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Poland

Food Processing Ingredients Sector

Food Processing Sector - Poland

2006

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Report Highlights:

Poland's food processing sector developed rapidly over the last twenty years, as Poland moved to a market oriented economy with nearly 40 million consumers. Foreign companies have substantially invested in Poland's food processing industry. Poland's accession into the European Union in May 2004 gave EU suppliers a competitive advantage, as Poland became part of the EU internal market. U.S. companies will have limited trade opportunities. These are outlined in the Best Product Prospects chapter.

Includes PSD Changes: No
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SECTION I. MARKET SUMMARY

Poland's economy underwent a radical transformation to a market oriented economy between 1989 and 2001. This transition continues as the economy expands and foreign direct investment continues. During this period, the value of food consumption in Poland, in real terms, grew 25 percent. In the meantime family expenditures on food and beverages declined from 48 percent in 1989 to 30 percent in 2004 due to an increase in personal incomes.

Food consumption patterns also changed, resulting in decreased consumption of milk and animal fats, sugar and potatoes. On the other hand, consumption of fruit, vegetables, processed red meat, poultry, vegetable fats, fish, cheese, yogurt, and highly processed food significantly increased.

As a result environment for the development of the food processing industry was created. During 2000-2004 the total value of processed food sales increased from \$22.36 billion to an estimated \$30 billion. According to food processing industry sources, domestic producers deliver an estimated 85 percent of goods to the Polish market.

The food processing sector in many ways reflects the development of the Polish economy since the fall of communism. The sector is varied with both domestic and international companies represented on the market. There are also a number of small companies operating in the fruit, vegetables, meat processing, and bread sectors located throughout Poland. The most important sub sectors of the food processing sector are meat, dairy, and alcohol, followed by confectionery, food concentrates, sugar, fruits and vegetables, juices and non-alcoholic beverages production.

Imports of agricultural products in 2005 totaled about \$6.7 billion, compared to \$4.4 billion in 2003. About 61 percent of total food imports originated from the European Union. Since 2002 Poland has been a net exporter of food products. In 2005 the surplus of exports over imports amounted to \$1.313 billion.

The Polish food processing industry uses primarily domestic raw material inputs for processing. During 2004 the value of inputs was estimated at PLN 45 billion (about \$14 billion). Imports of raw materials in 2005 totaled \$2.5 billion. These included products such as red and poultry meat, oils, dairy products, seafood, fruit and vegetables, grain products etc. Raw materials for processing are imported primarily from the EU and developing countries.

Polish producers also export significant amounts of agricultural raw materials. In 2005 Polish exports of raw materials amounted to \$4.5 billion. These included products such as red meat, poultry meat, dairy products, confectionary industry components, fruit and vegetables, grain products, seafood, etc.

The food processing industry also uses significant quantities of additives and packaging inputs. The annual value of these materials is estimated at \$2-2.5 billion. These are mainly domestic products, although often produced from imported materials.

In 2005 the overall value of agricultural products imported from the United States amounted to \$97 million, which represented 7.5 percent of all Polish agro-food imports. Imports from the United States were dominated by tobacco, poultry (primarily transshipments to Moldova and Ukraine) and red meat but also include raw materials and semi-processed products, such as dairy protein isolates, tree nuts, hides and skins, processed fruits and vegetables etc.

In early 1990s increasing local demand for high quality processed food attracted foreign investments. Growing competition on the domestic market forced food processing companies to increase productivity and reduce costs. Direct foreign investments have played an important role in the development of the food processing sector. Initially foreign investors

were involved primarily in the beverages and beer, confectionery, food concentrate, tobacco and poultry-meat processing sub sectors. During 1997-2001, foreign companies began to dominate the meat, fish, vegetable fats and alcoholic beverages industries.

Foreign companies have majority ownership in nearly all sectors of the Polish food industry. State owned enterprises still operate only in the sugar and alcoholic beverage sectors. The dairy sector is dominated by cooperatives. The food processing sector is becoming more concentrated as less efficient companies are closing, particularly in the fruit and vegetable, red and poultry meat, and animal food processing sectors.

Poland's EU accession boosted exports from the food processing industry (meat and dairy sectors) mostly to EU countries as well as to new markets located in the Far East. This trend is expected to continue in the coming years.

Table 1. Advantages and challenges for American products in the Polish market.

Advantages	Challenges
<p>8 Increasing personal income and changes in the structure of consumption lead to the development of high-end food products of very good or high quality.</p> <p>8 Increasingly the market oriented nature of the Polish economy and EU accession help to promote Western patterns of food consumption.</p> <p>8 Foreign direct investments increase use of imported additives and other components.</p> <p>8 Good location facilitates exports of food products to Eastern and Central Europe, Russia and the Former Soviet Union.</p>	<p>8 The US faces tough competition from food ingredients of Polish origin and those imported from the European Union.</p> <p>8 With the EU accession Polish products are tariff free in the EU market of 25 nations. This limits import opportunities for food ingredients from the U.S.</p> <p>8 A high level of unemployment, a result of restructurizing of Polish enterprises, slows down the growth of demand for high quality products.</p>

