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Poland

Tobacco and Products

Annual

2004

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Report Highlights:

As of May 1, 2004, Poland will have an EU guaranteed production quota of 37,933 tons of tobacco, which is 42 percent higher than actual production in 2003. The quota has been allocated to eligible farmers. All import duties from third countries will also change to those of the EU as Poland becomes a member of an EU-25 internal market.

Includes PSD Changes: Yes
Includes Trade Matrix: No
Annual Report
Warsaw [PL1]
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Executive Summary

Tobacco production in 2003 was 6 percent higher than in 2002 reaching 22,000 tons. Farmers hope that with their higher guaranteed production quota they will achieve even higher production levels. The guaranteed production quota of 37,933 tons was already allocated. They also hope that better weather conditions would enable them to receive higher yields in 2004.

Polish accession brings new import taxes on raw tobacco (18.4 percent compared to 105 percent) and cigarettes (57.6 percent compared to 173 percent min. 19EUR/1,000 pcs). The lower import taxes may not mean that imports of raw tobacco will increase in 2004. Cigarette manufacturers have promised to buy all contracted quantities of local tobacco. 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 1-1.5 percent in the first quarter of 2004. Lower import taxes on raw tobacco will only make the increase of cigarettes prices less sharp.

Production

There were about 17,000 farmers growing tobacco on 10,300 hectares in Poland in 2003. According to the Main Statistical Office, tobacco production was 22,000 tons which was 6 percent higher compared to 2002 results. The yields were 2.13 t/ha (up 0.12 t/ha).

Product	Area (ha)			Production (MT)		
	2002	2003	2004	2002	2003	2004
Burley	5500	5500	5500	9000	10000	10000
Flue-Cured	8500	8500	8500	13500	17000	17000
Dark Fire Cured	800	800	800	2000	1400	1400
Dark Air Cured	800	800	800	1400	1600	1600

The most important buyers of the raw tobacco on the local market are Universal Leaf Tobacco Poland Ltd., Philip Morris Poland S.A., Tobacco Plants in Lublin, and Tobacco Company Merkury Ltd. The tobacco market in Poland is regulated by several acts. The Act on fruit and vegetables markets, hops, tobacco and feed markets regulates the local tobacco market and adjusts Polish regulations to EU regulations. It includes:

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

The Main Inspector for Purchasing and Processing Agricultural Produce issues permits on preliminary processing of tobacco. Such permits are only for individual farmers. The regions of tobacco production as well as varieties are defined in the Ministry of Agriculture and Rural Development decision of July 2001. The decision of the Ministry of Agriculture of May 2002 established also the annual tobacco production limit for the period 2002-2005 at 55,000 tons. The national annual reserve limit was set at 1,100 tons.

The Agency for Rural Markets administers the division of quotas among farmers.

As a result of EU accession negotiations, Poland received a guaranteed production quota of 37,933 tons of tobacco which is higher than actual production. Within the quota there are 22,200 tons of Virginia type tobacco, 12,633 tons of Burley, 1,867 tons of dark air-cured and 1,233 tons of dark fire-cured tobacco. Farmers complained that the production subsidies

proposed by the government for 2004 are too low compared with EU subsidies. This will render tobacco production in Poland unprofitable. The government explained that the actual level of subsidies might change in July 2004 when the EU publishes the official exchange rate used for calculation of subsidies. Farmers in Poland will also receive a per hectare direct subsidy payment in addition to subsidies tied to approved commodity production.

The average prices for 1 kilogram of raw tobacco in 2003 were between PLN 4.45 (US\$1.15) for dark varieties, PLN 5.2 (US\$1.34) for Burley and PLN 7.3 (US\$1.88) for Virginia. Experts estimate that the prices will be kept at similar level in 2004. No further official price information is available.

