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## Poland

## Strawberries

## Annual

## 2004

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**Report Highlights:**

Poland's 2004 strawberry crop increased by nearly 38 percent compared to last year amounting to 181,000 MT. Area under strawberry cultivation slightly increased and amounted to 48,000 HA as compared with 43,900 HA in 2003. In 2003 Poland exported 84,200 MT of frozen strawberries and it is estimated that exports in 2004 should amount to 80,000 MT. According to trade sources Polish freezing companies still hold large stocks of frozen product. Some of these stocks will most likely be sold next year, increasing frozen strawberry exports prior to next season.

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Includes PSD Changes: Yes  
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Annual Report  
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**Table of Contents**

<b>Executive Summary .....</b>	<b>2</b>
<b>FRESH STRAWBERRIES.....</b>	<b>3</b>
<b>Production .....</b>	<b>3</b>
<b>Consumption.....</b>	<b>5</b>
<b>Trade.....</b>	<b>6</b>
<b>Policy .....</b>	<b>8</b>
<b>Marketing .....</b>	<b>9</b>
<b>FROZEN STRAWBERRIES .....</b>	<b>9</b>
<b>Production .....</b>	<b>9</b>
<b>Consumption.....</b>	<b>10</b>
<b>Trade.....</b>	<b>11</b>
<b>Stocks .....</b>	<b>12</b>
<b>Policy .....</b>	<b>13</b>
<b>Marketing .....</b>	<b>13</b>

## Executive Summary

Favorable weather conditions in Poland during both spring and harvest season resulted in a high strawberry crop. Estimated 181,000 MT (an increase of 38 percent) of strawberries were harvested this year compared with 131,000 in 2003. This situation was caused by especially favorable weather conditions in the winter (no frost damage) and spring (mild temperatures with sunshine which stimulated fruit blossom). This year the quality of fruit was very good. It is estimated that Poland exported 18,000 tons of fresh or chilled strawberries, primarily to the European Union (Germany, Netherlands, Belgium). Minimal quantities of table varieties were imported from Spain and Italy.

The increase in fresh strawberry output in 2004 increased the amount available for the processing industry. Due to large production, strawberry prices were at the lowest level since 2001. Prices offered by the processing industry for fresh strawberries this year (PLN 2.17 at the beginning of the season – PLN 1.45 at the end of the season, USD 0.61-0.41) were significantly lower than a year ago (PLN 2.50-5.35, USD 0.62-1.30). Export prices greatly varied during the summer starting quite high at the level of Euro 1,450 per ton (USD 1,705), decreasing to Euro 600 (USD 705) by the end of the harvest.

Trade sources report that currently stocks of frozen strawberries from this season are still unsold and remain in Polish freezers. Polish exports of processed products (including frozen, canned, preserves and jams) in 2004 were estimated at 120,000 tons including 80,000 tons of frozen strawberries. The European Union remains Poland's biggest export market, with Germany the single largest importer of Polish frozen strawberries.

Low prices received by producers in 2004 have stimulated some of the farmers to plow through their strawberry plantations. With decreased area of strawberry plantations Poland is not expected to achieve a large strawberry crop before 2006.

## FRESH STRAWBERRIES

### Production

Over the past ten years the average area under strawberry cultivation in Poland was about 57,000 HA. The area under strawberry cultivation in 2004 amounted to 48,000 HA. No new plantings were recorded in the fall of 2004. As a result of low economic profitability of production in 2004, some of the plantings were destroyed. The area under strawberry cultivation in 2005 is expected to slightly decrease to 45,000 HA. The level of strawberry production in Poland depends greatly on weather conditions, which have shifted over the last 15 years with yields fluctuating between a high of 4.21 MT/HA in 1991 to 3.77 MT/HA in 2004.

Weather conditions during the winter of 2003 were very favorable. No frost damage was recorded. Spring was warm and provided adequate sunshine for flower and fruit development. Warm and dry weather continued during summer contributing to an extended harvest.

According to the Polish Institute of Agricultural Economics, strawberry cultivation was unprofitable in 2004.