SECTION II. ROAD MAP FOR MARKET ENTRY

A. Entry Strategy

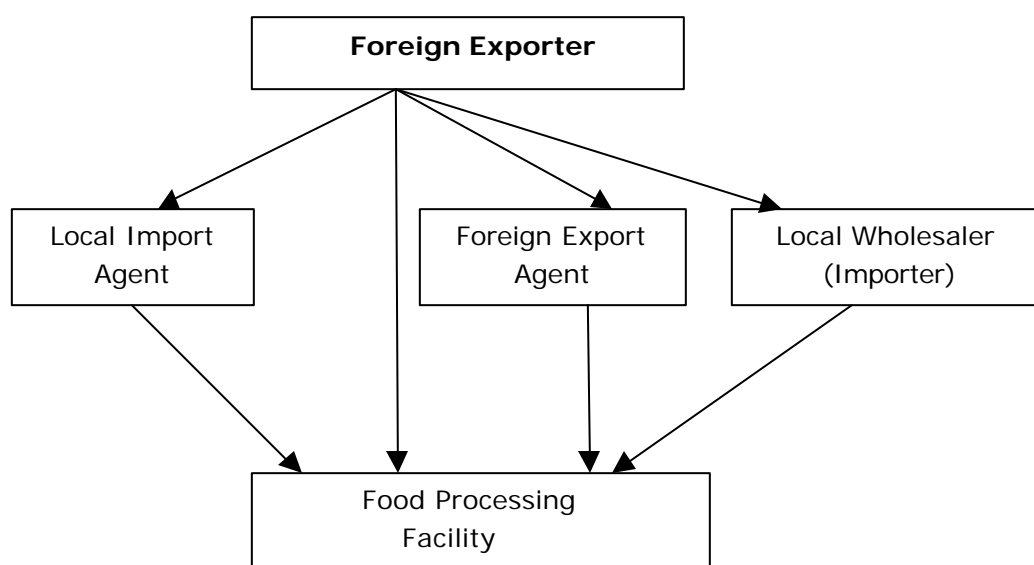
Entering the Polish market is a challenge for exporters of raw materials intended for the food processing sector. The main obstacle is the use of low cost Polish products. Imported products are used only when less expensive domestic products are not available.

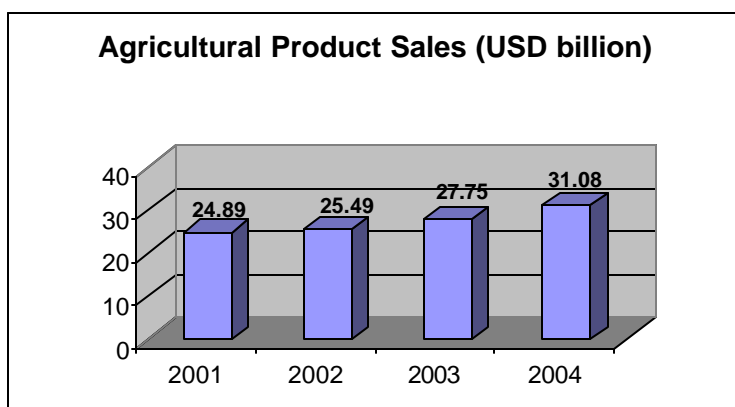
- I Some companies in the food processing sector purchase imported products directly from Polish importers but in general they buy from wholesalers or local suppliers.
- II Some of the largest food processors have their own supply purchase units. In such case at times direct imports are conducted.

To be successful in Poland exporters must have a local representative or agent and personal contact with Polish businesses. To be competitive exporters must have a thorough knowledge of current laws, the local culture, tax and customs regulations, market structures, local exhibitions and trade fairs.

Market Structure

Distribution Flow





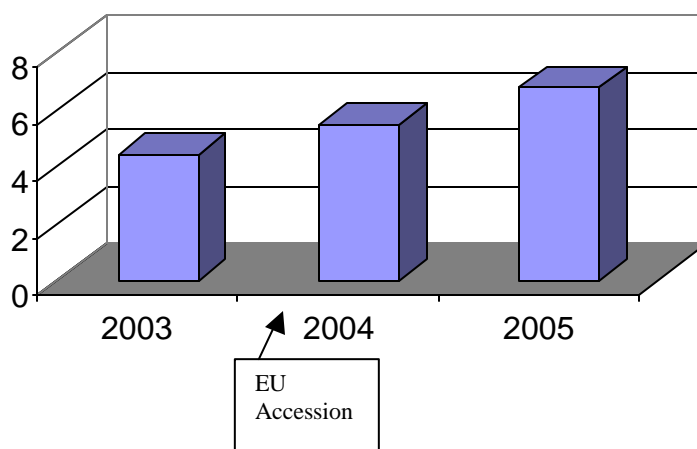
Source: PAIZ report based on GUS report

Production of select Polish food industry products 2002-2004				
Product	Unit of Measure	2002	2003	2004
Pork	Thousand tones	835.4	1033	1017
Poultry	Thousand tones	822	965	1035
Cured meat products	Thousand tones	817	802	856
Frozen sea fish	Thousand tones	74	54	66
Canned vegetables	Thousand tones	N/A	119	144
Fruit and vegetable juices	Thousand hectoliters	8279	8930	8591
Edible animal fats	Thousand tones	44	55	60
Processed liquid milk	Thousand hectoliters	18608	19923	2087
Butter	Thousand tones	158	167	177
Cheeses and cottage cheese	Thousand tones	535	548	585
Fresh bakery products	Thousand tones	1547	1556	1532
Sugar (in terms of white sugar)	Thousand tones	2029	1906	1999
Pasta	Thousand tones	124	123	135
Pure vodka (100%)	Thousand hectoliters	607	796	869
Beer	Thousand hectoliters	26874	28621	30100
Mineral waters and carbonated waters	Thousand hectoliters	17245	19671	20000
Tobacco products	Thousand tones	78	90	80

Source: PAIZ report based on GUS report

Polish Agricultural Imports 2003-2005

(Billions of USD)



Source: PAIZ report based on GUS report

Select Polish Agricultural Imports - 2005 (in thousand USD)	
Live animals	117,915
Fish and seafood products	667,008
Grains	143,788
Fresh fruit	782,440
Fresh vegetables	176,807
Oils and vegetable fats	315,979
Processed fruit	312,334
Processed vegetables	129,781
Coffee, cocoa, tea, spices	597,349
Alcoholic beverages	213,744
Tobacco	246,647
Red meat and products	366,936
Poultry meat	76,921
Milk, milk cream, ice cream	53,559
Cheese	55,940
Soups and sauces	64,580
Bakery products	389,503
Other agricultural products	2,039,319
Total Polish agricultural imports	6,750,550

Source: PAIZ report based on GUS report

Company Profiles

The Polish food industry consists of about 31,200 enterprises. Besides from food processing facilities, 22 facilities operate in the tobacco sector. As many as 22,500 food processing enterprises are small firms that employ fewer than 9 workers.

