USDA United States Department of Agriculture
Foreign Agricultural Service

GAIN Global Agricultural Information Network

Voluntary Report – Voluntary - Public Distribution **Date:** July 07,2020

Report Number: PL2020-0029

Report Name: Grain and Feed Update

Country: Poland

Post: Warsaw

Report Category: Agricultural Situation, Agriculture in the Economy, National Plan, Policy and Program Announcements, Agriculture in the News, Grain and Feed

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Report Highlights:

Total Polish wheat, rye, mixed grains, triticale, barley, corn, and oat production in marketing year (MY) 2020/21 will reach 30.7 million metric tons (MMT), a 6.3-percent increase over MY 2019/20. Through mid-March 2020, Poland experienced dry conditions, which threatened spring grains. However, substantial precipitation throughout most of May and June, to date, have improved the grains outlook for MY 2020/21. Polish wheat exports have dramatically increased since the beginning of Covid-19 pandemic.

Grain Production and Area

MY 2020/21

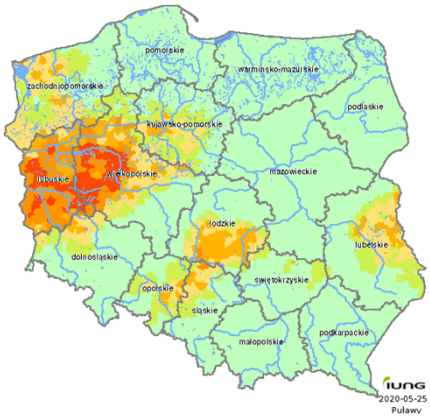
Post forecasts that Poland's total wheat, rye, mixed grains, triticale, barley, corn, and oat production in MY 2020/21 will reach 30.7 MMT, a 6.3-percent increase over MY 2019/20. The higher production forecast is predicated on higher average yields for all grain varieties in MY 2020/21. Post estimates that the total area planted will decline by 0.5 percent from last year. Corn production will increase by 15.1 percent over MY 2019/20, following last year's late spring and summer drought. Wheat production will increase by 6.2 percent in MY 2020/21. Winter wheat yields should offset a slight drop in spring wheat yields this year, due to dry planting conditions in early spring. Post expects more grain will be diverted toward human consumption instead of livestock feed in MY 2020/21. Poland's total winter and spring crop area in MY 2020/21 will cover 7.76 million hectares (HA), a 0.5-percent decrease from MY 2019/20.

During early winter 2019, Polish agronomists rated winter crops as in better condition than the same period in early winter 2018, especially for winter wheat, barley, and triticale. Winter mixed grains and rye were also considered to be in good shape, although less robust than wheat, barley, and triticale due to excessive late fall/early winter growth. In the fall 2019, warm and sunny weather created favorable conditions for plant growth. Fall 2019 rains also added needed soil moisture, with 70 to 160 percent higher than the long-term average. 2019/20 winter conditions were mild and temperatures averaged between 36-38°F. As a result, winter crops did not enter full winter dormancy and there were no reports of winterkill. Rainfall levels through about mid-March 2020 were favorable for winter crop development. After mid-March, dry conditions forced some farmers to delay spring planting. Scattered late spring frosts also stunted some spring crops, particularly spring barley. Frequent rainfall in May and June increased soil moisture significantly, although some areas remain dry, notably the Lubuskie and Wielkopolska provinces in western Poland. Because the 2017 and 2018 summers were notably dry in Poland, Post's MY2020/21 forecast also considers the possibility of drought conditions in July and August.

To date, Poland's grain industry has not been severely affected by COVID-19, despite some initial logistical turbulence when Poland closed its national borders. For a short period in mid-March, some seed, chemical, and fertilizer shipments were briefly delayed due to trucks stuck at the borders. Farmers were also confronted with some closures of agricultural-input outlets, as well as closures for grain collection points, mostly because some employees at these businesses stayed home to social distance.

