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Poland

Product Brief

Distilled Spirits

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Approved by:

Charles Rush
US Embassy

Prepared by:

Natalia Koniuszewska, Elizabeth Minor

Report Highlights:

Vodka dominates the distilled spirits market, accounting for 9 percent of total alcoholic beverage consumption. When Poland became a member of the European Union in May 2004 tariff rates on alcoholic beverage imports were reduced significantly increasing market access.

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Executive Summary

Distilled spirits represent a small percentage of the alcohol consumed in Poland, due to the recent increases in wine and beer consumption. Vodka dominates the distilled spirits market, accounting for 9 percent of total alcoholic beverage consumption. Whiskey has been growing in popularity and imports of U.S. whiskey have been growing rapidly. When Poland became a member of the European Union in May 2004 tariff rates on alcoholic beverage imports were reduced which significantly increased market access.

In total alcohol sales 2004 estimates show an increase of 8.9 percent over 2003, ending at 102 million liters sold. The most dynamic increase has been in the beer market but the market for distilled spirits has been growing steadily.

Advantages	Challenges
The tariff rates imposed on all alcoholic beverages have decreased dramatically due to Poland's May 2004 accession to the EU.	Poland produces a large quantity of high quality distilled spirits.
Poland is the fourth largest consumer of Vodka in the world.	Consumers are purchasing more beer and wine than ever before.
Whiskey has been traditionally a drink of choice among Poles. However, Bourbon sales are increasing as it is becoming trendy.	Low salaries make the Polish alcohol market very price sensitive.

Market Sector Opportunities and Threats

Retail & HRI Market Sector

1) Entry Strategy

Contacting the right importer will help businesses enter the Polish distilled spirits market. Most supermarkets, hypermarkets, specialty shops, hotels, restaurants, and catering companies purchase their distilled spirits through wholesalers who maintain their own distribution channels and marketing contacts. U.S. exporters of distilled spirits may obtain a list of current importers by contacting the Office of Agricultural Affairs of the U.S. Embassy in Warsaw (see Section V).

2) Market Size, Structure, Trends

The distilled spirits market is very competitive. A wide range of spirits can be purchased on the market from all over the world ranging widely in price.

Alcoholic beverage consumption in Poland is directly related to disposable income available. In years when economic growth is experienced there appears to be an increase in alcoholic beverage consumption. When growth slows, consumption tends to slump as indicated in the following charts.

Polish Per Capita Alcoholic Beverage Consumption

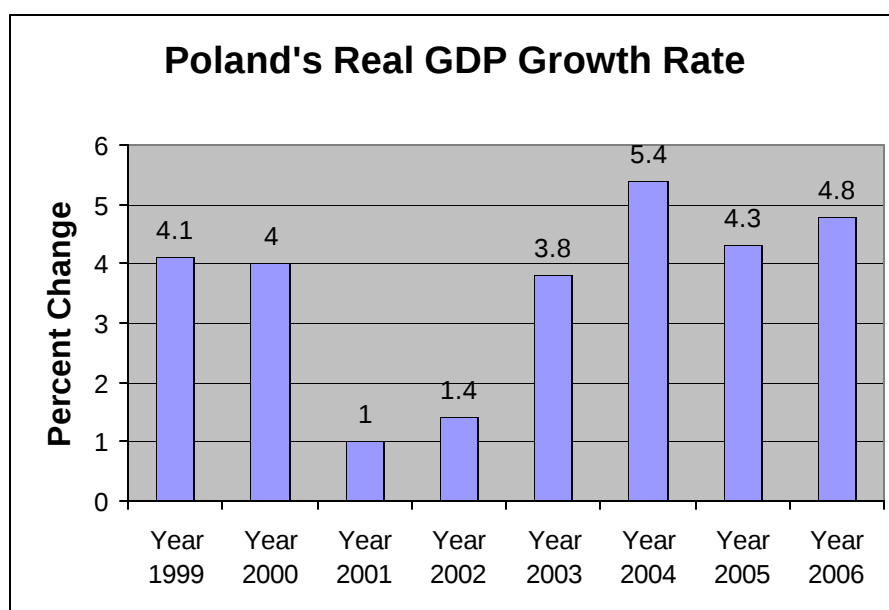
Product	Unit of Measure	1980	1990	1999	2000	2001	2002
Vodkas, liquors and other alcoholic beverages**	Liters of 100% pure alcohol	6.0	3.8	2.1	2.0	1.7	1.7
Wines and drinking honey	Liters	10.1	7.4	13.6	11.9	10.5	11.2
Beer made on the base of malt***	Liters	30.4	30.4	60.1	66.2	65.8	70.7