**Purchase Prices for Strawberries:**

The harvest was longer than average. First purchases occurred around June 1<sup>th</sup> and the last around July 23<sup>rd</sup>, 2004. During early June, the purchase price offered by processors for strawberries with leaf stalk removed was PLN 2.17 (USD 0.61) per kilogram as compared with PLN 2.50 (USD 0.66) per kilogram at the same time in 2003. The increase in supply of strawberries resulted in lower prices throughout the harvest. By the end of June, farm-gate prices decreased to PLN 1.53 (USD 0.43), reaching PLN 1.45 (USD 0.41) at the end of July.

Poland's most popular varieties continue to be Senga Sengana (60% of crop), Kama, Dukat, Elsanta, Selva, Kent, Korona and Marmolada. The quality of the Senga Sengana variety has been decreasing steadily in recent years due to poor farming practices. Farmers have been attempting to reduce costs by using cuttings from older fields rather than investing in new seedlings. With the use of older cuttings, any diseases present in older plants are more easily spread resulting in lower yields. Farmers reportedly prefer Dukat and Elsanta to Senga Sengana because of its resistance to diseases. However, the Polish processing industry does not like these varieties because their tolerance to cold storage has not been proven. Polish farmers tend to have different varieties on each field.

There has been increased interest in the cultivation of fresh table varieties including Elsanta, Kama, Selva, Dukat and Kent in recent years. Polish farmers are aware that fresh table varieties attract higher prices and could increase the profitability of their operations. By introducing more varieties, they are able to both prolong the strawberry harvest season and to offer a new product for Polish markets and exports. In the past few years for the first time in Poland the largest Polish strawberry producer (over 143 HA) situated near Warsaw has been successful in introducing tunnel production for part of strawberry fields on his farm. This development enables this company to have a continuous supply of table fruit varieties from May to November. Currently, the remaining 97 percent of Polish farms are traditional open fields. According to the Polish Statistical Office the average size of a Polish strawberry field is 0.19 HA.

## PSD Table

Country	Poland						
Commodity	Strawberries, Fresh						(HA)(MT)
	2002	Revised	2003	Estimate	2004	Forecast	UOM
	USDA Official	Estimate [DA Official	Estimate [DA Official	Estimate [DA Official	Estimate [New]		
Market Year Begin	01/2003	01/2004	01/2005	MM/YYYY			
Area Planted	40000	43900	50000	48000	0	45000	(HA)
Area Harvested	40000	43900	50000	48000	0	45000	(HA)
TOTAL Production	117000	131000	140000	181000	0	160000	(MT)
Imports, Fresh	1250	1007	1500	1000	0	1300	(MT)
TOTAL SUPPLY	118250	132007	141500	182000	0	161300	(MT)
Exports, Fresh	10500	13627	14000	18000	0	20000	(MT)
Domestic Fresh Market	27750	18380	27500	19000	0	41300	(MT)
For Processing	80000	100000	100000	145000	0	100000	(MT)
TOTAL UTILIZATION	118250	132007	141500	182000	0	161300	(MT)

### Consumption

During the past several years, consumption of fresh strawberries has remained constant at about 0.5-1 kg/per capita and remained at a similar level in 2004.

## Price Table

# Prices Table

**Country** Poland**Commodity** Strawberries, FreshPrices in **Zlotys** per uom **Kilogram**

Year	2002	2003	% Change
Jan			
Feb			
Mar			
Apr			
May	17	15	-12%
Jun	5	5.63	13%
Jul	4.5	7.32	63%
Aug			
Sep			
Oct			
Nov			
Dec			

Exchange Rate **4.52** Local Currency/US \$Date of Quote **10/5/2004** MM/DD/YYYY

## Trade

Poland annually exports around 12,000-20,000 tons of fresh and/or chilled strawberries. The European Union (Germany, Austria) imports almost all of the product. Poland exported 13,627 tons of fresh and chilled strawberries in 2003. During 2004, exports were estimated at 18,000 tons and are expected to remain at a similar level in 2005. Polish analysts expect exports of fresh product to increase further in the next 5 years as Polish farmers increase production of table varieties. Polish product is exported by small Polish private firms, as well as branch offices of foreign (mostly German and Czech) firms.

