United States Department of Agriculture
Foreign Agricultural Service

GAIN
Global Agricultural Information Network

Voluntary Report – Voluntary - Public Distribution **Date:** January 02, 2023

Report Number: PL2022-0028

Report Name: Food Processing Sector Report

Country: Poland

Post: Warsaw

Report Category: Agricultural Situation, Beverages, Fishery Products, Tree Nuts, Wine

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Report Highlights:

Poland is one of the largest agri-food industry producers in Central and Eastern Europe. In 2021, over 1270 companies operated in this sector, producing, and exporting goods valued at over U.S. $37 billion. The food processing industry accounted for 5 percent of Poland's total $674 billion gross domestic product (GDP). Strong growth in the Polish food processing sector in 2021 was stimulated by internal demand and export. The most important segments in value terms were meat, dairy, beverage, confectionary, bakery, and horticultural processing. Poland's total 2021 imports of food and agricultural products were valued at over $34 billion, with U.S. imports accounting for $566 million. U.S. ingredients with strong sales potential include fish (salmon and pollock) and seafood, tree nuts, dried fruit, highly processed, and functional ingredients.

Market Fact Sheet: Poland

Executive Summary

Poland is the largest market for food and beverages in Central and Eastern Europe. With a population of 38 million people, it is an attractive and growing market for U.S. agricultural products. Poland's 2021 Gross Domestic Product (GDP) increased by 9.1 percent, recovering from a 2.7 percent GDP contraction in 2020. In 2021, the hospitality and restaurant sectors grew, signaling a recovery from the pandemic. In 2021, Poland imported nearly $34 billion in food, agricultural, and fish and seafood products. U.S. imports were valued at $566 million. U.S. products with strong sales potential in Poland include fish and seafood, distilled spirits, wine, tree nuts, dried fruit, and innovative food ingredient products.

In 2022 Poland's economy was returning to pre-pandemic levels when Russia invaded neighboring Ukraine. Sanctions implemented by the European Union (EU) and Poland on Russia and Belarus, along with the disruption in trade, have contributed to sharp increases in energy, fuel, and food prices.

Imports of Consumer-Oriented Products

Total 2021 Polish imports of consumer-oriented food products were nearly $18 billion, with U.S. imports accounting for $272 million. Rising incomes and increasingly sophisticated Polish consumers value more diverse food products, with imports steadily catering to such demands.

Food Processing Industry

Poland's food processing industry is one of the largest in the EU. In 2021, the food processing industry accounted for over 9 percent of Poland's $674 billion GDP. The most important sectors are meat, dairy, beverage, confectionary baking, and processed fruit and vegetables. Since the early 1990s, many multinational food processors, such as Danone, Heinz, Unilever, Mondelez, and Nestle, have expanded their operations into Poland.

Food Retail Industry

Poland's food retail sector is diverse and ranges from small family-operated stores to medium-sized stores to large distribution centers comparable with those found in the United States. Most hypermarkets and large discount stores are foreign-owned, while small-scale stores are predominantly Polish-owned.

Quick Facts CY 2021

Imports of Consumer-Oriented Products
$18 billion (U.S. imports $272 million)

List of Top 10 Growth Products in Poland

1) Sockeye salmon	6) Pacific salmon
2) Wine	7) Pet food
3) Alaska pollock	8) Vermouth
4) Almonds	9) Fruit
5) Pistachios	10) Prunes

Top 10 Polish Retailers

1) Jeronimo Martins	6) Kaufland
2) Eurocash	7) Zabka
3) Lidl	8) Dino
4) Lewiatan	9) Rossman
5) Auchan	10) Carrefour

GDP/Population

Population (millions): 37.8
GDP (billions USD): 674
GDP per capita: $34,287

SWOT Analysis

Strengths	Weaknesses
Central Europe's most populous country with a domestic consumer market of 38 million people.	U.S. products face high transportation costs compared to many European competitors.
Opportunities	**Threats**
Market niches exist for food ingredients, notably dried fruit, tree nuts, and functional ingredient products.	Foreign investments in food processing result in diverse and high-quality local products, which compete with U.S. imports.