Unmanufactured tobacco - PSD

Commodity	Tobacco, Unmfg., Total				(HA)(MT)		
	2002	Revised	2003	Estimate	2004	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		01/2002		01/2003		01/2004	MM/YYYY
Area Planted	11300	11300	10800	10300	0	10300	(HA)
Beginning Stocks	25410	25410	53410	45227	51410	44027	(MT)
Farm Sales Weight Prod	24000	23500	22000	25000	0	25000	(MT)
Dry Weight Production	22000	20700	20000	22000	0	22000	(MT)
U.S. Leaf Imports	3500	3270	2000	2000	0	2000	(MT)
Other Foreign Imports	51500	49250	24000	17800	0	20000	(MT)
TOTAL Imports	55000	52520	26000	19800	0	22000	(MT)
TOTAL SUPPLY	102410	98630	99410	87027	51410	88027	(MT)
Exports	5500	4903	6000	6000	0	6000	(MT)
Dom. Leaf Consumption	15000	20000	15000	23000	0	23000	(MT)
U.S. Leaf Dom. Consum.	3500	3500	2000	2000	0	1500	(MT)
Other Foreign Consump.	25000	25000	25000	12000	0	15000	(MT)
TOTAL Dom. Consumption	43500	48500	42000	37000	0	39500	(MT)
TOTAL Disappearance	49000	53403	48000	43000	0	45500	(MT)
Ending Stocks	53410	45227	51410	44027	0	42527	(MT)
TOTAL DISTRIBUTION	102410	98630	99410	87027	0	88027	(MT)

Tobacco, Unmanufactured, Burley - PSD

Commodity	Tobacco, Unmfg., Burley				(HA)(MT)		
	2002	Revised	2003	Estimate	2004	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		01/2002		01/2003		01/2004	MM/YYYY
Area Planted	0	5500	0	5500	0	5500	(HA)
Beginning Stocks	0	6551	0	8212	0	8122	(MT)
Farm Sales Weight Prod	0	10000	0	11500	0	11500	(MT)
Dry Weight Production	0	9000	0	10000	0	10000	(MT)
U.S. Leaf Imports	0	572	0	400	0	400	(MT)
Other Foreign Imports	0	11674	0	6000	0	6000	(MT)
TOTAL Imports	0	12246	0	6400	0	6400	(MT)
TOTAL SUPPLY	0	27797	0	24612	0	24522	(MT)
Exports	0	13	0	90	0	100	(MT)
Dom. Leaf Consumption	0	9000	0	10000	0	10000	(MT)
U.S. Leaf Dom. Consum.	0	572	0	400	0	400	(MT)
Other Foreign Consump.	0	10000	0	6000	0	6000	(MT)
TOTAL Dom. Consumption	0	19572	0	16400	0	16400	(MT)
TOTAL Disappearance	0	19585	0	16490	0	16500	(MT)
Ending Stocks	0	8212	0	8122	0	8022	(MT)
TOTAL DISTRIBUTION	0	27797	0	24612	0	24522	(MT)

Tobacco, Unmanufactured, Flue Cured - PSD

Commodity	Tobacco, Unmfg., Flue Cured				(HA)(MT)		
	2002	Revised	2003	Estimate	2004	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		01/2002		01/2003		01/2004	MM/YYY
Area Planted	0	8500	0	8500	0	8500	(HA)
Beginning Stocks	0	4090	0	4680	0	4680	(MT)
Farm Sales Weight Prod	0	15000	0	20000	0	20000	(MT)
Dry Weight Production	0	13500	0	17000	0	17000	(MT)
U.S. Leaf Imports	0	2045	0	1500	0	1500	(MT)
Other Foreign Imports	0	19988	0	15000	0	15000	(MT)
TOTAL Imports	0	22033	0	16500	0	16500	(MT)
TOTAL SUPPLY	0	39623	0	38180	0	38180	(MT)
Exports	0	2898	0	4000	0	4000	(MT)
Dom. Leaf Consumption	0	12000	0	15000	0	15000	(MT)
U.S. Leaf Dom. Consum.	0	2045	0	1500	0	1500	(MT)
Other Foreign Consump.	0	18000	0	13000	0	13000	(MT)
TOTAL Dom. Consumption	0	32045	0	29500	0	29500	(MT)
TOTAL Disappearance	0	34943	0	33500	0	33500	(MT)
Ending Stocks	0	4680	0	4680	0	4680	(MT)
TOTAL DISTRIBUTION	0	39623	0	38180	0	38180	(MT)

