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Poland

Fresh Deciduous Fruit

Annual

2003

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Report Highlights:

Apple production is projected to rise approximately three percent; this will lead to slightly higher concentrated apple juice (CAJ) production and forecast exports. CAJ exports account for approximately 90 percent of Polish CAJ production. Current apple producer government supports will be largely eliminated when Poland adopts current EU rules effective May 1, 2004, but this is not expected to substantially impact production.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
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Executive Summary

Strong flowering and a warm and dry summer are expected to lead to higher CY 2003 production of around 2.25 million tons. This larger crop will increase concentrated apple juice (CAJ) production. Final apple production in CY 2002 was 20 percent below CY 2001 record production; higher than had been anticipated 12 months ago when expectations were for 25 percent lower production.

MY 2002/2003 apple exports were slightly lower than in the previous season due to reduced CY 2002 production. Fresh apple exports are not expected to change much from the previous year due to high apple production in the United States and China. Imports were much lower in MY 2002/2003 than in the previous season and slightly increased production is expected to lead to even lower imports in MY 03/04.

Polish CAJ exports MY 02/03 earned higher than normal profits because of lower worldwide CAJ production yet stable demand. MY 03/04 CAJ export quantities are expected to be virtually the same as in MY 02/03 but profits are expected to decline because of higher anticipated U.S. and Chinese CAJ production.

Production

Apples:

According to Government of Poland (GOP) official data, CY 2002 apple production of 2.17 million tons was lower by 20 percent than record CY 2001 production. It was the third consecutive year when apple production was not profitable for farmers even though prices for apples for processing rose from October 2002. In late Spring 2003 apple consumption also increased. The average price that farmers got for industrial and fresh consumption apples in MY 2002/2003 was PLN 0.50 (US\$ 0.13) per kilogram. This price did not cover their production costs of PLN 0.75-0.80 (US\$ 0.19-0.20) per kilogram. Nevertheless, large producers with storage facilities earned more since they were able to store their apples for periodic market sales up through May-June 2003.

Current crop fruit tree and berry bush flowering was very abundant. The summer was warm and dry. Therefore, the Institute of Rural Economics estimates that CY 2003 apple production will be higher than in CY 2002 and will reach 2.25 million tons.

Production of all varieties of apples (excluding McIntosh) increased in commercial orchards. The main varieties in Poland are Cortland, Champion, Idared and Lobo.

Concentrated Apple Juice

It is estimated that concentrated apple juice (CAJ) production in MY 2002/2003 was approximately 200,000 metric tons compared to 205,000 of MY 2001/2002. There were 1.7 million tons of apples processed, 100,000 tons less than in the previous season. In MY 2001/2002 and MY 2002/2003 CAJ represented 14 percent of total processed fruit. Since the apple crop is estimated to be higher in MY 2003/2004 than in the previous season, the production of CAJ will also be higher.

Consumption

CY 2002 total fruit and processed fruit product consumption in CY2002 was slightly lower than in CY2001 and represented 55.5 kg per person. The consumption of fresh fruit, mainly

apples and pears, increased by 1.6 percent, while the consumption of citrus fruit, other deciduous fruit and berries decreased. The consumption of fresh apples increased by 8.2 percent, while pears doubled.

Fruit consumption in Poland is steadily increasing. Nevertheless, compared to the EU, fruit consumption is still very low. Apples remain the dominant horticultural fruit in Poland. In MY 2002/2003 the consumption of apples increased from 22 to 23 kilogram per person. It is expected that the consumption of fruit and fruit products would not change much in MY2003/2004, and the consumption of apples will further increase. The share of apples in relationship to the total consumption of fruit increased up to 63 percent in CY 2002.

Consumption of apple juice remained at the same level of 22,000 tons in MY2001/2002 and MY2002/2003. It is estimated, that with a higher apple crop and CAJ production, the CAJ consumption in MY2003/2004 will also increase up to 23,000 tons.

Trade

Fresh Apples:

It is estimated that fresh fruit exports in MY 2002/2003 remained at the level of the previous season, while exports of processed fruit increased by 8 percent. The value of apple exports in MY 02/03 were unusually high reaching US\$ 67 million compared to US\$ 57 million in MY 01/02. Similarly, CAJ exports values were also much higher. The reason behind the higher export values was attributed to decreased world CAJ production and sales of Polish CAJ from MY 2001/2002.

Fresh apple exports, supplied in CY 2002 mainly to Russia, Lithuania, Moldova and Slovakia, increased from 246,000 up to 334,000 tons, while its value almost doubled from US\$ 28 million up to US\$ 51 million.

Projected 2003/04 imports, relatively small in comparison to exports, are expected to be kept at the level of MY 2002/2003. This is due to improving local storage facilities and an increasing portion of apple production for fresh consumption.