Source: Polish Statistical Office

Please note that official statistics differ from industry data by as much as 5%

** Data is available for local production only.

***Since 2000 only product containing above 0.5% of alcohol are listed in this category.



Source: Citibank and Polish Market Review

Most large 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 distilled spirits to hypermarkets, specialty shops, as well as small retail stores located in larger cities.

Poland's Distilled Spirits Imports

Bourbon, 22083011

Partner Country	Unit	2002		2003		2004	
		USD	Quantity	USD	Quantity	USD	Quantity
World	LPA	189232	13656	260889	19970	444232	29672
United States	LPA	186149	13483	260889	19970	313395	21214
Germany	LPA	0	0	0	0	89923	4876
France	LPA	0	0	0	0	32899	2827
Belgium	LPA	0	0	0	0	5907	672
Sweden	LPA	0	0	0	0	2096	82
Denmark	LPA	0	0	0	0	12	1

Malt Scotch Whiskey, 22083032

Partner Country	Unit	2002		2003		2004	
		USD	Quantity	USD	Quantity	USD	Quantity
World	LPA	135099	5469	263003	9183	738214	19445
United Kingdom	LPA	105031	4041	232104	7684	523103	14052
Sweden	LPA	0	0	0	0	119617	2666
Germany	LPA	57	0	0	0	36415	1091
Netherlands	LPA	26319	1116	18628	865	28490	580
France	LPA	3488	304	12271	634	15098	640
Denmark	LPA	0	0	0	0	913	20
United States	LPA	204	8	0	0	0	0

Blended Scotch Whiskey, 22083052

Partner Country	Unit	2002		2003		2004	
		USD	Quantity	USD	Quantity	USD	Quantity
World	LPA	3255606	378858	5998764	660197	8564606	747741
United Kingdom	LPA	3231980	374809	5953163	653801	5387483	381110
Czech Republic	LPA	0	0	0	0	1595413	266986
Netherlands	LPA	541	60	0	0	291906	14752
Germany	LPA	0	0	0	0	189668	13240
France	LPA	9184	2011	13524	2440	74949	10544
Sweden	LPA	0	0	0	0	71263	3280
Italy	LPA	0	0	956	76	24504	1365
Denmark	LPA	0	0	0	0	19867	1654
Ireland	LPA	12290	1618	29590	3803	4424	605
United States	LPA	0	0	0	0	1010	23
Barbados	LPA	0	0	0	0	12	0

Run and Tafia, 220840

Partner Country	Unit	2002		2003		2004	
		USD	Quantity	USD	Quantity	USD	Quantity
World	LPA	228079	34017	419830	68420	728151	154550
Germany	LPA	0	0	160	1	376294	47831
Netherlands	LPA	499	164	34781	22661	162152	90815
France	LPA	3553	1575	4988	1837	67116	4805
Bahamas	LPA	154220	20006	280755	32181	40428	5774
Italy	LPA	0	0	268	11	38729	2033
United Kingdom	LPA	1933	167	3543	271	9277	676
Austria	LPA	0	0	0	0	7252	793
Denmark	LPA	0	0	101	8	7124	388
Sweden	LPA	0	0	33	1	6991	400
Cuba	LPA	7218	741	17977	1470	4907	326
Brazil	LPA	1629	141	10655	896	3028	235
Jamaica	LPA	55626	10745	37095	5086	2864	201
Spain	LPA	0	0	674	107	1952	272
United States	LPA	1673	216	25	0	0	0