Map 1: Drought Risk by Region, March 21-May 20, 2020

Winter Grains



	The drought benchmark (according to the MinAg Regulation) was not exceeded
	< 10 % soils
	10 - 30 % soils
	30 - 50 % soils
	50 - 80 % soils
	> 80 % soils

Source: IUNG Pulawy, Poland

Spring Grains

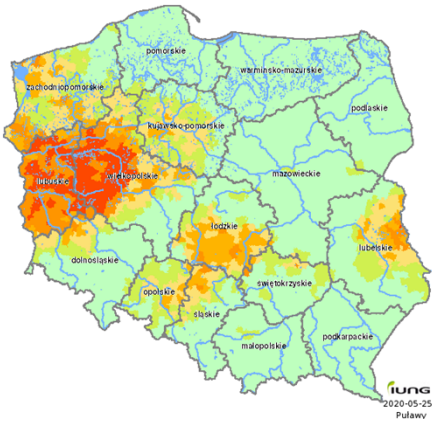


Chart 1: Poland, World Meteorological Organization Cumulative Precipitation

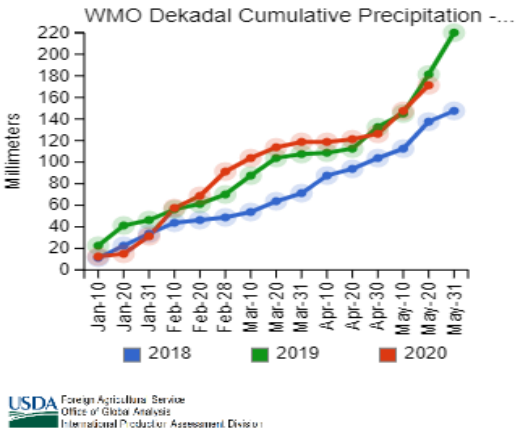
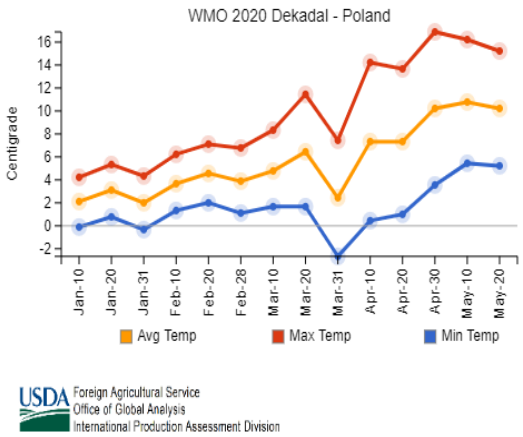


Chart 2: Poland, World Meteorological Organization Air Temperatures in 2020



MY 2019/20

Total MY 2019/20 grain production reached 28.9 MMT, an eight-percent increase over MY 2018/19's record-low production. This increase was mostly due to higher yields and a 1.3-percent increase in the area planted, which reached 7.8 million HA. Despite the overall increase in yields, MY 2019/20 marked a second consecutive summer drought. Grain quality also varied considerably by region. In eastern Poland where the soil is lighter, kernel sizes were small, although the dry and hot weather reduced fungal and mold problems. In MY 2019/20 domestic consumption and exports of feed grain decreased

from MY 2018/19. The summer drought, particularly in western and northern Poland led to another year of more feed-quality stocks versus grain for human consumption.

Table 1: Area by Grain Variety, (000) Ha

Poland	MY 2018/19	MY 2019/20	MY 2020/21 (f)	Change year to year 2021/20 (%)
Wheat	2,417	2,511	2,500	-0.4
Barley	976	975	960	-1,5
Corn	645	665	660	-0,8
Rye	894	904	900	-0,6
Mixed grains	2,281	2,247	2,250	0,0
Oats	497	495	490	-1,0
Total	7,710	7,797	7,760	-0.48

Source: Polish Main Statistical Office, FAS

Table 2: Production by Grain Variety, (000) MT

Poland	MY 2018/19	MY 019/20	MY 2020/21 (f)	Change year to year 2020/19 (%)
Wheat	9,820	11,012	11,700	6.2
Barley	3,048	3,374	3,400	0.8
Corn	3,864	3,734	4,300	15.1
Rye	2,167	2,461	2,600	5.6
Mixed grains	6,592	7,055	7,400	4.9
Oats	1,166	1,233	1,300	5.4
Total	26,657	28,869	30,700	6.3