Concentrated Apple Juice:

Virtually all Polish CAJ production is exported. MY 02/03 CAJ exports were worth US\$140 million, compared to US\$119 million in MY 2001/2002. The increased quantities and higher value of exported CAJ resulted mainly from lower world production.

Estimated higher production in Poland, as well as in other CAJ producers like the United States and China, could put downward pressure on Polish CAJ prices, although the Institute of Rural Economics estimates Polish CAJ prices could still average 0.7 euro per kilogram in MY 2003/04. The average price of Polish CAJ over the previous two years of MY 2000/2001 – 2002/2003 was 0.65 euro per kilogram compared with the average from the previous five seasons of 0.95 euro per kilogram.

Policy

Since September 2001, farm producer group support legislation has been in force. However, not all aspects of it have been fully organized and implemented, but the Ministry of Agriculture published a list of products that can be subsidised if they are withdrawn from the market. In the case of apples withdrawn from the market in 2002 and 2003, farmers receive

8.81 euro per 100 kilograms. Apple producers, like other farmers, can also apply for preferential credit (part of the interest rate is paid by the GOP's Agency for the Restructuring and Modernization of Agriculture) from local banks. In 2003, the Ministry of Agriculture prepared a draft of a new act on organization of the fruit and vegetable market. This adapts Polish law to EU regulations. According to this act, officially recognized producer groups would have a right to intervene on the market in specific conditions by withdrawing apples from the market (not more than 8.5 percent of the previous year quantity supplied to the market) and donating them to charity organizations. In such cases, the groups will receive financial compensation. The act and its regulations will enter into force upon Polish EU accession on May 1, 2004. Government authorities do not believe these policy changes will impact production.

Marketing

Most imports are handled by small private companies. Large processors such as Agros, Polcoop and Hortex focus primarily on export sales. Most of the distribution of fruit in the Polish market is done through farmers' markets or commodity exchanges. There is still a deficit of modern storage facilities for apples in Poland. It is estimated that only 50,000-60,000 tons of apples are stored in modern storage facilities. Only large apple producers can afford the price of such facilities. The average Polish orchard is less than 5 hectares.

Tariffs

Import duties will change upon Poland's EU accession May 1, 2004. EU external rates are noted in the table below for non-EU imports. EU member states will have duty free access. Given Poland's substantial apple production, no significant import impact is expected despite some lower CAJ EU external duty rates.

Poland's current tariff rate for CAJ is 50 percent or 44 percent plus 0.2 EUR/kg with a maximum 120 EUR/hl plus sugar-content tax. In order to protect the local sugar industry, in 1993 Poland introduced a sugar-content tax. This tax applies to all products which contain sugar. The sugar tax applicable to CAJ is 0.0049 EUR per each 10 grams or each 1 percent of sugar in 1 kilogram of the product. The tariff rate for CAJ with no added sugar content is 35 percent. There is a 12 percent preferential tariff rate on all kinds of CAJ imported from the Czech and Slovak Republics, Hungary, Slovenia, Romania, Bulgaria and Latvia, under a series of bilateral agreements.

POLAND IMPORT DUTY RATES

HS Code	Product	Import tariff for WTO members, incl. USA and EU members	Czech & Slovak Rep.	Lithuania	Latvia
0808.10.10.0	Apples for juice, from Sept.16 till December 15	0.3 EUR/kg	10 %	10 %	0 %
0808.10.20	Golden Delicious varieties:				
0808.10.20.1	-from January 1 till March 31	0.33 EUR/kg	10 %	10 %	10 %
0808.10.20.3	-from April 1 till June 30	0.12 EUR/kg	0 %	10 %	0 %
0808.10.20.5	-from July 1 till July 31	10 %	0 %		0 %
0808.10.20.7	-from August 1 till December 31	0.3 EUR/kg	10 %	10 %	15 %
0808.10.50	Granny Smith varieties:				

0808.10.50.1	-from Jan 1 till March 31	0.33 EUR/kg	10 %	10 %	10 %
0808.10.50.3	-from April 1 till June 30	0.12 EUR/kg	0 %	10 %	0 %
0808.10.50.5	-from July 1 till July 31	10 %	0 %		0 %
0808.10.50.7	-from August 1 till December 31	0.33 EUR/kg	10 %	10 %	15 %
0808.10.90	Other varieties:				
0808.10.90.1	-from Jan 1 till March 31	0.33 EUR/kg	10 %	10 %	10 %
0808.10.90.3	-from April 1 till June 30	0.12 EUR/kg	0 %	10 %	0 %
0808.10.90.5	-from July 1 till July 31	10 %	0 %		0 %
0808.10.90.7	-from August 1 till December 31	0.3 EUR/kg	10 %	10 %	15 %

