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Poland

Grain and Feed

Drought Reduces Grain Crop

2000

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Report Highlights:

High temperatures and lack of precipitation in early spring have reduced prospects for Poland's grain crop in 2000. Higher local grain prices and increased imports of wheat, barley and corn are expected. A 200,000 ton tariff free import quota for grains is available until July 31, 2000.

Includes PSD changes: Yes
Includes Trade Matrix: No
Unscheduled Report
Warsaw [PL1], PL

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Executive Summary

The drought in early spring has reduced crop prospects in Poland. Although rains since mid-May have provided some relief, crops are expected to yield significantly less than usual. Poland's total grain crop in 2000 is now estimated at 22.5 million tons; 13 percent less than the 1999 crop. However, the head of the Chamber of Grain and Feed Processors of Poland estimates that the crop may be as low as 21.5 million tons.

Total grain imports for MY 2000/01 are now forecast to reach 2.5 million tons up from 900 TMT the previous two years. Grain prices are expected to increase in Poland and may result in increased grain imports. To mitigate increases in grain prices, the Government of Poland (GOP) has announced a 200,000 ton tariff free quota for grains. The quota expires on July 31, 2000. The quota is composed of 100,000 tons of wheat, 40,000 tons of barley, 30,000 tons of rye and 30,000 tons of oats. The short time frame may constrain imports.

The following table summarizes the current total grain situation in Poland (000 hectares/000 metric tons):

	MY 1998/99	MY 1999/00	MY 2000/01		MY 1998/99	MY 1999/00	MY 2000/01
Area Harv.	8,843	8,702	8,625	MY Export	431	26	4
Beg.Stocks	3,478	3,078	1,895	Feed Use	18,169	17,426	15,121
Production	27,159	25,749	22,460	Tot.Dom. Cons	28,064	27,756	25,231
MY Import	936	850	2,550	End.Stock	3,078	1,895	1,670
Tot.Supply	31,573	29,677	26,905	Tot.Distr.	31,573	29,677	26,905

Drought Effects Crops

After a mild winter with no significant winter losses reported, favorable early spring conditions resulted in a better than normal start for most crops. However, precipitation since mid-April has been well below normal. Lack of precipitation has been exacerbated by above-normal temperatures since April 10 resulting in increasing drought concerns. According to Institute of Meteorology reports, almost half of Poland was under "strong

drought” conditions as of May 15 with the other half considered as under “drought” conditions. Only small areas (including the Warsaw area) were classified as being under “very strong drought conditions”. The only areas free of drought were small regions of South and Southeastern Poland near Nowy Sacz, Klodzko and Zamosc. In mid-May, the Minister of Agriculture warned that a crop disaster could occur if rains did not appear before the end of May. Significant rainfall was registered in late May across Poland which likely prevented a “total crop disaster”.

The dry period during early Spring was especially damaging to spring grains and rye. Spring wheat germination was poor because of low soil moisture. Although record high corn plantings had been forecast in early Spring, the risk that corn seed may not germinate in the dry soil is expected to inhibit plantings. Winter wheat, which is generally planted on heavier soils and already had well establish roots, was less effected by the dry conditions in early Spring.

Large Imports are Necessary

The total wheat crop is forecast to be 9 percent lower than 1999. As of May 24, prices for milling-quality wheat had risen over 5 percent to over PLN 600 per ton (USD 133) but prices for other grains were stable. However, in early June the market became far more volatile. During the first week of June all grain prices were increased rapidly with prices for wheat growing rising to 700 - 800 zlotys a ton (USD 159-182). Last year at the same time wheat prices were around 440 zlotys a ton, 40 percent below the current price.

The Minister of Agriculture stated that current market prices are not justified by the crop outlook and grain stock situation will be sufficient for food and feed grains. However, the GOP announced a 200,000 ton tariff-free-quota for grain imports to mitigate price increases. The impact of the quota will be limited by the expiration date (July 31, 2000) and requirements for importers to obtain separate permits for each 1,500 tons of grain imported under tariff rate quotas. Moreover, corn has not been included under the all sources tariff free quota. Although there is a tariff free quota for corn imported from Hungary (115,000 tons for the whole CY 2000) the possible expected lower availability of corn in Hungary may not permit sufficient imports. The demand for feed and lack of corn will increase wheat demand and could cause further price increases. The 1,500 ton permit maximum also applies to the 388,000 ton tariff rate quota for wheat which is in effect for CY 2000. Tariff rates under the 388,000 ton quota are 25 percent for non-durum wheat. Despite complications for within quota imports, FAS/Warsaw estimates that total grain imports will amount to 2.5 million tons in MY 2000/01. Grain imports are expected to be comprised of 1.1 million tons of wheat, 0.8 million tons of barley, 500,000 tons of corn and small amounts of rye and oats.

Grain stocks are expected to decline further in MY 2000/01 reflecting reduced crop prospects and limitations on imports. It is possible that Poland’s strategic reserves will be tapped in which case they would have to be replenished by the end of the calendar year under the law. Despite increased imports of wheat, barley and corn, higher grain prices are expected to reduce feed grain and industrial use (alcohol, isoglucose/gluten). This could put inflationary presser.