Number of enterprises operating in the Polish food industry and tobacco sector as of June 2004*					
Sector	Total number of enterprises	Number of employed persons			
		<9	10 - 49	50-249	>249
Food industry	31,197	22,512	6,903	1,459	323
Tobacco Sector	22	6	6	2	8

*It is estimated that the actual number of operating enterprises may be lower by as much as 30 percent because the REGON (company) register of economic entities is not updated by the State Statistical Service (GUS). Thus, this register contains the names of firms that no longer exist and the names of firms that have never began business activities.

Source: PAIZ report based on GUS report – REGON register of economic entities.

Total number of enterprises operating in the food processing sector					
Sector	Total	Number of employed persons			
		< 9	10 – 49	50 – 249	>249
Meat and meat products (15.1)	6460	4529	1440	407	84
Fish and fish products (15.2)	732	502	163	59	8
Processed fruit and vegetables (15.3)	1958	1407	362	162	27
Oils, animal and vegetable fats (15.4)	166	132	24	5	5
Dairy goods (15.5)	1123	733	142	180	68
Milled grain products, starch (15.6)	2080	1796	215	62	7
Animal feeds (15.7)	947	684	209	46	8
The remaining food products (15.8)	16035	11581	3957	415	82
Beverages (15.9)	1696	1148	391	123	34
Total	31197	22512	6903	1459	323

Source: PAIZ report based on GUS – REGON register of economic entities.

The largest foreign investors in the Polish food industry and tobacco sector as of December 31, 2004 (USD millions)

INVESTOR	CAPITAL INVESTED (millions of USD) as of 31.12.2004	REGISTRATION	ORIGIN	ACTIVITIES (PKD)	COMMENTS
Heineken International B.V.	590.0	The Netherlands	The Netherlands	manufacture of food products; beverages and tobacco	Heineken Polska Sp. z o. o. (Warsaw), 61,78% stake in Grupa Zywiec S.A.
CC HBC (Coca-Cola Hellenic Bottling Company)	513.0	Greece	USA	manufacture of food products; beverages and tobacco	Coca-Cola Beverages Polska Sp. z o. o. (Warsaw), Coca-Cola Poland Services Sp. o. o. (Warsaw), 3 plants in Łódź, Staniatki near Krakow and Radzymin.
Imperial Tobacco Plc	500.0	United Kingdom	United Kingdom	manufacture of food products; beverages and tobacco	96,4% stake in Imperial Tobacco Polska S.A. (Jankowice near Tarnowo Podgórne)
Nestle S.A.	365.0	Switzerland	Switzerland	manufacture of food products; beverages and tobacco	Nestle Polska S.A (Warsaw, Kalisz, Poznan), 50% stake in Cereal Partners Poland Torun-Pacific Sp. z o. o. (Torun), 50% stake in Naleczowianka Sp. z o. o. (Naleczów)
Philip Morris Holland B.V.	364.0	The Netherlands	The Netherlands	manufacture of food products; beverages and tobacco	99,89% stake in Philip Morris Polska S.A. (Kraków), Factory in Kraków and Lezajsk
House of Prince Denmark A/S	348.0	Denmark	Denmark	manufacture of food products; beverages and tobacco	Scandinavian Tobacco S.A. (Myslenice)
Harbin B.V.	325.9	The Netherlands	The Netherlands	manufacture of food products; beverages and tobacco	30,8% stake in Grupa Zywiec S.A. (Zywiec)
British American Tobacco GmbH	300.0	Germany	United Kingdom/USA	manufacture of food products; beverages and tobacco	British-American Tobacco Polska S.A. (Augustów)
PepsiCo	275.0	USA	USA	manufacture of food products; beverages and tobacco	bottling plants (Łódź, Białystok, Gdansk, Kraków, Poznan, Szczecin, Wrocław, Zywiec, Lezajsk and Pniewy), salted snack factory (Grodzisk Mazowiecki), sale of "Delicja" confectionery to Danone
Seita	180.0	France	France	manufacture of food products; beverages and tobacco	Altadis Polska S.A. (Radom)
Ferrero Group	170.0	Italy	Italy	manufacture of food products; beverages and tobacco	Ferrero Polska Sp. z o. o. (Warsaw)
Mars Inc.	160.0	USA	USA	manufacture of food products; beverages and tobacco	Master Foods Polska Sp. z o. o. (Sochaczew)
Saint Louis Sucre International S.A.S.	150.0	France	France	manufacture of food products; beverages and tobacco	95% stake in Slaska Spółka Cukrowa S.A.
Wm. Wrigley Jr. Company	144.0	USA	USA	manufacture of food products; beverages and tobacco	99,96% stake in Wrigley Poland Sp. z o. o. (Poznan)
BSN Gervais Danone	135.5	France	France	manufacture of food products; beverages and tobacco	Danone Polska Sp. z o. o. (Warsaw), factor in Bierun, Slaskie Voivodship, purchase of "Delicja" confectionery from PepsiCo, Bakoma S.A. (Warsaw), Bakoma Nova Sp. o.o. (Kutno), Bakoma Serwis Sp. z o. o.
Cadbury's Schweppes Plc	126.5	United Kingdom	United Kingdom	manufacture of food products; beverages and tobacco	Cadbury Wedel Sp. z o. o. (Bielany Wrocławskie), Cadbury Wedel (Warsaw) chocolate and sweets production
Carlsberg Breweries A/S	110.0	Denmark	Denmark	manufacture of food products; beverages and tobacco	94,64% stake in Carlsberg Polska S.A. (Warsaw)
British Sugar Overseas (BSO) Ltd.	90.0	United Kingdom	United Kingdom	manufacture of food products; beverages and tobacco	BSO Polska Sp. z o. o. (Warsaw), 68% stake in Sugarpol (Torun), 53,46% stake in Cukrownia Gliniojeck S.A., Cukrownia Pelpli S.A., Cukrownia Guzów S.A., Sugar Tor Sp. z o. o.

