 MT)
Calendar Yr Imp. U.S.	0	0	0	0	0	0	(1000 MT)
Calendar Year Exports	10	1	10	0	0	5	(1000 MT)
Calndr Yr Exp. to U.S.	0	0	0	0	0	0	(1000 MT)

Production

Polish vegetable oil production in MY 2004/05 is forecast to increase significantly (about 22%) from the current MY due to increased crushing. This year's increased crushing and higher oil production will be the result of a larger rapeseed crop. Current marketing year production estimates are anticipated down 9 percent compared to the previous year at 310,000 tons. This resulted from a small crop and a lack of rapeseed on the world market. Vegetable oil production in Poland is almost exclusively based on domestically crushed rapeseed.

Since 1991, increased consumption of vegetable oils by Polish consumers made the oil industry one of the three most profitable sectors in Poland's food industry. However, the situation changed in 1997 when a lack of domestic oilseeds and higher seed prices resulted in smaller profits in 1998 and 1999. The situation has stabilized since then. In CY 2000 and 2001, the profitability of the oil industry slightly improved due to cheaper raw materials and a small increase in demand for vegetable oils.

There are 5 major vegetable oil companies in Poland. All except one have their own crushing and processing facilities. The largest plants, which control over 3/4th of the local oil and margarine market, are controlled by foreign capital. Only the Warsaw Vegetable Oil Plant remains 100 percent state owned. Due to investor financial problems, two of the facilities were operating at limited capacity. However, they will increase domestic processing capacities in 2004 as a result of new ownership.

Crushers in Poland focus primarily on rapeseed to take advantage of the higher oil yield to produce vegetable oil for further processing into table/salad oil or margarine. Almost all large companies have their own crushing and processing operations. Protein meal is of secondary importance to the crushing industry.

Consumption

Vegetable oil consumption grew sharply between 1990-97 approaching average EU levels. Currently, vegetable oil consumption accounts for about 63 percent of total fats consumed, while butter consumption accounts for 15 percent and lard for 22 percent. Since 1998, growth in vegetable oil consumption has been less dynamic. In 2002 the level of vegetable oil consumption exceeded 19 kilograms per capita. In 2003 consumption declined slightly because of increased vegetable fat prices and cheap animal fats. It is estimated that in the first half of 2004 the average consumption level of vegetable fats will continue at slightly reduced level and will increase in the second half of 2004 and 2005 due to forecast more expansive animal fats as a result of forecast smaller livestock production.

Total edible vegetable oil production increased by one percent, up to 708,600 tons in CY 2002, while a 7 percent decline is estimated for CY 2003 and no change from 2003 level is forecast for CY 2004. Margarine production in 2003 is estimated at 340,000 tons, an 8 percent decline from the previous year due to a lower demand and raw material shortages, while "refined vegetable oils for sale" remain stable at 240,000 tons.

There has been growth in production and in the use of mixed fats. A number of vegetable oil processing plants as well as dairy plants are now offering butter with vegetable oils added.

Trade

Vegetable oil imports, which dropped in MY 2002/03 are forecast to increase slightly in MY 2003/04 and again in MY 2004/05 due to an increase in domestic demand. Soybean oil imports are forecast at around 130,000 and 140,000 tons respectively.

Oil import data for January - October 2003 shows a small decline in most imported oils. Soybean oil imports for the first 10 months of 2003 decreased 23 percent when compared with the same period a year ago. Palm oil imports remain stable at below 60,000 tons annually. Rapeseed oil imports are relatively minor at about 3,000 tons. Sunflower oil imports are currently approximately 16,000 tons annually, from an annual average level of 50,000 tons until CY 2000.

About 90% of all imported soybean oil is from the EU. Imports from Germany represent about 50% of total imports. Small quantities were imported from Romania and Ukraine in 2003. Small soybean oil imports were reported from the U.S., which most likely were re-exports from the EU.

Note: Figures in the Trade Matrix table are for calendar years (CY). CY 2002 is based on data from the Global Trade Atlas –WTA. Trade data for 2003 are for January-October using the same source.

Soybean Oil Import Table

Country	Poland		
Commodit	Oil, Soybean		
Time Period	Jan.Dec.	Units:	metric tons
Imports for:	2002		**2003**
U.S.	6,100	U.S.	2,000
Others		Others	
Germany	58,853	Germany	47,152
Belgium	37,107	Belgium	11,321
France	14,801	Netherlands	10,533
Netherlands	11,278	France	10,003
Argentine	6,667	Romania	6,695
Romania	2,954	Ukraine	1,553
Brazil	1,008	Lithuania	587
Ukraine	522	Denmark	33
Finland	200	Italy	23
Denmark	66		
Total for Others	133456		87900
Others not Liste	121		3
Grand Total	139,677		89,903

Policy

The Polish government does not provide subsidies for oil production or processing. However, Poland's tariff policy provided some protection and encouragement for expansion of domestically produced products.