Gin and Gin Geneva, 220850

Partner Country	Unit	2002		2003		2004	
		USD	Quantity	USD	Quantity	USD	Quantity
World	LPA	372055	66481	358239	222583	485225	107264
United States	LPA	179667	39659	153399	192649	110948	60182
Germany	LPA	90	40	0	0	92389	17745
United Kingdom	LPA	184684	24407	194888	27939	89036	9105
Italy	LPA	0	0	0	0	41287	3985
France	LPA	7576	2373	4818	1248	30504	2417
Netherlands	LPA	0	0	895	28	30406	2164
Czech Republic	LPA	0	0	0	0	24521	5543
Slovakia	LPA	0	0	0	0	8379	726
Denmark	LPA	0	0	0	0	5540	570
Sweden	LPA	0	0	11	0	4989	427
Spain	LPA	0	0	4229	719	1531	265
Belgium	LPA	0	0	0	0	263	79
Switzerland	LPA	0	0	0	0	193	17
Finland	LPA	0	0	0	0	132	11

Liquors and Cordials, 220870

Partner Country	Unit	2002		2003		2004	
		USD	Quantity	USD	Quantity	USD	Quantity
World	LPA	1261785	85891	1812610	96707	2854320	160918
Italy	LPA	420693	26011	474195	24430	681517	47627
Czech Republic	LPA	0	0	0	0	555728	33211
Ireland	LPA	311013	11376	610509	16208	531715	11842
Germany	LPA	100095	10373	162296	14798	383732	32852
Netherlands	LPA	254338	21733	393668	28169	355349	19805
France	LPA	101253	9517	78618	5622	124447	7292
United Kingdom	LPA	20173	1134	26427	1320	117847	2931
Belgium	LPA	19414	1966	22168	2124	24731	2109
South Africa	LPA	0	0	9543	336	17155	597
United States	LPA	28026	3393	23924	2825	11498	875

Vodka, 220860

Partner Country	Unit	2002		2003		2004	
		USD	Quantity	USD	Quantity	USD	Quantity
World	LPA	2016874	579394	2568057	715995	9265703	1969921
Finland	LPA	886680	310694	1859536	549127	3918698	744513
Sweden	LPA	1050415	257739	561633	141307	3849008	1004537
France	LPA	0	0	54655	14075	572021	109154
Netherlands	LPA	53	6	353	32	405353	36389
Germany	LPA	5827	1150	2486	500	183398	30992
Ukraine	LPA	1194	400	2369	660	103499	20565
Denmark	LPA	25773	3071	28167	2865	61904	5557
Ireland	LPA	0	0	0	0	56448	4620
United Kingdom	LPA	44348	5483	51095	5393	35614	4652
Slovakia	LPA	0	0	0	0	32941	3106
Latvia	LPA	0	0	0	0	11814	1283
Russia	LPA	0	0	0	0	10541	1057
Czech Republic	LPA	0	0	98	0	7928	786
Lithuania	LPA	0	0	0	0	4652	1116
United States	LPA	2422	844	6702	1868	2026	507

Source: Global Trade Atlas

The whiskey and bourbon market is primarily comprised of products from Scotland and the United States. Scottish whiskey comprises a slightly larger portion of the market share due to lower duties in the past as well as a long tradition of consumption of Scottish whiskey in Poland; however, the increased availability of U.S. brands is indicative of the potential for growth in this market.

In the gin market, the U.S. faces fierce competition from the United Kingdom. Gin from the U.S. is bought more frequently due to the lower price for an equivalent or higher quality product; however, gin from the UK is readily available.

Polish distilled spirits consumption declined from 1993 when an excise tax on alcoholic beverages was introduced. Demand moved from traditionally consumed distilled spirits to

other alcohols, mainly beer. According to industry experts, consumption of hard liquors and wine in 2003 increased by as much as 30-40 percent per capita. This is a result of wine and spirits being seen as healthy and trendy and the lower import taxes levied once Poland joined the EU.