Pernod Ricard S.A	80.4 France	France	manufacture of food products, beverages and tobacco	80% stake in Wyborowa S.A., 97,8% stake in Agros Holding S.A.(Warsaw)
Cargill Inc.	77.0 USA	USA	manufacture of food products, beverages and tobacco	Cargill Poland Sp. z o. o. (Warsaw), factory in Bielany Wroclawskie
Brouwerij Palm NV	70.0 Belgium	Belgium	manufacture of food products, beverages and tobacco	99,7% stake in Browar Belgia Sp. z o. o. (Kielce)
Hohenstaufen Neunundvierzigste Vermögensverwaltungs GmbH	62.0 Germany	Germany	manufacture of food products, beverages and tobacco	McCain Poland Sp. z o. o. (Strzelin)
SABMiller Plc	57.2 South Africa	South Africa	manufacture of food products, beverages and tobacco	48,3% stake in Kompania Piwowarska S.A. 98,8% in Dojlidy Brewery Sp. z o. o.
Kraft Jacobs Suchard AG	57.0 Switzerland	Switzerland	manufacture of food products, beverages and tobacco	Kraft Foods Polska Sp. z o. o. (Warsaw), 99% stake in Olza Sp. z o. o. (Cieszyn), Kraft Polska Sp. z o. o. (Jankowice)
Bunge Investment France	53.8 France	France	manufacture of food products, beverages and tobacco	Zaklady Tluszczowe Kruszwica S.A.
Gerber Finance Company	50.0 USA	USA	manufacture of food products, beverages and tobacco	Alima Gerber S.A. (Rzeszów, Warsaw)
Provimi Holding BV	48.0 The Netherlands	The Netherlands	manufacture of food products, beverages and tobacco	Provimi Polska Holding Sp. z o. o. Osnowo 6 companies in Poland (Osnowo, Białystok, Dobrzelin, Jaroslaw, Olsztynek, Tworóg) - fodder production, 60% of shares of Rolimpex S.A
McLane International Inc.	47.0 USA	USA	manufacture of food products, beverages and tobacco	McLane Polska Sp. z o. o. (Blonie)
CEPV	47.0 The Netherlands	The Netherlands	manufacture of food products, beverages and tobacco, agriculture	Farm Frites Poland S.A.(Lebork), Farm Frites Poland Dwa Sp. z o. o. (Wielka Wies)
Smithfield Foods	46.0 USA	USA	manufacture of food products, beverages and tobacco	stake in Animex S.A., SF Holding (Warsaw)
Schoeller	43.0 Germany	Germany	manufacture of food products, beverages and tobacco	Schoeller Polska Sp. z o. o. (Warsaw), plant in Namysłów
H.J Heinz Company	40.8 USA	USA	manufacture of food products, beverages and tobacco	Pudliszki S.A.
Pfeifer und Langen	40.6 Germany	Germany	manufacture of food products, beverages and tobacco	Pfeifer und Langen Marketing Sp. z o. o. - stake in sugar plants (Sroda Wlkp., Kosciar Gostyn and Miejska Górka)
Hiestand Holding AG	37.0 Switzerland	Switzerland	manufacture of food products	Hiestand Polska Sp. z o. o. (Grodzisk Mazowiecki), Hiestand Sp. z o. o. (Kraków)
Tchibo Frisch Rost Kaffee GmbH	35.0 Germany	Germany	manufacture of food products, beverages and tobacco	Tchibo Warszawa Sp. z o. o. - coffee roasting plant (Marki)
Vin & Spirit AB	33.7 Sweden	Sweden	manufacture of food products, beverages and tobacco	85% stake in Lubuska Wytwórnia Wódek Gatunkowych Polmos (Zielona Góra)
Millenium Import LLC	29.5 USA	USA	manufacture of food products, beverages and tobacco	Polmos Zyrardów Sp. z o. o. (Zyrardów)
Dossche	28.0 Belgium	Belgium	manufacture of food products, beverages and tobacco	Dossche Sp. z o. o. (Kalisz)
Zott GmbH&Co KG	27.5 Germany	Germany	manufacture of food products, beverages and tobacco	Zott Polska Sp. z o. o. (Opole)
CSM NV	27.0 The Netherlands	The Netherlands	manufacture of food products, beverages and tobacco	Leaf Poland Sp. z o. o. (Warsaw) confectionery, chewing gum factory (Legionowo near Warsaw)
Sudzucker AG	26.2 Germany	Germany	manufacture of food products, beverages and tobacco	Cukier Malopolski S.A., Cukrownia Strzyżów S.A. (Lubelskie Voivodship), Cukrownia Ropczyce S.A. (Podkarpackie Voivodship)
L.D.C. S.A.	25.0 France	France	manufacture of food products, beverages and tobacco	98,9% stake in Drosed S.A. (Siedlce)
Hochland AG	25.0 Germany	Germany	manufacture of food products, beverages and tobacco	Hochland Polska Sp. z o. o. (Kazimierz Wielkopolski)