EU EXTERNAL IMPORT DUTY RATES effective in Poland May 1, 2004

HS Code	Product	Import tariff for WTO members, incl. USA
0808.10	Apples, fresh	11.2 % or 9 %, depending on the value
2009.71	Apple juice, with a Brix figure lower than 20	18%
2009.79.11	Apple juice with a Brix figure higher than 67, with the price lower than 22 EUR per 100 kg	30% + 18.4 EUR/kg
2009.79.19	Apple juice with a Brix figure higher than 67, other	30%
2009.79.30	Apple juice with a Brix figure higher than 20 but not exceeding 67, of the value higher than 18EUR per 100 kg, with sugar	30%
2009.79.91	Apple juice with a Brix figure higher than 20 but not exceeding 67, of the value higher than 18EUR per 100 kg, with sugar representing more than 30 percent of the total mass	18% + 19.3 EUR/kg
2009.79.93	Apple juice with a Brix figure higher than 20 but not exceeding 67, of the value higher than 18EUR per 100 kg, with sugar representing less than 30 percent of the total mass	18%
2009.79.99	Apple juice with a Brix figure higher than 20 but not exceeding 67, of the value higher than 18EUR per 100 kg, without sugar	18%

Fresh Apples, PSD

PSD Table						
Country	Poland					
Commodity	Fresh Apples				(HA)(1000 TREES)(MT)	
	2001	Revised	2002	Estimate	2003	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		07/2001		07/2002		07/2003
Area Planted	166400	166400	166000	168500	0	170000
Area Harvested	100000	100000	100000	100000	0	100000
Bearing Trees	78432	71000	76000	77000	0	79000
Non-Bearing Trees	20000	20000	22000	22000	0	22000
Total Trees	98432	91000	98000	99000	0	101000
Commercial Production	2626000	2540000	1957000	2028000	0	2100000
Non-Comm. Production	180000	170000	150000	150000	0	150000
TOTAL Production	2806000	2710000	2107000	2178000	0	2250000
TOTAL Imports	20000	12100	23000	5000	0	5000
TOTAL SUPPLY	2826000	2722100	2130000	2183000	0	2255000
Domestic Fresh Consump	736000	653200	680000	664000	0	685000
Exports, Fresh Only	290000	245900	200000	230000	0	270000
For Processing	1800000	1823000	1250000	1289000	0	1300000
Withdrawal From Market	0	0	0		0	0
TOTAL UTILIZATION	2826000	2722100	2130000	2183000	0	2255000

Fresh Apples, Exports

Export Trade Matrix

Country Poland

Commodity Fresh Apples

Time Period Units:

Exports for:

U.S. U.S.

Others Others

Belarus	129	Russia	135
Russia	24	Lithuania	21
Germany	23	Moldova	19
Lithuania	14	Slovakia	18
Latvia	14	Romania	18
Austria	11	Yugoslavia	15
Czech Rep.	9	Belarus	14
Estonia	6	Czech Rep.	13
Croatia	5	Bulgaria	13

Total for Others 235 266

Others not Listed

Grand Total 246 334

Fresh Apples, Imports

Import Trade Matrix			
Country	Poland		
Commodity	Fresh Apples		
Time Period	Jan-Dec	Units:	000 MT
Imports for:	2001		2002
U.S.		U.S.	
Others		Others	
Netherlands	6	Argentina	2
Austria	5	Austria	1
Argentina	5	Chile	1
Italy	2		
Belgium	2		
Total for Others	20		4
Others not Listed	2		2
Grand Total	22		6

Concentrated Apple Juice, PSD

PSD Table						
Country	Poland					
Commodity	Concentrated Apple Juice					
					(MT)	
	2001	Revised	2002	Estimate	2003	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		07/2001		07/2002		07/2003
Deliv. To Processors	1800000	1450000	1250000	0	0	0
Beginning Stocks	4000	4000	5000	5000	2000	3000
Production	205000	205000	170000	200000	0	205000
Imports	6230	5000	8000	5000	0	5000
TOTAL SUPPLY	215230	214000	183000	210000	2000	213000
Exports	187000	187000	160000	185000	0	187000
Domestic Consumption	23230	22000	21000	22000	0	23000
Ending Stocks	5000	5000	2000	3000	0	3000
TOTAL DISTRIBUTION	215230	214000	183000	210000	0	213000

Concentrated Apple Juice, Exports

Export Trade Matrix

Country Poland

Commodity Concentrated Apple Juice

Time Period	Jan-Dec	Units:	000 MT
Exports for:	2001		2002
U.S.	3	U.S.	
Others		Others	
Germany	152		
Austria	20		
Italy	6		
Netherlands	2		
UK	1		
Canada	1		
Total for Others	182		0
Others not Listed	10		
Grand Total	192		0

2002 data are not available.

Concentrated Apple Juice, Imports

Import Trade Matrix

Country Poland

Commodity Concentrated Apple Juice

Time Period	Jan-Dec	Units:	000 MT
Imports for:	2001		2002
U.S.		U.S.	
Others		Others	
China	3		
Lithuania	2		
Total for Others	5		0
Others not Listed	1		
Grand Total	6		0

2002 data are not available.