TRQs Exist but Are Not Used Except for Rapeseed Oil:

Under Poland's WTO agreement, tariff-rate quotas for various imported vegetable oils and vegetable oil products were established. Currently, Poland is not using tariff-rate quotas to restrict imports except for rapeseed oil because tariffs are below their WTO TRQ tariff rate commitments. If it wants to, Poland could use its WTO agreed to tariff-rate quotas of 50,000 tons for soybean oil, 30,000 tons for sunflower seed oil and 20,000 ton quota for other oils (tariff headings 1510, 1514, 1515, 1517, 1518, and 1522).

Poland is making use of a 2,667 ton tariff-rate quota for non-refined all purpose rapeseed oil or refined rapeseed for technical use with an in-quota tariff of 35 percent under its January - April 2004 tariff schedule. A tariff-rate quota for 200 tons of refined edible rapeseed oil is also in effect for the first four months of 2004 with an in-quota tariff of 45 percent for bottled oil and 40 percent for bulk oil.

Oil Import Duties:

For rapeseed oil and refined peanut, olive, refined palm, refined coconut and refined palm kernel oils, applied tariffs are at the maximum allowed levels permitted under Poland's WTO commitments. For all other oils applied tariffs are lower than the WTO bound levels.

Since 2001, duties on oil imports from Central Europe Free Trade Agreement countries, Lithuania and Latvia are zero except for sunflower and rapeseed oils. In addition to rapeseed oil, soybean oil, cottonseed oil, sunflower oil and crude linseed oil, all other oils imported from the EU enter duty free. The rate for EU crude linseed oil was reduced to 10 percent.

The EU does not protect its vegetable oil market, as is the case in Poland. Tariffs on all categories of oils in the EU are much smaller than those applied in Poland and crude oil from some countries can be imported at a reduced tariff or tariff free. The heavily protected Polish market, particularly for rapeseed oil will change as a result of Poland's EU accession. According to industry sources, prices for rapeseed oil were rather high in Poland and the extraction/refining industry gained extra income from this protection. As most of the industry is controlled by investors currently operating on the EU market, we assume opening the oil market will not change domestic production significantly. However, there is fear that prices for margarine and table/salad oils may rise consistent with the EU level which undoubtedly would affect consumption.

Following is a list of Jan.-April 2004 tariffs for oils:

Tariff No.	Description	MFN Countries	EU	Developing Countries	Least Dev. Countries
1504	Fish oil 1/, 2/	5-20	5-20	0	0
1507.10	Soybean oil, crude, 2/	10	10	10	10
1507.9010	Soybean oil, ref., not for food, 2/	30	30	30	30
1507.90901	Soybean oil, ref. bottled, 2/	40	40	40	40
1507.90909	Soybean oil, ref., other than in bot., 2/	30	30	30	30
1508.10	Peanut oil, crude, 2/	10	0	0-7	0
1508.90	Peanut oil, refined, 2	25	0	0-17.5	0
1509	Olive oil, 2/	15	0	10.5	0
1512.11	Sunflower oil,crude 3/	10	10	10	10
1512.19	Sunflower oil,ref. 4/	30-40	30-40	30-40	30-40
1512.21	Cotton seed oil, 2/	10-20	10-20	10-20	10-20
1514	Rapeseed oil 5/	86	86	86	86
1515.11/19	Linseed oil, 2/	20	0-10	10-20	0-20
1515.21/29	Corn oil., 2/	20	0	10-20	0-20

1/ these products have zero tariff if imported from some EFTA countries, zero or reduced tariff if imported from Faroe Islands;
2/ tariff reduced to zero for all CEFTA countries, Lithuania and Latvia;
3/ tariff is reduced to 0 percent if imported from Bulgaria and Romania;
4/ tariff is reduced to zero percent if imported from Lithuania and Latvia and reduced to 20 percent if imported from the Czech and Slovak Republics and Hungary;
5/ tariff is zero if imported from Latvia, reduced to10/20 (crude/refined) percent if imported from the Czech and Slovak Republics and to15/20 (crude/refined) percent if imported from Hungary and for refined oil reduced to 20 if imported from Romania.