CPIG (Chicago Poland Investment Group) LLC	24.0 USA	USA	manufacture of food products, beverages and tobacco	Browar Namysłów Sp. z o. o. (Namysłów)
Barry Callebaut France S.A.	23.1 France	France	manufacture of food products, beverages and tobacco	Barry Callebaut Sp. z o. o. (Łódź)
Ludwig Schokolade	20.0 Germany	Germany	manufacture of food products, beverages and tobacco	Ludwig Czekolada Sp. z o. o. - factory of chocolate in Tuczno, Wielkopolskie Voivodship
Windjammer Investments B.V.	19.0 The Netherlands	The Netherlands	manufacture of food products, beverages and tobacco	"LECH Browary Wielkopolski" S.A. - Kompania Piwowarska (Poznan)
Podravka d.d.	19.0 Croatia	Croatia	manufacture of food products, beverages and tobacco	Podravka Polska Sp. z o. o (Kostrzyn), Podravka International Export-Import Sp. z o. o. (Warsaw)
Gallaher Group Plc	19.0 United Kingdom	United Kingdom	manufacture of food products, beverages and tobacco	Gallaher Polska Sp. z o. o. (Warsaw) - factory in Gostkowice, Lodzkie Voivodeship
Belvedere S.A.	18.3 France	France	manufacture of food products, beverages and tobacco	70% stake in Fabryka Wódek Gdanskich i Starogardzie Gdanskim S.A. (Starogard Gdanski), stake in Krakowska Destylarnia Polmos S.A.
Bahlsen	17.0 Germany	Germany	manufacture of food products, beverages and tobacco	99% of shares of Lajkonik Snacks S.A. (formerly Bahlsen Koncentraty Spozywczy S.A. Skawina), Bahlsen Sp. z o. o. (Poznan), Bahlsen Sweet Sp. z o. o. , Lorenz Bahlse Snack World Sp. z o. o. (Olawa)
Dr August Oetker Nahrungsmittel K. G.	16.8 Germany	Germany	manufacture of food products, beverages and tobacco	Dr Oetker Srodki Odzywcze Gdansk-Oliwa Sp. z o. o.
United Biscuits Investments	16.4 United Kingdom	United Kingdom	manufacture of food products, beverages and tobacco	Zakłady Przemysłu Cukierniczego San S.A (Jaroslaw)
ABBA Seafood AB	15.9 Sweden	Sweden	manufacture of food products, beverages and tobacco	Superfish S.A. (Kolobrzeg)
Societe Europeenne De Conserve S.A.	15.4 Italy	Italy	manufacture of food products, beverages and tobacco	Konserwa Polska Sp. z o. o. (Łódź)
Intersnack Knabber Gebaeck GmbH & Co. K.G.	15.0 Germany	Germany	manufacture of food products, beverages and tobacco	Polsnack SP. z o. o. (Warsaw), factory in Nysa
Orkla Foods A.S.	14.5 Norway	Norway	manufacture of food products, beverages and tobacco	Kotlin Sp. z o. o. (Kotlin)
Kofola a.s.	13.7 Czech Republic	Czech Republic	food processing	Kofola Sp. z o. o. (Katowice) - factory in Kutno
East Springs International NV	12.9 The Netherlands	The Netherlands	manufacture of food products, beverages and tobacco	50% stake in Naleczowianka Sp. z o. o. (Naleczów), 85% stake in Zakład Leczniczy Uzdrowisko Naleczów Sp. z o. o.
Union Caffè Confectionary Group BV	12.7 The Netherlands	The Netherlands	manufacture of food products, beverages and tobacco	coffee roasting plant Elite Poland Sp. z o. o. (Tarnowo Podgórne near Poznan)
Malteries Soufflet S.A.	12.5 France	France	manufacture of food products, beverages and tobacco	Slodownia Soufflet Polska Sp. z o. o. (Poznan)
Schulstad Brod A/S	12.3 Denmark	Denmark	manufacture of food products, beverages and tobacco	Schulstad Sp. z o. o. (Poznan)
Franz Zentis GmbH Co.KO	12.0 Germany	Germany	manufacture of food	Zentis Polska Sp. z o. o. - factory in Zelkó near Siedlce
Lantbrukarnas Ekonomisk Aktiebolag	11.6 Sweden	Sweden	manufacture of food products, beverages and tobacco	19,43% stake in "Sokolów S.A." (Sokolów Podlaski)
Indafin Srl	11.5 Italy	Italy	manufacture of food products, beverages and tobacco	Inda Polska Sp. z o. o. (Warsaw)
Eckes-Granini Int.	11.4 Germany	Germany	manufacture of food products, beverages and tobacco	stake in Aronia S.A. (Leczyca, Łódzkie Voivodship)
Kruger GmbH	11.2 Germany	Germany	manufacture of food products, beverages and tobacco	Kruger Polska Sp. z o. o. (Ostrów Mazowiecka) - instant food concentrates manufacture, Kruger Polska Handel i Eksport Sp. z o. o. (Warsaw)
Nutreco International B.V.	11.0 The Netherlands	The Netherlands	manufacture of food products, beverages and tobacco	Trouw Nutrition Polska Sp. z o. o. (Grodzisk Mazowiecki)