Wheat PS&D Table:

PSD Table						
Country	Poland					
Commodity	Wheat				(1000 HA)(1000 MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		07/1998		07/1999		07/2000
Area Harvested	2631	2631	2583	2583	2600	2650
Beginning Stocks	2100	1770	2100	1544	1551	975
Production	9537	9537	9051	9051	9000	8200
TOTAL Mkt. Yr. Imports	467	378	450	250	500	1100
Jul-Jun Imports	467	378	450	250	500	1100
Jul-Jun Import U.S.	32	33	0	20	0	200
TOTAL SUPPLY	12104	11685	11601	10845	11051	10275
TOTAL Mkt. Yr. Exports	175	395	250	20	200	0
Jul-Jun Exports	175	395	250	20	200	0
Feed Dom. Consumption	4500	4210	4500	4250	4400	3775
TOTAL Dom. Consumption	9829	9746	9800	9850	9700	9275
Ending Stocks	2100	1544	1551	975	1151	1000
TOTAL DISTRIBUTION	12104	11685	11601	10845	11051	10275

Corn PS&D table:

PSD Table						
Country	Poland					
Commodity	Corn				(1000 HA)(1000 MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		07/1998		07/1999		07/2000
Area Harvested	85	85	104	104	110	80
Beginning Stocks	327	602	123	436	97	285
Production	496	496	599	599	600	500
TOTAL Mkt. Yr. Imports	150	237	250	200	300	500
Oct-Sep Imports	150	237	250	200	300	500
Oct-Sep Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	973	1335	972	1235	997	1285
TOTAL Mkt. Yr. Exports	0	0	0	0	0	0
Oct-Sep Exports	0	0	0	0	0	0
Feed Dom. Consumption	800	814	820	850	825	1000
TOTAL Dom. Consumption	850	899	875	950	900	1100
Ending Stocks	123	436	97	285	97	185
TOTAL DISTRIBUTION	973	1335	972	1235	997	1285

Barley PS&D Table:

PSD Table						
Country	Poland					
Commodity	Barley				(1000 HA)(1000 MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		07/1998		07/1999		07/2000
Area Harvested	1138	1138	1108	1108	1200	1150
Beginning Stocks	531	545	351	515	177	314
Production	3612	3612	3401	3401	3700	3100
TOTAL Mkt. Yr. Imports	175	308	125	150	125	800
Oct-Sep Imports	175	308	125	150	125	800
Oct-Sep Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	4318	4465	3877	4066	4002	4214
TOTAL Mkt. Yr. Exports	0	0	0	2	0	0
Oct-Sep Exports	0	0	0	2	0	0
Feed Dom. Consumption	2967	3089	2700	2900	2750	3150
TOTAL Dom. Consumption	3967	3950	3700	3750	3750	4000
Ending Stocks	351	515	177	314	252	214
TOTAL DISTRIBUTION	4318	4465	3877	4066	4002	4214

Rye PS&D Table:

PSD Table						
Country	Poland					
Commodity	Rye				(1000 HA)(1000 MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		07/1998		07/1999		07/2000
Area Harvested	2291	2291	2243	2243	2200	2200
Beginning Stocks	545	112	405	149	375	100
Production	5664	5664	5181	5181	5200	4600
TOTAL Mkt. Yr. Imports	0	10	100	250	100	100
Oct-Sep Imports	0	10	100	250	100	100
Oct-Sep Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	6209	5786	5686	5580	5675	4800
TOTAL Mkt. Yr. Exports	100	32	25	0	25	0
Oct-Sep Exports	100	32	25	0	25	0
Feed Dom. Consumption	3204	3242	2785	2700	2700	2000
TOTAL Dom. Consumption	5704	5605	5286	5480	5250	4700
Ending Stocks	405	149	375	100	400	100
TOTAL DISTRIBUTION	6209	5786	5686	5580	5675	4800

Oats PS&D Table:

PSD Table						
Country	Poland					
Commodity	Oats				(1000 HA)(1000 MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		07/1998		07/1999		07/2000
Area Harvested	561	561	572	572	600	600
Beginning Stocks	35	47	35	60	35	46
Production	1460	1460	1446	1446	1500	1300
TOTAL Mkt. Yr. Imports	0	3	0	0	0	50
Oct-Sep Imports	0	3	0	0	0	50
Oct-Sep Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	1495	1510	1481	1506	1535	1396
TOTAL Mkt. Yr. Exports	25	0	25	0	25	0
Oct-Sep Exports	25	0	25	0	25	0
Feed Dom. Consumption	1160	1170	1137	1160	1150	1050
TOTAL Dom. Consumption	1435	1450	1421	1460	1475	1350
Ending Stocks	35	60	35	46	35	46
TOTAL DISTRIBUTION	1495	1510	1481	1506	1535	1396

Mixed Grain PS&D table:

PSD Table						
Country	Poland					
Commodity	Mixed Grain				(1000 HA)(1000 MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		07/1998		07/1999		07/2000
Area Harvested	2093	2093	2044	2044	1900	1900
Beginning Stocks	400	398	400	368	400	169
Production	6332	6332	5850	6011	5700	4700
TOTAL Mkt. Yr. Imports	0	0	0	0	0	0
Oct-Sep Imports	0	0	0	0	0	0
Oct-Sep Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	6732	6730	6250	6379	6100	4869
TOTAL Mkt. Yr. Exports	0	0	0	0	0	0
Oct-Sep Exports	0	0	0	0	0	0
Feed Dom. Consumption	5632	5640	5250	5560	5300	4140
TOTAL Dom. Consumption	6332	6362	5850	6210	5800	4750
Ending Stocks	400	368	400	169	300	119
TOTAL DISTRIBUTION	6732	6730	6250	6379	6100	4869

Note: this table summarizes data for mixed grains and triticale.