Data and Information Sources: Polish Central Statistical Office, data published by Trade Data Monitor

Contact: FAS Warsaw, Poland
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General Information:

SECTION I. MARKET SUMMARY

Poland and its 38 million consumers constitute a large and growing market for U.S. food and agricultural products. In 2021, total food and agricultural imports were valued at $34 billion, with U.S. imports accounting for $566 million. Poland's 2021 real GDP growth reached 5.9 percent, driven largely by increasing domestic demand and exports.

Table 1. Basic Economic Indicators

Poland	2021	2022*
Real GDP Growth	5.9 (a)	4 (d)
Unemployment Rate	5.4 (a)	4.9 (c)
Consumer Price Inflation	5.1 (a)	14.1 (c)
Exchange Rate Zl: U.S. $	4.2 (b)	4.8 (c)

Source: (a) Eurostat, (b) National Bank of Poland,
(c) Economist *Intelligence Unit (d) World Bank*
*forecasted values

Following the COVID-19 outbreak, Poland enforced subsequent control measures, including lockdowns, and significant portions of the halted country's economy were negatively affected. In 2021, Poland's economy began to recover from the economic challenges that followed the introduction of the pandemic. However, with the current conflict occurring in Eastern Europe, Poland's GDP is expected to decrease in 2022 to 4 percent.

Polish households spend over 26 percent of disposable household income on food and beverage purchases. The minimum wage in 2021 was 2,800 PLN (USD $666) and is set to increase to 3,450 PLN (USD $820) by the end of 2023. In addition to economic growth and higher monthly wages, GOP social-safety net initiatives, such as the Family 500+ Program, also supplemented the incomes of millions of families. It is important to note that there is considerable income disparity in Poland between socioeconomic statuses.

Poland's food processing industry is one of the largest in Central and Eastern Europe and the sixth largest in the EU. In 2021, the combined food processing industries accounted for 5 percent of Poland's $674 billion GDP. The most important enterprises in value terms were meat, dairy, beverage, confectionary, bakery products, and processed horticultural products. Consumer demand for products perceived as healthful, international trends, and increased incomes are significant drivers of Poland's food processing industry.

Table 2: Polish Per Capita Market Basket Consumption

Consumer Goods	Unit of Measure	2005	2010	2015	2018	2019	2020
Cereal grains (as processed Products)	kg	119.0	108.0	103.0	101.0	101.0	101.0
Potatoes	kg	126.0	110.0	100.0	95.0	92.0	93.0
Vegetables	kg	110.0	106.0	105.0	106.0	103.0	103.0
Fruit	kg	54.1	44.0	53.0	54.0	58.0	58.0
Meat and edible offal	kg	71.2	73.7	75.0	80.2	75.9	75.9
Animal edible fats	kg	6.6	6.3	5.8	6.6	6.0	6.0
Butter	kg	4.2	4.3	4.5	4.7	5.4	5.5
Cow's milk	l	173.0	189.0	213.0	221.0	225.0	231.0
Sugar	kg	40.1	39.9	40.5	47.0	42.1	42.7
Vodka, liqueurs, other spirit beverages in terms of 100% alcohol	l	2.5	3.2	3.2	3.3	3.7	3.7
Wine and honey wine	l	8.6	6.9	6.3	6.0	6.2	6.4
Beer from malt	l	80.7	90.2	99.1	100.5	97.1	93.6

Source: Poland's Central Statistical Office (CSO)

Polish consumers tend to view the United States positively and U.S.-origin products are considered high quality. U.S. products are often shipped to third-country EU ports of entry where they are re-exported to Poland without additional tariffs or regulatory requirements, aside from language labeling.

Since the early 1990s, multinationals like Coca-Cola, PepsiCo, Mars, Heinz, Danone, Unilever, Mondelez, and Nestle have invested in Poland. Multinationals now account for over 70 percent of confectionery production and own the largest breweries, meat processing plants, bottling plants, and horticultural processing plants. These stakeholders produce a broad range of high-quality products and compete directly with locally available U.S. exports. For additional country profile information please refer to FAS Warsaw's Exporter Guide.

