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## **Poland**

## **HRI Food Service Sector**

## **Report**

## **2003**

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### **Report Highlights:**

**The hotel, restaurant and institutional food service sector is one of the most quickly developing areas of the Polish economy. While strong competition, especially from EU suppliers, also exists in this sector, several niche products offer potential to prospective U.S. exporters.**

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## EXECUTIVE SUMMARY

Poland is a market for diverse food products. The population of the country, reaching almost 40 million, **spends about 30% of its income** on food and beverages. The value of food and beverages sold by the retail trade and the Hotel and Restaurant Industry sector in 2001 totaled **\$37.2 billion**. However, the portion of income spent in restaurants and the overall food service sector, represents **only 8% of** the total expenditure on food. This is significantly less than in other European countries, e.g. Germany - 40%, and the United States - 52%.

Traditionally, Poles prefer dining at home rather than in restaurants. Low incomes and relatively high prices in restaurants limited the growth in this sector. Prices in restaurants and food service establishments in the early nineties grew much faster than the retail prices for food. In fact, between 1993-1996 expenditures on catering services decreased by 16%. Since 1996, this trend has been reversed, particularly in urban areas where incomes and employment levels are much higher compared to rural areas.

Today the variety and sheer number of restaurants reflect changes in demographics. In the past, restaurants were frequented by foreigners or Polish officials. Weddings were probably the one special occasion that families visited restaurants and those were mainly located in hotels. This is no longer the case, particularly in large cities where about 30% of the population lives. The number of two or more-income households in urban areas is high (about 56% of all households). Restaurants come in all shapes and sizes as well as costs. Warsaw, for instance, boasts a variety of low-cost eateries to high-end restaurants. Consumer tastes in these areas are becoming similar to those of Western Europe and the United States. Mediterranean, French, Middle Eastern and Asian cuisines are becoming more popular and more readily available in local neighbourhoods as well as well-travelled spots. Demand for fast food is growing particularly quickly. Visiting traditional or fast food restaurants is now considered a form of entertainment by many families.

During the last decade, the increase in demand for HRI food service was stimulated by the increasing GDP, growth in employment among women, higher per capita incomes and developments of tourism. All these factors were developing in a very rapid way until 2000, when a significantly lower rate of growth of the Polish economy began and continued through 2002. This has resulted in higher unemployment, lower per capita income and reduced tourism in Poland. The GDP growth dropped from 4 percent in 2000 to 1.2 percent in 2001 and near 1 percent again in 2002. Unemployment increased from 15 percent to 17.4 percent, mainly affecting women. In 2001 women constituted 51.5 percent of adult population and 48.7 percent of the total workforce, compared to 52.4 percent of the adult population and 45.1 percent of the workforce in 1995. As a result, the considerable high rate of development of the HRI sector has slowed down. However, this drop was not as dramatic as in other sectors of the Polish economy.

In 2001, imports of agri-food products formed 6.8 percent of total import value, i.e. amounted to US\$ 3.4 billion and were slightly higher than in 2000. Almost 63 percent of agri-food products come from well-developed countries, out of which 53 percent originate from the EU. The value of the USA imports by Poland in 2001 amounted to US\$ 1.7 billion which was 3.4 percent of Poland total import value.

Processed products for both household consumption and for industry represented about 45% of Polish imports of food and agricultural products. Poland's import of food products in 2001 amounted to almost \$ 95 million (2.8% of total food imports). In 2001 the overall value of food (processed and unprocessed) imported from the United States was only \$ 80 million, which represented 2.5 percent of all Polish imports. Imports from the United States were dominated by poultry and red meat but also include raw materials and semi-processed products, such as tobacco, animal feed, protein concentrates, etc.

## THE HRI MARKET DESCRIPTION

At the end of 2001 there were over 88,000 food service establishments (permanent and seasonal) operating in Poland, which is 4.4% more than a year before. Despite an unfavorable economic situation in Poland over the last two years, the number of food service units continues to grow, although at a lower rate. As a result of a rapid privatization process of this sector, more than 96% of catering establishments belong to private owners (98.2% of restaurants, 98.7% of bars, 73.4% of canteens, and 97.7% of food stands). Food service establishments include 38,400 bars, 33,700 food stands, 8,800 restaurants, and 7,200 cafeterias.