Tobacco, Unmanufactured, Dark Air&Sun Cured – PSD

Country	Poland						
Commodity	Unmfg.,Dark Air & Sun Cured				(HA)(MT)		
	2002	Revised	2003	Estimate	2004	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		01/2002		01/2003		01/2004	MM/YYYY
Area Planted	0	600	0	600	0	600	(HA)
Beginning Stocks	0	3971	0	3930	0	3930	(MT)
Farm Sales Weight Prod	0	2000	0	2200	0	2460	(MT)
Dry Weight Production	0	1800	0	1900	0	2150	(MT)
U.S. Leaf Imports	0	0	0	0	0	0	(MT)
Other Foreign Imports	0	1	0	1667	0	1660	(MT)
TOTAL Imports	0	1	0	1667	0	1660	(MT)
TOTAL SUPPLY	0	5772	0	7497	0	7740	(MT)
Exports	0	41	0	0	0	50	(MT)
Dom. Leaf Consumption	0	1800	0	1900	0	2100	(MT)
U.S. Leaf Dom. Consum.	0	0	0	0	0	0	(MT)
Other Foreign Consump.	0	1	0	1667	0	1660	(MT)
TOTAL Dom. Consumption	0	1801	0	3567	0	3760	(MT)
TOTAL Disappearance	0	1842	0	3567	0	3810	(MT)
Ending Stocks	0	3930	0	3930	0	3930	(MT)
TOTAL DISTRIBUTION	0	5772	0	7497	0	7740	(MT)

Tobacco, Unmanufactured, Dark Air Cured – PSD

Country	Poland						
Commodity	Unmfg., Dark Air Cured, Cigar				(HA)(MT)		
	2002	Revised	2003	Estimate	2004	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		01/2002		01/2002		01/2002	MM/YYYY
Area Planted	0	800	0	800	0	800	(HA)
Beginning Stocks	0	0	0	400	0	700	(MT)
Farm Sales Weight Prod	0	1600	0	1800	0	1800	(MT)
Dry Weight Production	0	1400	0	1600	0	1600	(MT)
U.S. Leaf Imports	0	0	0	0	0	0	(MT)
Other Foreign Imports	0	10	0	41	0	50	(MT)
TOTAL Imports	0	10	0	41	0	50	(MT)
TOTAL SUPPLY	0	1410	0	2041	0	2350	(MT)
Exports	0	0	0	0	0	0	(MT)
Dom. Leaf Consumption	0	1000	0	1300	0	1400	(MT)
U.S. Leaf Dom. Consum.	0	0	0	0	0	0	(MT)
Other Foreign Consump.	0	10	0	41	0	50	(MT)
TOTAL Dom. Consumption	0	1010	0	1341	0	1450	(MT)
TOTAL Disappearance	0	1010	0	1341	0	1450	(MT)
Ending Stocks	0	400	0	700	0	900	(MT)
TOTAL DISTRIBUTION	0	1410	0	2041	0	2350	(MT)

Tobacco, Unmanufactured, Dark Fire Cured – PSD

Country	Poland						
Commodity	Unmfg., Dark Fire Cured				(HA)(MT)		
	2002	Revised	2003	Estimate	2004	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		01/2002		01/2003		01/2004	MM/YYYY
Area Planted	0	800	0	800	0	800	(HA)
Beginning Stocks	0	2950	0	2950	0	2948	(MT)
Farm Sales Weight Prod	0	2300	0	1600	0	1600	(MT)
Dry Weight Production	0	2000	0	1400	0	1400	(MT)
U.S. Leaf Imports	0	8	0	0	0	0	(MT)
Other Foreign Imports	0	521	0	100	0	200	(MT)
TOTAL Imports	0	529	0	100	0	200	(MT)
TOTAL SUPPLY	0	5479	0	4450	0	4548	(MT)
Exports	0	0	0	2	0	48	(MT)
Dom. Leaf Consumption	0	2000	0	1400	0	1400	(MT)
U.S. Leaf Dom. Consum.	0	8	0	0	0	0	(MT)
Other Foreign Consump.	0	521	0	100	0	200	(MT)
TOTAL Dom. Consumption	0	2529	0	1500	0	1600	(MT)
TOTAL Disappearance	0	2529	0	1502	0	1648	(MT)
Ending Stocks	0	2950	0	2948	0	2900	(MT)
TOTAL DISTRIBUTION	0	5479	0	4450	0	4548	(MT)

Tobacco, Unmanufactured, Flue Cured – PSD

Country	Poland						
Commodity	Tobacco, Unmfg., Flue Cured				(HA)(MT)		
	2002	Revised	2003	Estimate	2004	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		01/2002		01/2003		01/2004	MM/YYYY
Area Planted	0	8500	0	8500	0	8500	(HA)
Beginning Stocks	0	4090	0	4680	0	4680	(MT)
Farm Sales Weight Prod	0	15000	0	17000	0	17000	(MT)
Dry Weight Production	0	13500	0	15000	0	15000	(MT)
U.S. Leaf Imports	0	2045	0	1500	0	1500	(MT)
Other Foreign Imports	0	19988	0	15000	0	15000	(MT)
TOTAL Imports	0	22033	0	16500	0	16500	(MT)
TOTAL SUPPLY	0	39623	0	36180	0	36180	(MT)
Exports	0	2898	0	4000	0	4000	(MT)
Dom. Leaf Consumption	0	12000	0	13000	0	13000	(MT)
U.S. Leaf Dom. Consum.	0	2045	0	1500	0	1500	(MT)
Other Foreign Consump.	0	18000	0	13000	0	13000	(MT)
TOTAL Dom. Consumption	0	32045	0	27500	0	27500	(MT)
TOTAL Disappearance	0	34943	0	31500	0	31500	(MT)
Ending Stocks	0	4680	0	4680	0	4680	(MT)
TOTAL DISTRIBUTION	0	39623	0	36180	0	36180	(MT)