Source: Polish Main Statistical Office, FAS

Trade

Table 3: Poland, Grain Exports, (000) MT

	MY 2015/16	MY 2016/17	MY 2017/18	MY 2018/19	MY 2018/19 8 months	MY 2019/20 8 months
Wheat	3,497	4,042	1,838	1,759	1,275	2,236
Barley	177	77	89	133	125	79
Corn	560	1,318	1,125	1,051	642	856
Rye	519	376	441	479	381	464
Triticale	526	373	422	327	309	410
Oats	89	84	116	119	97	54
Total	5,368	6,270	4,031	3,868	2,829	4,099

Source: Eurostat

Post estimates MY 2019/20 Polish grain exports at 5.8 MMT, up from last year's record low 3.9 MMT. Poor grain quality and low stocks after last year's lackluster harvest was the main cause for sluggish

export sales in MY 2018/19. Poland responded vigorously to strong international demand, particularly for wheat, after the global COVID-19 outbreak, as many countries look to bolster domestic grain stocks. The weakening Polish zloty versus the euro and the dollar also contributed to strong export growth for Polish grains. In MY 2019/20, Post forecasts wheat exports at 3.5 MMT, a doubling of exports over the previous year. Over 36 percent of MY 2019/20 exports occurred after the Covid-19 outbreak. Post estimates that Poland exported 1.3 MMT of wheat from March until June 2020. In MY 2019/20 soft wheat accounts for over 60 percent of total Polish grain exports. In MY 2019/20 Poland's non-EU grains markets (mostly wheat) were Saudi Arabia, South Africa, Kenya, Cuba. For Poland, the most important export market within the European Union is Germany, where deliveries also increased by 20 percent during the first eight months of MY 2019/20 over the same period of the previous MY.

MY 2019/20 corn exports are also estimated higher than last year. On-farm storage capacity has increased and is roughly on par with production. At the end of MY 2019/20, Poland's carryover stocks, especially wheat, were among the smallest in the EU due to intensive wheat exports from March through June 2020.

Crop Specific

Wheat

MY 2020/21

For 2020/21 Post forecasts Polish wheat production will increase by 6.2 percent over MY 2019/20 and will reach 11.7 MMT. The wheat area planted and the area harvested will remain almost the same as the previous MY. As noted above, the current winter wheat crop was in good condition before winter 2019/20. Fall planting in 2019 was largely on time, although dry conditions in some regions forced farmers to postpone fall wheat planting by about two weeks. The 2019/20 winter was unusually mild.

Post expects that Polish soft wheat exports will remain on par with MY 2019/20 levels, particularly if Post's production forecast comes to pass. Higher yields and better grain quality, as well as the weakening of Polish zloty against the euro and dollar, will motivate Polish exporters in MY 2020/21, particularly for non-EU markets.

MY 2019/20

The MY 2019/20 wheat harvest reached 11 MMT, about 12 percent more than the previous year. The wheat area reached 2.5 million HA, a one-percent increase over the last MY. Wheat quality was inconsistent and varied by region. Most Polish wheat was relegated as feed wheat. Feed demand was the same as MY 2018/19, mostly due to the ongoing African swine fever (ASF) epidemic, as well as the more moderate growth levels of the poultry industry.

MY 2019/20 wheat exports will reach 3.5 MMT. Since March 2020, Poland has significantly increased its wheat exports by sea., particularly to Saudi Arabia and Kenya. Cuba also appeared as a new market in MY 2019/20. In March, April 2020 Poland sold 500,000 MT of wheat, in May 350,000 MT. In MY 2019/20 wheat exports more than doubled compared to the same months last year. Post estimates that in June 2020, Poland will export 100,000 MT of wheat and will reduce stocks to minimal levels. The next important export destiny is Germany, with deliveries carried out by road.