During the off season, limited quantities of fresh strawberries are imported by air from Spain, Italy and Morocco. High prices (two to three times higher than that of Polish strawberries during harvest season) limit sales.

## Export Trade Matrix

Country Poland

Commodity Strawberries, Fresh

Time Period	12 months	Units:	Tons
Exports for:	2002		2003
U.S.		U.S.	2
Others		Others	
Germany	7400	Germany	5099
Netherlands	2788	Netherlands	3065
Belgium	1743	Belgium	1627
Austria	1084	Austria	1276
Unit. Kingdom	14	Unit. Kingdom	945
Czech Rep.	999	Czech Rep.	659
Sweden	86	Sweden	370
Latvia	145	Latvia	204
Russia	54	Russia	124
Lithuania	34	Lithuania	69
Total for Others	14347		13438
Others not Listed	2508		187
Grand Total	16855		13627

## Import Trade Matrix

Country Poland

Commodity Strawberries, Fresh

Time Period	12 months	Units:	Tons
Imports for:	2002		2003
U.S.		U.S.	
Others		Others	
Spain	672	Spain	754
Italy	312	Italy	197
Morocco	58	Morocco	20
Israel	7	Israel	10
Belgium	6	Belgium	8
Netherlands	6	Netherlands	8
Egypt	3	Egypt	6
Austria	72	Austria	2
Total for Others	1136		1005
Others not Listed	117		2
Grand Total	1253		1007

## Tariff

After May 1, 2004 when Poland became a member of the EU, all external EU duties became applicable. In many cases, products originating from different countries exporting to the EU are assessed different custom duty rates, depending on international agreements in place. For additional information on duties applied by EU please refer to the following internet site: [http://europa.eu.int/comm/taxation\\_customs/dds/cgi-bin/tarchap?Lang=EN](http://europa.eu.int/comm/taxation_customs/dds/cgi-bin/tarchap?Lang=EN)

Duties below are applicable to products originating from the United States and China.

Taric code number	Commodity description	Duty rate for product from the U.S.	Preferential duty rate for product from China
0810100000	Fresh strawberries intended for processing	11.2%  Unit Value: 112.4 URVU/100 kg	7.7%  Unit Value: 112.4 URVU/100 kg
0811101100	Fruits and nuts, uncooked or cooked by steaming or boiling in water, frozen, whether or not containing added sugar or other sweetening matter.  - Frozen Strawberries	20.8% + 8.4 EUR/100 kg+12	20.8% + 8.4 EUR/100 kg
0812909930	Fruits and nuts, provisionally preserved (for example by sulphur dioxide gas, in brine, in sulphur water or in other preservative solutions), but unsuitable in that state for consumption.  - other processed strawberries	8.8%	5.3%

## Policy

After Poland's accession into the EU Polish farmers, also those with strawberry plantations, can apply for direct agricultural payments. Farms require to be at least 1 HA in size. Per hectare payments this year amount to PLN 504 (USD 143), and in accordance with the Polish/EU accession agreement, amounts will be increase on an annual basis for next several years. Farms located in areas where farming is adversely affected by various conditions (e.g. mountain areas with slopes) can receive up to 30 percent in additional payments.

Also, the Government of Poland (GOP) through the Ministry of Agriculture and Rural Development's Agency For Restructuring and Modernizing of Agriculture offers the following preferential agricultural credits:



Basic investment credit (utilized primarily for the construction of new buildings, food processing activities): GOP subsidizes loans to farmers at less than half the commercial agricultural credit rate, which can be as high as 35 percent. Loans under this program are assessed between 3.31-3.74 percent interest rate.

Credits for purchase of additional land: Farmers can obtain loans at 1.22-1.44 percent interest rate.

Loans for creation of agricultural farms, approved by the Minister of Agriculture, at 3.31-3.74 percent interest rate.

## **Marketing**

During the harvest season, vendors traditionally sell fresh strawberries in wooden baskets containing 2 kg of fruit from the back of trucks or from temporary stands. The dynamic growth of the supermarket/hypermarket retail outlets has resulted in a consolidation of wholesale suppliers. Hypermarkets tend to contract with individuals or supplier groups.