Tobacco, Unmanufactured, Light Air Cured – PSD

Country	Poland						
Commodity	Unmfg., Light Air Cured				(HA)(MT)		
	2002	Revised	2003	Estimate	2004	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		01/2002		01/2003		01/2004	MM/YYYY
Area Planted	0	12000	0	12000	0	12000	(HA)
Beginning Stocks	0	7763	0	14643	0	14443	(MT)
Farm Sales Weight Prod	0	16000	0	18000	0	18000	(MT)
Dry Weight Production	0	14000	0	15000	0	15000	(MT)
U.S. Leaf Imports	0	572	0	100	0	200	(MT)
Other Foreign Imports	0	12300	0	5000	0	5000	(MT)
TOTAL Imports	0	12872	0	5100	0	5200	(MT)
TOTAL SUPPLY	0	34635	0	34743	0	34643	(MT)
Exports	0	420	0	200	0	300	(MT)
Dom. Leaf Consumption	0	14000	0	15000	0	15000	(MT)
U.S. Leaf Dom. Consum.	0	572	0	100	0	200	(MT)
Other Foreign Consump.	0	5000	0	5000	0	5000	(MT)
TOTAL Dom. Consumption	0	19572	0	20100	0	20200	(MT)
TOTAL Disappearance	0	19992	0	20300	0	20500	(MT)
Ending Stocks	0	14643	0	14443	0	14143	(MT)
TOTAL DISTRIBUTION	0	34635	0	34743	0	34643	(MT)

Tobacco, Unmanufactured, Oriental – PSD

Country	Poland						
Commodity	Tobacco, Unmfg., Oriental				(HA)(MT)		
	2002	Revised	2003	Estimate	2004	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		01/2002		01/2003		01/2004	MM/YYYY
Area Planted	0	0	0	0	0	0	(HA)
Beginning Stocks	0	2977	0	6960	0	5760	(MT)
Farm Sales Weight Prod	0	0	0	0	0	0	(MT)
Dry Weight Production	0	0	0	0	0	0	(MT)
U.S. Leaf Imports	0	0	0	0	0	0	(MT)
Other Foreign Imports	0	10183	0	2000	0	2000	(MT)
TOTAL Imports	0	10183	0	2000	0	2000	(MT)
TOTAL SUPPLY	0	13160	0	8960	0	7760	(MT)
Exports	0	200	0	200	0	200	(MT)
Dom. Leaf Consumption	0	0	0	0	0	0	(MT)
U.S. Leaf Dom. Consum.	0	0	0	0	0	0	(MT)
Other Foreign Consump.	0	6000	0	3000	0	3000	(MT)
TOTAL Dom. Consumption	0	6000	0	3000	0	3000	(MT)
TOTAL Disappearance	0	6200	0	3200	0	3200	(MT)
Ending Stocks	0	6960	0	5760	0	4560	(MT)
TOTAL DISTRIBUTION	0	13160	0	8960	0	7760	(MT)

Tobacco, Manufactured – Cigarettes, PSD

Country	Poland						
Commodity	Tobacco, Mfg., Cigarettes				(MIL PCS)		
	2002	Revised	2003	Estimate	2004	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		01/2002		01/2003		01/2004	MM/YYYY
Filter Production	75100	77365	75000	78240	0	78500	(MIL PCS)
Non-Filter Production	4200	3500	4000	3260	0	3000	(MIL PCS)
TOTAL Production	79300	80865	79000	81500	0	81500	(MIL PCS)
Imports	6	14	5	121	0	20	(MIL PCS)
TOTAL SUPPLY	79306	80879	79005	81621	0	81520	(MIL PCS)
Exports	3886	2414	6500	5000	0	4500	(MIL PCS)
Domestic Consumption	75420	78465	72505	76621	0	77020	(MIL PCS)
TOTAL DISTRIBUTION	79306	80879	79005	81621	0	81520	(MIL PCS)