Table 4: Poland, Wheat Trade, (000) MT

Wheat	MY Begins in July					
	MY 2015/16	MY 2016/17	MY 2017/18	MY 2018/19	MY 2018/19 8 months	MY 2019/20 8 months
Imports	648	992	664	671	485	383
Exports	3,497	4,042	1,838	1,759	1,275	2,236

Source: Eurostat

Barley

MY 2020/21

Current conditions for the barley crop are favorable and yields are forecast higher than in MY 2019/20. Poland's total barley area planted, most of which is spring barley, will be roughly the same as MY 2019/20. Although spring planting conditions were dry and hot in March and April 2020, rains in May and June boosted the spring barley crop. Post expects domestic feed barley consumption to increase slightly over the last MY due to higher production.

MY 2019/20.

For MY 2019/20 barley production reached 3.4 MMT, an 11.5-percent increase over MY 2018/19's record low.

Table 5: Poland, Barley Trade, (000) MT

Barley	MY Begins in July					
	MY 2015/16	MY 2016/17	MY 2017/18	MY 2018/19	MY 2018/19 8 months	MY 2019/20 8 months
Imports	132	249	252	175	90	132
Exports	177	77	89	133	125	79

Source: Eurostat

Corn

MY 2020/21

Rain in early May gave the new corn crop a needed shot in the arm. Post forecasts Poland's MY 2020/21 corn area to increase slightly over the previous MY. Beginning corn stocks in MY 2020/21 are low following last year's low yields and many farmers expected that those low stocks would translate into higher MY 2020/21 corn prices. Assuming favorable weather conditions, corn yields are expected higher and production is forecast at 4.3 MMT, a 15.1 percent increase over last year. Feed demand may lose ground this year due to challenges faced by the poultry industry following the Covid-19 pandemic.

MY 2019/20

The MY 2019/20 corn area planted declined by 3.4 percent from MY 2018/19, as some farmers shifted away from corn acres in favor of wheat. Moreover, not all planted area was harvested due to the drought. Carryover corn stocks for the MY 2020/21 are relatively small after low yields in MY 2019/20, keeping Polish corn exports relatively low. Feed demand was on par with MY 2018/19 due to more moderate growth in the poultry sector compared with the last year's high grow. Corn quality varied regionally, although most was dry and with smaller than average kernels.

Table 6: Poland, Corn Trade, (000) MT

	MY Begins in October					
	MY 2015/16	MY 2016/17	MY 2017/18	MY 2018/19	MY 2018/19 8 months	MY 2019/20 8 months
Imports	503	394	228	443	223	109
Exports	560	1,318	1,125	1,051	642	856

Source: Eurostat

Rye

MY 2020/21.

Post forecasts 5.6 percent production increase for rye over the 1.4 MMT produced in the previous MY due to higher yields, assuming favorable weather. The area planted will remain on par with the previous year. The ASF situation has made farmers more reluctant to plant rye, which is mostly used in Poland for on-farm feed. Post expects that an uptick in consumer demand for rye bread in MY 2020/21 will increase the allocation of the Polish rye crop for human consumption. Post estimates MY 2020/21 rye exports will increase over the MY 2019/20. Germany will remain Poland main rye export market.

MY 2019/20

The MY 2019/20 rye area planted was roughly on par with MY 2018/19. Although rye production reached 2.5 MMT, a 13.5-percent increase over MY 2018/19, it was still below the six-year production average, mostly due to the spring and summer drought conditions. Eastern Poland is the main rye production region and dry conditions negatively affected the rye crop. Higher market prices reduced domestic demand for feed rye, as many livestock farmers switched to lower-cost alternatives.

Table 7: Poland, Rye Trade, (000) MT

	MY Begins in July					
	MY 2015/16	MY 2016/17	MY 2017/18	MY 2018/19	MY 2018/19 8 months	MY 2019/20 8 months
Imports	5	16	27	47	44	5
Exports	519	376	441	479	381	464

Source: Eurostat

Mixed Grains

MY 2020/21

A decline in hog production has lowered interest among farmers to grow triticale and mixed grains in the last few years. The MY 2020/21 mixed grains area planted is forecast at 2.3 million HA, a decline from last year. Plants conditions were favorable before and after winter 2019/20. Yields are expected to increase over last year. There is a growing preference for triticale for livestock feed over mixed grains, which favor increasing triticale production and diminishing mixed grains production. The use of mixed grains and triticale as feedstock for ethanol production is relatively small and accounts for 2-3 percent of domestic use. Industry demand in MY 2020/21 is forecast higher, particularly from the distilled spirits industry.