Polish exports of fresh and chilled strawberries are carried out by private Polish firms as well as foreign companies seasonally operating in Poland. Foreign companies (mostly German and Czech) either set up purchasing points or pre-contract with Polish farmers. Product is purchased directly from farms, with cash payment, and either pre-cooled before transport or transported in temperature-controlled trucks to Germany for further processing. Polish traders and representatives of local freezers also purchase fresh product from farmers. However, lacking financial resources, Polish companies often find it difficult to compete with the foreign firms. Limited quantities of imported fresh strawberries, which appear during the off season, are mostly sold in supermarkets and on vegetable stands in larger cities.

## **FROZEN STRAWBERRIES**

### **Production**

Sixty to seventy percent of strawberry production is annually sold as frozen product. Of the 145,000 MT of fresh strawberries delivered to processors in 2004, about 120,000 MT of frozen product was produced. In 2004, fruit processors were satisfied with the quality of the fruit.

## PSD Table

Country	Poland						
Commodity	Strawberries, Frozen						(MT)
	2002	Revised	2003	Estimate	2004	Forecast	UOM
	USDA Official	Estimate [DA Official	Estimate [DA Official	Estimate [DA Official	Estimate [DA Official	Estimate [New]	
Market Year Begin	01/2003	01/2004	01/2005	MM/YYYY			
Deliv. To Processors	80000	100000	100000	145000	0	100000	(MT)
Beginning Stocks	0	0	2500	200	0	31200	(MT)
Production	77000	90000	90000	120000	0	85000	(MT)
Imports	1000	3047	1000	1000	0	1000	(MT)
TOTAL SUPPLY	78000	93047	93500	121200	0	117200	(MT)
Exports	68500	84200	85500	80000	0	91000	(MT)
Domestic Consumption	7000	8647	8000	10000	0	10000	(MT)
Ending Stocks	2500	200	0	31200	0	16200	(MT)
TOTAL DISTRIBUTION	78000	93047	93500	121200	0	117200	(MT)

### Consumption

Consumption of frozen strawberries in Poland is only about 0.2 kg per capita. Poles prefer purchasing fresh product during the harvest season as well as consuming products processed at home (jams, compotes etc.).

## Prices Table

Country	Poland		
Commodity	Strawberries, Frozen		
Prices in	Zlotys	per uom	Kilogram
Year	2002	2003	% Change
Jan	10.5	8.86	-16%
Feb	9.77	9.02	-8%
Mar	10	9.14	-9%
Apr	9.8	9.24	-6%
May	10	9.32	-7%
Jun	10.5	9.38	-11%
Jul	10.3	9.5	-8%
Aug	10.6	9.78	-8%
Sep	10.6	10.22	-4%
Oct	10.6	10.88	3%
Nov	10.6	11.46	8%
Dec	10.8	11.84	10%
Exchange Rate	3.52	Local Currency/US \$	
Date of Quote	10/5/2004	MM/DD/YYYY	

## Trade

Poland continues to be the major supplier of frozen strawberries to the European Union. Germany is Poland's largest market. At the beginning of the harvest in June 2004 export prices were at Euro 1,450 (USD 1,705) per ton. In the second part of the harvest as supply of the fruit increased, prices decreased to the level of Euro 700 (USD 823) per ton and at the end of the season reached Euro 600 (USD 705) per ton. Such low prices resulted from the fact that the overall world supply of strawberries reached its peak in 2004. After the smaller Polish crop in 2003, many international traders located alternative suppliers. Chinese product seems to have captured a big share of markets previously dominated by Poland (e.g. in the EU). Many experts believe that suppliers such as China or Slovenia will play a major role in the coming years. In order to remain an important player on the international market, Poland needs to ensure a stable level of good quality fruit. Attempts to create producer associations, switch to contract purchasing and improve quality of planting material are being conducted in Poland. However, the fact that strawberries are grown by nearly 200,000 farmers makes these efforts very difficult.

In the past, Hortex (currently a private firm, formerly one of the state owned Polish export-import enterprises) was responsible for most of the Polish exports. This company is currently responsible for nearly sixty percent of the trade. Other export companies include: Agros, Hortino, Freezing House Olsztyn, Gomar and Elsner.