Michel Marbot	10.0 France	France	manufacture of food products, beverages and tobacco	Danuta S.A. (Malbork)
Hero	10.0 International	International	manufacture of food products, beverages and tobacco	Hero Polska Sp. z o. o. (Plock)
Cloetta Fazer AB	10.0 Sweden	Sweden	manufacture of food products, beverages and tobacco	Cloetta Fazer Polska Sp. z o. o. (Gdansk)
Polish Bakery Investment BV	9.9 The Netherlands	The Netherlands	manufacture of food products, beverages and tobacco	70% of shares of Elite Polska Sp. z o. o. (Szczecin), remaining 30% owned by Spółdzielnia Produkcji Spożywczej Spółem confectionery, Polish Bakery Investment is connected with Elite Industries Ltd from Israel
Nordic Environment Finance Corporation (NEFCO)	9.9 Finland	Finland	pulp and paper, publishing and printing; manufacture of food	Intercell S.A. (Ostroleka), Foster Wheeler Energy Fakop Sp. z o. o. (Warsaw), 25% stake in Prime Food Sp. z o. o. (Przechlew)
Raisio Group	9.8 Finland	Finland	manufacture of food products, beverages and tobacco	Raisio Polska Foods Sp. z o. o. (Karczew near Warsaw)
Gerber Foods Holdings Ltd	9.7 United Kingdom	United Kingdom	food procesing	EMIG Sp. z o. o. (Warsaw) - factory in Mogielnica
Merrild Cafe	9.6 Denmark	Denmark	manufacture of food products, beverages and tobacco	Prima S.A. (Poznan)
Binder International	8.0 Germany	Germany	food procesing	Binder International Warszawa Sp. zo. O. (Warsaw)
Rieber and Son ASA	7.9 Norway	Norway	manufacture of food products, beverages and tobacco	Rieber Foods Polska S.A. (Wloclawek)
Raiffeisen HaGe	7.8 Germany	Germany	manufacture of food products, beverages and tobacco, wholesale trade	Raiffpol Sp. z o. o. (Slupsk)
Bongrain	7.7 France	France	manufacture of food products, beverages and tobacco	65% of shares of Mleczarnia Turek
FmB & Co. KG	7.7 Germany	Germany	manufacture of food products, beverages and tobacco	SNP Usnice Sp. z o. o. (Usnice)
Zeelandia International Holding B.V.	7.5 The Netherlands	The Netherlands	manufacture of food, beverages and tobacco products	Zeelandia Sp. z o. o. (Tarnowo Podgórne)
Frosta AG	7.0 Germany	Germany	manufacture of food products, beverages and tobacco	Frosta Sp. z o. o. (Bydgoszcz, Warsaw)
Investeringstfonden for Ostlandene	6.7 Denmark	Denmark	manufacture of food	36% stake in PPrime Food Sp. z o. o. (Przechlewo)
Celia	6.3 France	France	manufacture of food products, beverages and tobacco	Celia Polska Sp. z o. o. , stake in dairy "Fobs" (Sieraków)
Cordesmeyer Franc	5.5 Germany	Germany	manufacture of food products, beverages and tobacco	Stake in Gdanskie Mlyny i Spichlerze Dr. Cordesmeyer Ltd. Sp. z o. o. (Gdansk)
HK Ruokatalo Oyj	5.4 Finland	Finland	manufacture of food products, beverages and tobacco	21,12% stake in "Sokolów" S.A. (Sokolów Podlaski)
Globus	5.4 Hungary	Hungary	food procesing	Elsner Products Sp. z o. o., 3 food freezer in Lipno, Dabrowa Chelminska and Adamowo; refrigerator in Elk
Karl Konecke Fleischwarenfabrik GmbH & Co. KG	5.3 Germany	Germany	manufacture of food products, beverages and tobacco	Konecke Sp. z o. o. (Slubice)
General Mills Inc.	5.2 USA	USA	manufacture of food products, beverages and tobacco	50% stake in Cereal Partners Poland Torun Pacific Sp. z o. o. (Torun)
Chipita	5.1 Greece	Greece	food procesing	Chipita Poland Sp. z o. o. (Warsaw), Chipit Sp. z o. o. - factory in Tomaszów Mazowiecki
Peacock Corporation	5.0 USA	USA	manufacture of food products, beverages and tobacco	70,1% stake in Podlaska Wytwórnia Wóde Polmos S.A. (Siedlce)
Royal Numico N.V.	5.0 The Netherlands	The Netherlands	manufacture of food products, beverages and tobacco	Nutricia Sp. z o. o. (Warsaw and Opole), 66% of shares of Okręgowa Spółdzielnia Mleczarska (Węgrów, Mazowieckie Voivodship) - dairy