MY 2019/20

As noted above, a decline in Polish hog production has reduced demand for triticale and mixed grains in recent years. The MY 2019/20 mixed grains area planted increased following low production in MY

2018/19. Beginning stocks were low and feed-grain demand was high. Mixed grain production reached 7.2 MMT, a 2.1-percent increase over MY 2018/19's record low, due to better yields and an increase in area planted. Mixed grains production was negatively affected by the drought in MY 2019/20 spring and summer drought. In MY 2019/20, feed use for mixed grains decreased following the low harvest.

Table 8: Poland, Triticale Trade, (000) MT

	MY Begins in July					
	MY 2015/16	MY 2016/17	MY 2017/18	MY 2018/19	MY 2019/20 8 months	MY 2019/20 8 months
Imports	11	11	5	7	2	2
Exports	526	373	422	327	309	410

Source: Eurostat

Oats

MY 2020/21

The oats area planted remains at the last year's level. Production will exceed the MY 2019/20 result by 5.4 percent, assuming better weather and high yields over last year.

MY 2019/20

The oats area planted fluctuates seasonally and tends to hinge on market prices for other grains, mainly rye and triticale. In MY 2019/20, oat production reached 1.2 MMT, a 1.4-percent over MY 2018/19's record low crop. 90 percent of oats were as feed. Polish oat exports declined in MY 2019/20 by over 23 percent. Traditionally Germany and the Netherlands are the main export markets for Polish oats.

Table 9: Poland, Oats Trade, (000) MT

	MY Begins in July					
	MY 2015/16	MY 2016/17	MY 2017/18	MY 2018/19	MY 2018/19 8 months	MY 2019/20 8 months
Imports	19	6	11	8	7	9
Exports	89	84	116	119	97	54

Source: Eurostat

Appendix:

Table 10: Poland, Wheat Imports by Country, (000) MT

Partner	MY Begins July			Market Share(%)			%Δ 2019/18
	2017	2018	2019	2017	2018	2019	
_World	992	664	671	100	100	100	1.03
Slovakia	359	243	283	36.18	36.63	42.15	16.27
Czech Republic	358	243	278	36.08	36.66	41.42	14.16
Germany	120	73	51	12.1	10.94	7.6	-29.78
Hungary	42	30	18	4.28	4.47	2.66	-39.76
Lithuania	35	36	13	3.49	5.44	2	-62.88
Ukraine	5	2	9	0.46	0.33	1.28	294.69

Source: Eurostat

Table 11: Poland, Wheat Exports by Country, (000) MT

Partner	MY Begins July			Market Share(%)			%Δ 2019/18
	2017	2018	2019	2017	2018	2019	
_World	4,042	1,838	1,759	100	100	100	-4.3
Saudi Arabia	1,023	300	779	25.32	16.32	44.29	159.69
Germany	769	620	432	19.02	33.75	24.58	-30.3
Egypt	206	183	140	5.09	9.96	7.98	-23.35
Norway	64	56	114	1.59	3.04	6.49	104.07
Algeria	320	0	91	7.93	0	5.18	0
Nigeria	327	87	59	8.09	4.75	3.36	-32.33
Cuba	102	0	52	2.52	0	2.99	0
Turkey	18	31	22	0.44	1.67	1.26	-28.13

Source: Eurostat

Table 12: Poland, Wheat Exports by Country, During Eight Month of MY, (000) MT

Partner	MY, 8 months			Market Share(%)			%Δ 2020/19
	July, 2017/ Febr. 2018	July, 2018 / Febr. 2019	July, 2019 /Febr. 2020	2017/ 18	2018/ 19	2019/ 20	
_World	1,269	1,275	2,236	100	100	100	75.33
Saudi Arabia	175	644	876	13.78	50.54	39.2	35.99
Germany	447	356	430	35.22	27.88	19.24	21.01
South Africa	0	0	160	0	0	7.17	0
Kenya	43	0	131	3.36	0	5.88	0
Cuba	0	0	120	0	0	5.38	0
Turkey	31	0	84	2.42	0	3.76	0
Mozambique	36	0	73	2.84	0	3.27	0
Tanzania	0	0	71	0	0	3.15	0
Morocco	0	0	62	0	0	2.78	0
Egypt	117	86	52	9.21	6.72	2.34	-38.99