Sector Trends: The development of the food processing industry over the next 5-10 years will be driven by:

- Increased demands of domestic as well as foreign food markets
- Increased demand for processed fruit, vegetables, milk, fish, and meat
- Increased demand for convenience products (highly processed, ready-to-eat)
- Increased demand for semi-processed food products for home meal preparation
- Increased demand for processed organic foods and beverages
- Fewer small and local food processors, giving way to large plants.

Table 3. Advantages and Challenges for American Products in the Polish Market

Advantages	Challenges
Central Europe's most populous country with a consumer market of 38 million people.	U.S. products face high transportation costs as compared to many European competitors.
A strategic location within a dense, major international market offering re-export potential.	The EU's complicated system of product registration can delay or even prevent products from entering the Polish market.
Transshipment from other EU countries occurs commonly due to Poland's EU membership.	Many U.S. products face a competitive disadvantage versus duty-free EU-27 products.
Market niches exist for U.S.-origin fish and seafood, tree nuts, dried fruit, highly processed, and functional ingredients.	Significant foreign investment results in high-quality locally produced valued-added food products that compete with imported products.

Russia's war in neighboring Ukraine has challenged the Polish market. The war has disrupted the transportation of goods into Poland, affecting not only domestic consumption but also certain processing industries, creating a potential gap between consumer demand and supply in several sectors. The imposition of sanctions by the EU and Poland on Russia and Belarus and the disruption of trade have contributed to a sharp rise in inflation, driven by energy/fuel and food prices, climbing 17.9 percent as of October 2022.

SECTION II. ROAD MAP FOR MARKET ENTRY

Entry Strategy

The Polish market can be price sensitive and therefore pose challenges to some U.S. ingredient exporters. Imported products are typically used when low-cost domestic or regional products are unavailable.

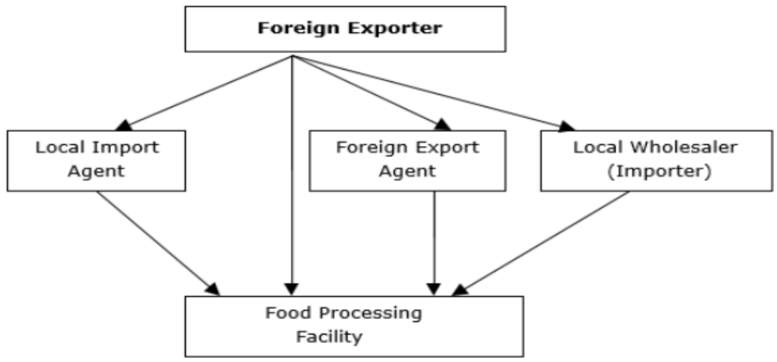
I. Some food processors purchase imported products directly from Polish importers, but most buy from local wholesalers or suppliers.
II. The largest food processors have internal procurement operations and can directly import.
III. Local agents or representatives should develop personal relationships with clients. Exporters must understand current laws, cultural norms, and tax/customs regulations.

U.S. companies seeking to export goods to Poland are advised to conduct research to gain an understanding of the market. USDA Gain reports constitute a good source for country specific information. Information regarding regulations pertaining to exporting U.S. products to the EU is also available at the USDA's EU website.

Attending one of Europe's USDA endorsed trade shows and/or other trade shows in Europe, such as the Food Ingredients show, is a good way of entering the market. Most leading Polish importers visit these shows.

Market Structure:

Chart 1: Product Entry



Company Profiles

The Polish food industry consists of about 30,000 enterprises, although most (over 25,000) are small firms that employ fewer than nine workers. Leading food processing companies in Poland include:

ARYZTA POLSKA Sp. z o.o.
COCA COLA HBC Sp. z o.o.
COCA COLA POLAND SERVICES Sp. z o.o.
CARGILL POLAND Sp. z o.o.
DANONE POLSKA Sp. z o.o.
DEVELEY FARM FRITES POLAND S.A.
FERRERO POLSKA Sp. z o.o.
PEPSICO Polska
GRUPA MASPEX Sp. z o.o.. S.K.A.
HOOP POLSKA Sp. z o.o.
JACOBS DOUWE EGBERTS PL Sp. z o.o.
MONDELEZ POLSKA S.A.
NESTLE POLSKA S. A.
NUTRICIA POLSKA Sp. z o.o.
ORANGINA SCHWEPPES POLSKA
PEPSI GENERAL BOTTLERS POLAND Sp. z o.o.
SM GOSTYŃ
UNILEVER POLSKA S.A.
MARS
ŻYWIEC ZDRÓJ S.A.