A.Espersen A/S	5.0 Denmark	Denmark	manufacture of food products, beverages and tobacco	Espersen Polska Sp. z o. o. (Koszalin)
Henkell&Sohnlein KG	4.9 Germany	Germany	manufacture of food products, beverages and tobacco	Torunskie Piwnice Win Vinpol Sp. z o. o. (Torun)
Fina Grain Compagnie Commerciale Financiere	4.9 Switzerland	Switzerland	manufacture of food products, beverages and tobacco	shareholder of Opolskie Zaklady Drobiarski
ARLA FOODS AmbA	4.3 Denmark	Denmark	manufacture of food	Arla Foods Sp. z o. o. - factory in Goscino near Kolobrzeg
Hemelter Muhle GmbH	4.0 Germany	Germany	manufacture of food products, beverages and tobacco	Stake in Gdanskie Mlyny i Spichlerze Dr. Cordesmeyer Ltd. Sp. z o. o. (Gdansk)
Sektkellerei Schloss Wachenheim AG	3.8 Germany	Germany	manufacture of food products, beverages and tobacco	stake in AMBRA S.A. (Bilgoraj)
Dan Cake A/S	3.8 Denmark	Denmark	manufacture of food	Dan Cake Sp. z o. o. (Chrzanów)
Caribbean Distillers Corporation Ltd.	3.5 United Kingdom	United Kingdom	manufacture of food products, beverages and tobacco	85% stake in Polmos Lancut S.A. (Lancut)
Lohmann AG	3.0 Germany	Germany	manufacture of food products, beverages and tobacco	49,04% stake in Drobimex Sp. z o. o. (Szczecin)
Paul Wesjohann & Co. GmbH	3.0 Germany	Germany	manufacture of food products, beverages and tobacco	48,63% stake in Drobimex Sp. z o. o. (Szczecin)
Campofrio Alimentacion S.A.	3.0 Spain	Spain	manufacture of food products, beverages and tobacco	99,28% stake in Zaklady Miesne Morliny S.A. (Ostróda, Warminsko-Mazurskie Voivodship), PUH Transport - Morliny Sp. z o. o. (Morliny), PHU Detal-Morliny Sp. z o. o. (Morliny), Rawena-Morliny S.A. Polfrys Sp. z o. o. (Swidwin, Zachodniopomorskie Voivodeship)
POLARICA AB	3.0 Sweden	Sweden	manufacture of food	
Friedrich Weissheimer Maltzfabrik KG	2.9 Germany	Germany	manufacture of food products, beverages and tobacco	Baltic Malt Sp. z o. o. (Gdansk) - malt production plant in Gdansk
Europar-Ven Company Establishment	2.8 Lichtenstein	Lichtenstein	manufacture of food products, beverages and tobacco	Eurovita Sp. z o. o. (Poznan)
Terravita Holding Establishment	2.7 Lichtenstein	Lichtenstein	manufacture of food products, beverages and tobacco, wholesale trade	Terravita Sp. z o. o. (Poznan)
Conrad Jacobson GmbH	2.6 Germany	Germany	manufacture of food products, beverages and tobacco	11,48% stake in "Sokolów" S.A. (Sokolów Podlaski)
Bagdasarian	2.6 Russia	Russia	manufacture of food products, beverages and tobacco	Snieszka S.A. (Swiebodzice)
Natel Investment BV	2.5 The Netherlands	The Netherlands	manufacture of food products, beverages and tobacco	McLean Brothers Poland Sp. z o. o. (Szczecin)
Gustav F. W. Hamester GmbH&Co	2.5 Germany	Germany	manufacture of food products, beverages and tobacco	34,1% stake in Zaklady Przemyslu Cukierniczego Wawel S.A. (Kraków)
Lesaffre Group	2.3 France	France	food procesing	Lesaffre bio-corporation Sp. z o. o. (Wolczyn), Advanced Biotechnologies Corporation Sp. z o. o. (Warsaw), Pomorska Fabryka Drozdzy Polmos S.A. (Tczew)
Johan van Leendert B.V.	2.1 The Netherlands	The Netherlands	manufacture of food	Agro-Bor Louisa Sp. z o. o. (Kostrzyn)
Uniq plc	2.0 United Kingdom	United Kingdom	manufacture of food products, beverages and tobacco	Lisner Sp. z o. o. (Poznan)
Danish Fast Food	2.0 Denmark	Denmark	manufacture of food products, beverages and tobacco, retail trade	Dania Fast Food Sp. z o. o. (Warsaw)
GIF SRL	2.0 Italy	Italy	manufacture of food products, beverages and tobacco	Frubella Processing Sp. z o. o.. (Bialobrzeg)
Bauer Peter	1.9 Germany	Germany	manufacture of food products, beverages and tobacco	O.K. Owocowe Koncentraty Sp. z o. o. (Przeworsk)
Indian Food Company	1.7 USA	USA	manufacture of food products, beverages and tobacco	Okregowa Spółdzielnia Mleczarska (Ciechanów)

Lannen Tehtaat OY	1.6 Finland	Finland	manufacture of food products, beverages and tobacco	Lannen Polska Sp. z o. o. (Tolkmicko)
Hans Hoell Fleischwarenfabrik AG, Co KG	1.6 Germany	Germany	manufacture of food products, beverages and tobacco	"Hoell-Pol" Zakład Miesny Sp. z o. o. (Kaszczor)
OSI International Holding GmbH	1.6 Germany	USA	manufacture of food	Esca Food Solutions sp. z o. o. (Warsaw)
LACTALIS	1.5 France	France	manufacture of food products, beverages and tobacco	Lactalis Polska Sp. z o. o. (Warsaw), Polse S.A. - operation of dairies and cheese making in Siemiatycze
Corey Durling	1.5 USA	USA	manufacture of food products, beverages and tobacco	Bona Sp. z o. o. (Złotów)
Herisson Ltd	1.5 Ireland	Canada	manufacture of food products, beverages and tobacco	Fantasy Foods Sp. z o. o. (Kobylka near Warsaw)
Materne-Confilux S.A.	1.2 Belgium	Belgium	manufacture of food products, beverages and tobacco	Materne-Polska Sp. z o. o. (Lopatki)
Chapman Ice Cream	1.0 Canada	Canada	manufacture of food products, beverages and tobacco	Chapman Ice Cream Poland Sp. z o. o. (Poznan)

Source: PAIZ report

Sector Trends

Further development of the food processing industry in the next 5-10 years will be stimulated by

- ? The increased demands of local as well as foreign (E.U. and Former Soviet Union countries) food markets:
- ? Increased demand for processed fruit, vegetables, milk, fish, and meat
- ? Increased demand for convenience products (highly processed, easy to cook, ready to eat),
- ? Further reduction in presence of small local processing, giving way to domination by large plants. Food processed by small plants is generally of lower quality and costs more than food processed by larger plants. Industry experts predict that foreign investment in the food processing industry will continue for several years, until medium sized players are eliminated from the market.