Source: Eurostat

Chart 3: Central Poland, Percent Soil Moisture

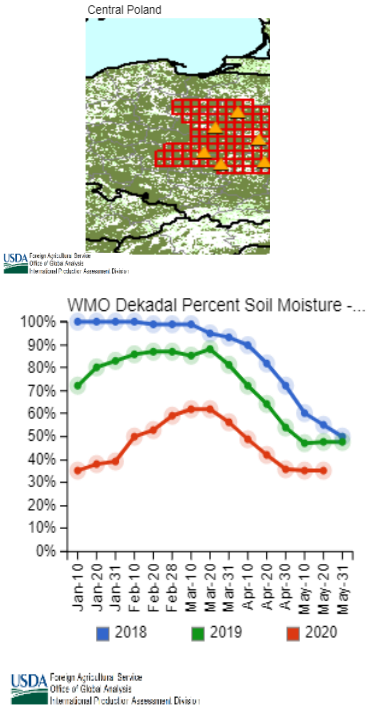


Chart 4: Eastern Poland, Percent Soil Moisture

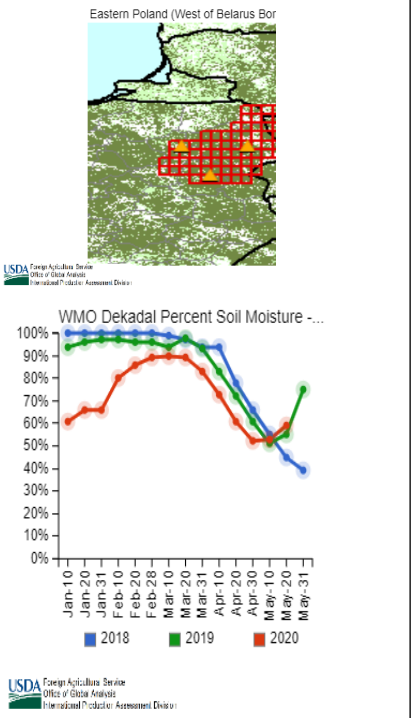
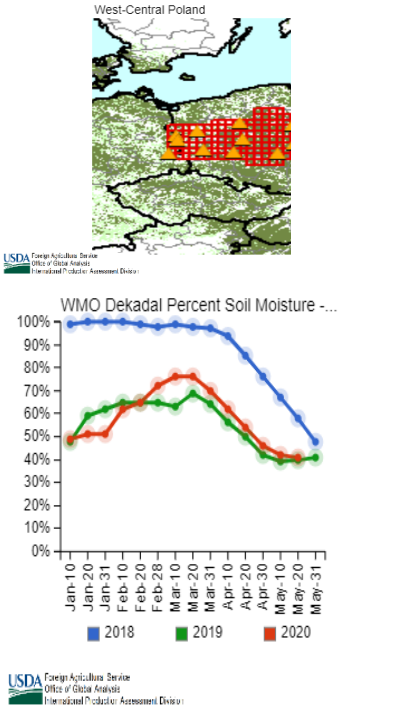