Polish medium and small size companies experienced a very difficult trade year during 2004. Those firms which were purchasing product at the beginning of harvest in early June when prices had escalated to Euro 1,450 per ton (USD 1,705), were not able to sell product at a profit. Many still hold frozen product in storage.

Many of the large trading firms from the E.U., dealing with purchasing/processing of strawberries already have either permanent or seasonal representation on the Polish market. After Poland became a member of the EU many of the smaller European trading (German and Czech) firms also became active on this market, offering cash payments for the product.

Many "seasonal" companies with foreign investment (mostly German) purchase fresh product locally. They contract with Polish freezers for processing fruits and then transport frozen strawberries to destination markets.

Limited imports of frozen strawberries enter Poland from countries such as Spain, China and Germany.

## Export Trade Matrix

**Country** Poland

**Commodity** Strawberries, Frozen

Time Period	12 months	Units:	Tons
Exports for:	2002		2003
U.S.	835	U.S.	732
Others		Others	
Germany	53832	Germany	36336
Netherlands	17220	Netherlands	9804
Denmark	9331	Denmark	6937
France	6235	France	5497
Sweden	6187	Sweden	4698
Unit. Kingdom	4111	Unit. Kingdom	3019
Belgium	3951	Belgium	2853
Norway	2683	Norway	2646
Finland	2419	Finland	2079
Austria	3420	Austria	2007
Total for Others	109389		75876
Others not Listed	17085		7592
Grand Total	127309		84200

## Import Trade Matrix

**Country** Poland

**Commodity** Strawberries, Frozen

Time Period	12 months	Units:	Tons
Imports for:	2002		2003
U.S.		U.S.	
Others		Others	
China	21	China	931
Germany	944	Germany	519
Morocco	82	Morocco	342
Spain	23	Spain	327
Belgium	0	Belgium	239
Total for Others	1070		2358
Others not Listed	505		689
Grand Total	1575		3047

## Stocks

No official data on stocks are available. Post uses estimates obtained from the Institute of Agricultural Economy and the Polish Ministry of Agriculture and Rural Development. Carryover stocks of frozen strawberries depend on the total supply and price in any given year. The lower the price and the higher the quantity, the more likely some frozen product will be stored. Stocks are held in cold storage facilities throughout Poland. In 2005 exports of strawberries should be increased by stocks from 2004 which are still in the cold storages.

## Policy

Prior to E.U. accession limited funds out of E.U.'s SAPARD were utilized by Polish fruit processing plants. Many of them were caught in long term privatization procedures which prevented any investments.

According to trade sources, Poland's accession into the E.U. did not have an immediate effect on the strawberry trade or industry. Attempts are being made to organize Polish growers into associations (as required by the EU) in order to obtain financial assistance, but are not very successful. Should these attempts be successful and grower cooperatives be organized, E.U. regulations specify that if each grower contributes funds equaling 4.1 percent of turnover to the cooperatives "market organization fund", then the same amount of 4.1 percent will be contributed out of the E.U. Operating Funds – Market Organization. Such funds could then be used for improvements of: seedlings, fruit sorting, packaging.

Currently, no special Polish government policy is being applied to purchasing or trade of frozen strawberries. According to trade sources the lack of government financial support for purchases as well as the lack of preferential credits for trading companies are limiting development of this sector in Poland.

## Marketing

Over the past several years, changes occurred in methods of distribution of frozen products, including strawberries, in Poland. The appearance of new retail outlets throughout Poland has created a demand for national distribution of frozen products. In the past, Hortex was the only company capable of delivering their products at the national level. Currently, two distribution groups have established themselves on the Polish market - Frozen Food Group and KFD.

Both of these associations are composed of several large distribution firms which work closely with individual freezing companies and frozen food producers. Transportation is conducted by a specialized fleet of freezer trucks contracted from transportation companies. Both organizations often provide smaller shops with storage freezers used for storage of many different frozen products, including strawberries. Some of the recently privatized freezing companies are trying to serve local markets with their products. Often, they also provide their own transportation.