Key Polish Food Processing Associations:

Polish Federation of Food Producers
Association of Milk Processors
Union of Producers of Meat Industry
Association Polish Meat "POLSKIE MIĘSO"
The Polish Association of Fish Processors

SECTION III. COMPETITION

The Polish food processing industry is increasingly interested in sourcing tree nuts, fish and seafood, dried fruit, flavors and aromas, sweeteners, food additives, colors, and enzymes. In 2021, Polish consumer-oriented imports totaled $18 billion, with $272 million shipped from the United States. Increasing U.S. market share is largely attributed to higher disposable incomes. Domestic products and products from other EU members are the main U.S. competitors. Domestic food producers are consistently evolving, innovating, and producing high-quality products. It should also be noted that many Poles prefer Polish products over imports.

Polish fish and seafood imports continue to grow and reached over $2.9 billion in 2021, with $111.9 million (4 percent market share) originating from the United States. Poland is one of the largest salmon processors in the world.

Table 4. Polish 2021 Agri-food Import ($ million)

Poland	2021
Total imports	34
Imports from the United States	566 (3.1%)

Source: Trade Data Monitor

Table 5. Consumer Food Products Exports to Poland in 2021

Product Category and Total Poland's Imports	Main suppliers in percentage	Strengths of Key supply countries	Advantages and Disadvantages of Local Suppliers/Market situation
Fish & Seafood **$ 2.9 billion**	1.Norway – 46% 2.Sweden – 7% 3.Russia – 6% **8. United States – 4%**	Norway's proximity as well as intensive promotional efforts create competition for other suppliers. The United States holds strong position for Alaska pollock, and sockeye salmon.	Poland is one of the world's largest salmon processors.
Tree Nuts **$ 419 million**	1. Germany – 18% **2. United States – 15%** 3. Italy – 12% 4. Turkey – 11%	Germany is a large re-exporter of nuts. The United States is the leading supplier of almonds and pistachios.	Domestic production is minimal. Poland produces limited quantities of walnuts and hazelnuts.
Dried Prunes	1. Chile – 63% **2. United States – 16%** 3. Uzbekistan – 4%	Chilean product has tariff advantage based on EU-Chile Free Trade Agreement.	Limited local production. Product, mostly smoked, is traditionally used for

$ 31 million	4. Serbia – 3%	U.S. product is gaining popularity among local importers.	home cooking as a compote ingredient.
Peanuts **$ 103 million**	1. Argentina – 78% 2. Brazil – 10% 3. Netherlands – 4% **6. United States – 2%**	Argentina and Brazil are Poland's traditional suppliers. U.S. products are gaining popularity when price competitive.	No local availability. Product in high demand from Poland's food processing sector.
Peptones & Derivatives **$ 53 million**	1. Belgium – 17% 2. China – 16% 3. Netherlands – 15% **11. United States – 2%**	Top suppliers enjoy availability, and price advantages.	Products are mostly imported. High demand by local supplement production sector.

Source: Trade Data Monitor

SECTION IV. Best Product Prospects

Products present in market which have good sale potential

- Wine and distilled spirits
- Essential oils
- Organic products
- Dried & processed fruit: cranberries and prunes
- Fish and seafood: salmon, pollock, cod, lobster, and other miscellaneous fish product
- Nuts: almonds, peanuts, pecans, pistachios, walnuts
- Highly processed ingredients: protein concentrates dextrin, peptones, enzymes, lecithin

Products not present in significant quantities, but which have good sales potential

- Vegetable fats
- High quality hormone-free beef
- Ingredients for Natural and Healthy foods industry
- Innovative high-quality sauces, spices, condiments, and confectionary product

Products not present because they face significant barriers

- Poultry (non-tariff barrier)
- Processed food with GMO ingredients (non-tariff barrier)
- Food additives not approved by the European Commission

SECTION V. Key Contacts and Further Information

For additional information regarding the Polish market please contact:

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Attachments:

No Attachments.