The influence of western consumption habits and increased income contribute to the development of food processing industry.

- ? Development of the HRI food service market, which is presently less significant for Polish consumers, however it is expected to develop along with increased incomes and changes in the lifestyle of Polish families. The food processing industry will be influenced by the fast food and catering industries. The need for convenience food will be stimulated by large (nearly 40 percent) percentage share of two income households.
- ? Increased demand for organic foods, produced without using chemicals.

Membership in the European Union has created new export opportunities for domestic food processors in segments of food processing industry where Poland has a competitive advantage in the EU. Poland's advantage is mainly in processed milk production (cheese

and yogurt) and frozen fruit and vegetables. Significant investments are necessary to adapt the Polish food industry (particularly dairy and meat producers) to the EU standards. Such investments can be partly financed with EU funds.

The Polish food processing industry will undergo changes in the structure of food products offered, but also in further modernization and concentration of food processing. These changes will occur in response to market demands as well as by the Polish food industry adapting to EU standards (hygiene, veterinary, quality, and wholesomeness of food).

Foreign investments have played a significant role in developing and modernizing the Polish food processing industry. Throughout 2004 total foreign investments in the food industry exceeded \$6,624.8 million. American companies are the largest foreign investors in this sector. The following companies are invested in the food processing sector:

- ? Coca Cola Beverages
- ? Pepsico: production of beverages, snacks, confectionery products,
- ? Smithfield: meat processing,
- ? Mars Incorporated (Master Foods): production of confectionery products and animal feeds,
- ? McDonalds: fast food,
- ? Cargill Inc: production of animal feeds,
- ? Bestfoods: production of food concentrates,
- ? Gerber: fruit and vegetable processing,
- ? Wrigley: confectionery,
- ? Philip Morris and Reynolds Tobacco: tobacco industry.

SECTION III. COMPETITION

European Union companies are and will be the main competitors in the food processing sector for U.S. exporters and investors. Currently, over 60 percent of food product (processed and raw materials) imports come from EU countries, particularly Germany. Companies from the EU and the United States are the most significant foreign investors in the Polish food processing sector.

U.S. products compete with European Union dairy products (cheese, yogurt, ice-cream), processed fruits (preserved and dried), alcoholic (wine and beer) and non-alcoholic beverages, fish and seafood, vegetable fats, condiment, snacks and food additives.

SECTION IV. BEST PRODUCT PROSPECTS

PRODUCTS WHICH HAVE BEST SALES POTENTIAL:

- Seafood: (salmon, butterfish, herring, mackerel, black cod)
- Dried Fruit (prunes)
- Nuts (almonds, pistachios, peanuts)

- Food processing ingredients:
 - dairy isoglucose concentrates
 - high quality spices and mixes (tex-mex)
 - vegetable fat for processing sector

Import Statistics On Some Of The Commodities With Best Sales Potential						
CN	Product Category	2005	Polish	5 Yr	Key constraints	Market attractiveness for USA
Code		Market Size \$	2005 imports \$	Average imp growth %		
	Seafood:					
0303	Frozen Fish	150,000,000	145,679,958	44%	U.S. product is considered to be expensive. Polish importers are mostly interested in cheaper varieties. Large competition exist from European suppliers.	Polish market is interested in the following varieties (H&G): salmon (keta, gorbusha) butterfish, herring, mackerel, black cod, halibut.
030420	Frozen Fillets	200,000,000	193,986,660	40%	U.S. product is considered to be expensive. Polish importers are mostly interested in purchasing product for further processing (cans). Some U.S. suppliers are only able to provide whole fish versus filets (herring). Also mackerel and herring varieties from the U.S. have less fat content than the European varieties.	Polish market is interested in the following varieties: herring, mackerel, cod, halibut.
081320	Prunes	10,000,000	9,528,202	28%	U.S. product is considered to be expensive. Active competition exists from Argentina and Chile.	Polish importers consider U.S. product to be of high quality and import it for usage in high end food products.
080212	Almonds	20,000,000	18,709,396	49%	U.S. product is considered to be expensive. Active competition from Spain.	Polish importers consider U.S. product to be of high quality and import it for usage in high end food products. In 2005 for the first time import from the U.S. reached almost similar volumes as those imported from Spain.
080250	Pistachios	9,000,000	8,091,199	45%	U.S. product is considered to be expensive. Active competition from Iran.	Polish importers consider U.S. product to be of high quality and import it in order to supply delicatessen customers.

SECTION V. POST CONTACT AND FURTHER INFORMATION

If you have any questions or comments regarding this report, or need assistance in exporting to Poland, please contact the Office of Agricultural Affairs in Warsaw, at the following address:

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e-mail: agwarsaw@usda.gov or agwarsaw@poczta.onet.pl

homepage: <http://poland.usembassy.gov/poland/agric.html>

For more information on exporting U.S. food products to Poland, including "The Exporter's Guide", "The HRI Sector Report", "The Retail Food Sector Report", product briefs on the market potential for U.S. fruit, wine and dried fruits and nuts, please visit the Foreign Agricultural Service home page: <http://www.fas.usda.gov>. Importer lists are also available from our office to exporters of U.S. food products.