Whiskey is also becoming a popular drink in Poland. The most popular brands include: Johnnie Walker (Red and Black Label) and Ballentines. In 2003 the American brands most often purchased were Jack Daniel's (0.4 percent of sales in Poland), Jim Beam (0.1 percent of sales in Poland) and Medley's (0.1 percent of sales in Poland).

Costs and Prices

On March 1, 2004 Poland enacted a new excise tax law. For details please see section IV.

Distilled spirits are primarily purchased at hypermarkets or specialty shops for consumption at home. A small portion of distilled spirits is purchased at hotels, clubs, and restaurants; this number is expected to rise as the tourism industry grows.

Market Access

The excise tax is calculated based on pure alcohol level content at a temperature of 20 ° C in the final product.

The Minister of Finance's working regulations on excise taxes on several products assesses the following tax:

HS 2204, 2205, 2206 - Wine and fermented drinks - PLN 136 (USD 40.72) per hectoliter
HS 2207.10.00 - Ethyl alcohol for consumption purposes - PLN 4,400 (USD 1317.37)
HS 2208 - Vodka, liqueurs, other alcoholic beverages, 2103.90.30; 2106.90.20 alcohol preparations for drink production, based on ethyl alcohol - PLN 4,400 (USD 1317.37)
Other alcoholic beverages with no HS code indication, with an alcohol content above 1.2% vol. - PLN 4,400 (USD 1317.37).

(USD 1 = PLN 3.34, June 15, 2005)

Duty-free/custom bound warehouses can now be operated in Poland by facilities with a history (previous year) of revenue of PLN 700 million (USD 180 million). New duty free facilities may be established by obtaining required permits and providing estimates of planned revenue. The revenue of new facilities must be reported to customs authorities after three months of operation. If it does not meet the initial forecast level, the permits issued to such facilities can be invalidated.

Importers of alcoholic beverages must purchase excise tax stickers from Polish authorities. These stickers are used as partial advance payment of the excise tax. Imported products must have excise tax stickers on them before entering Poland. Once the product enters the country the remainder of the tax must be paid.

Distilled Spirits Tariffs

HS Code	Product	Rate
2208 30	Whiskies:	
2208 30 11 2208 30 19	- Bourbon Whiskey	0%
	- Scotch Whiskey	
2208 30 32 2208 30 38	-- Malt Whiskey	0%
2208 30 52 2208 30 58	-- Blended Whiskey	0%
2208 40	Rum and tafia:	
	In containers holding 2 liters or less:	
2208 40 11	Rum with a content of volatile substances other than ethyl and methyl alcohol equal to or exceeding 225 grams per hectoliter of pure alcohol (with a 10% tolerance.)	0.6 EU/ %vol/hl + 3.2 EU/hl
	-- Other:	
2208 40 31	Of a value exceeding EU 7.9 per liter of pure alcohol.	0%
2208 40 39	Other	0.6 EU/ %vol/hl + 3.2 EU/hl
	In containers holding 2 liters or more:	
2208 40 51	Rum with a content of volatile substances other than ethyl and methyl alcohol equal to or exceeding 225 grams per hectoliter of pure alcohol (with a 10 % tolerance)	0.6 EU/ %vol/hl
	-- Other:	
2208 40 91	Of a value exceeding EU 2.0 per liter of pure alcohol.	0%
2208 40 99	--- Other:	0.6 EU/ % vol/hl
2208 50	Gin and Geneva	0%
2208 60	Vodka	0%

2208 70	Liqueurs and Cordials	0%
2208 90	Other	0%

* For additional information on EU duty rates please consult:

http://europa.eu.int/comm/taxation_customs/dds/en/tarhome.htm

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 Marketing
Division: 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 (e.g. Retail Sector) can be found on the Internet at (www.fas.usda.gov) at the *Attaché Reports* link.