Chart 5: West-Central Poland, Percent Soil Moisture



Source: Global Agricultural and Disaster Assessment System

Chart 6: Southwest Poland, Percent Soil Moisture

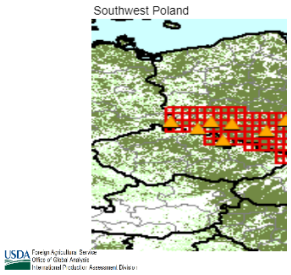


Chart 7: Northwest Poland, Percent Soil Moisture

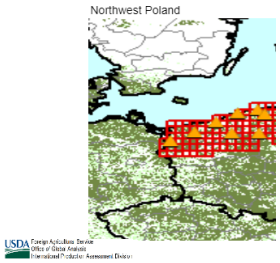
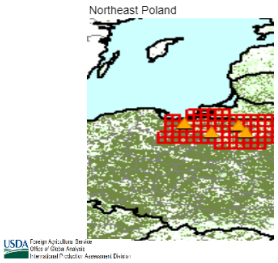
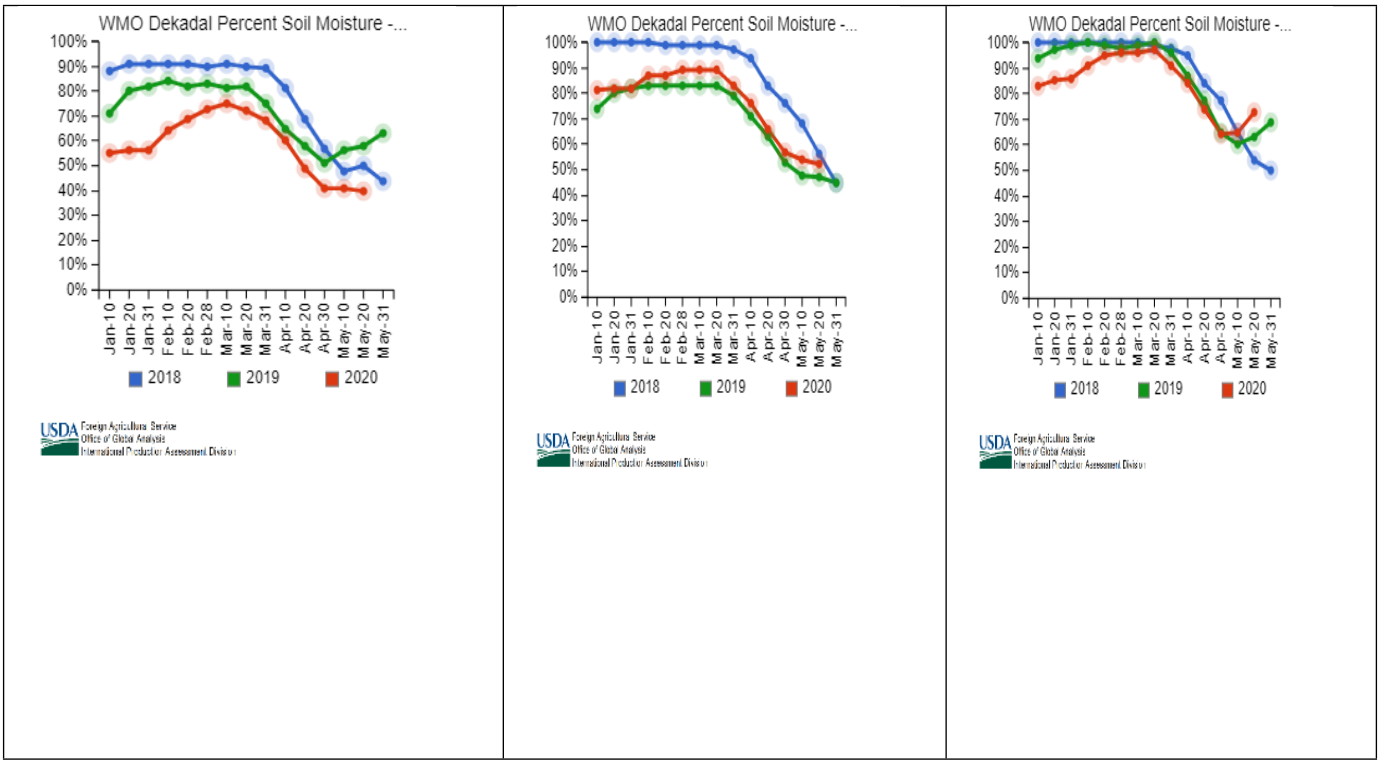


Chart 8: Northeast Poland, Percent Soil Moisture





Source: Global Agricultural and Disaster Assessment System

Attachments:

No Attachments.