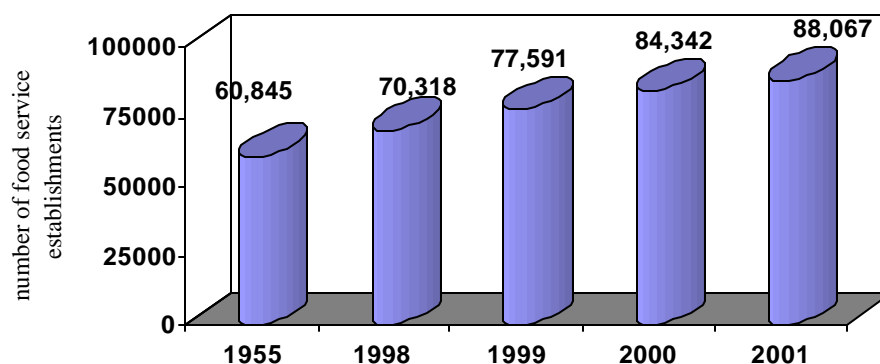
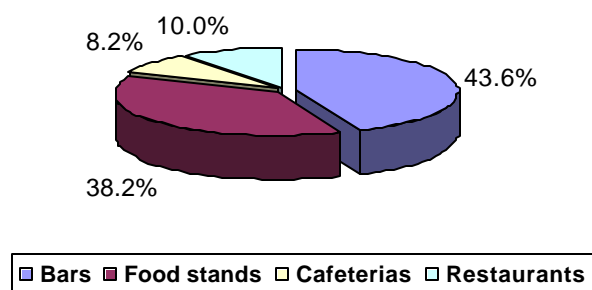


Chart 1.  
Number of  
food service

*establishments 1995, 1999, 2000, and 2001 (permanent **and** seasonal)*

In 2001 the highest increase in a number of food service units was noted in terms of bars (by 5.4%) and food stands (4.0 %). Bars also enjoy the highest share of the total number of food service establishments.

Chart 2. Food service unit breakdown



Revenues from food service activities also show a growing tendency.

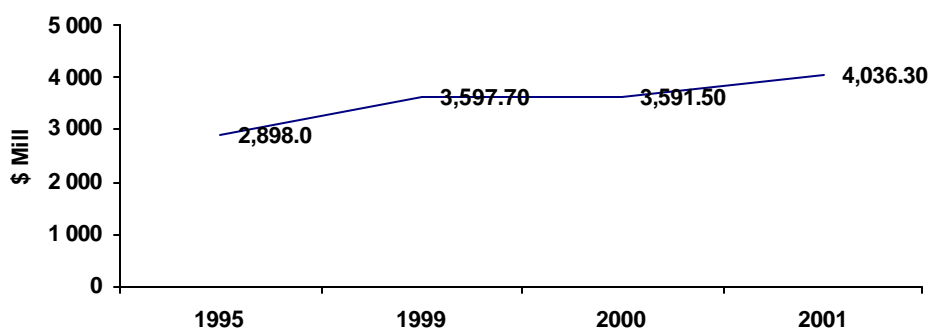


Chart 3. Total income from food service business in current prices

Revenues, calculated in Polish zlotys increased every year; the insignificant drop in 2000, calculated in US\$, resulted from a very high average exchange rate. As much as 50.7% of the total income is generated by food service production and another 44.9% from sales of commodities.

The location of food service establishments in Poland is varied. The most common breakdown is by Voivodship\* which have an average of 101 to 200 establishments each.

\* Poland is divided into 16 Voivodships which are administrative divisions similar to states or provinces.

In the Warsaw, Katowice and Krakow Voivodships there are more than 500 establishments per

voivodship.

No statistical data exist showing the proportion of imported food products, either processed food or raw materials, directly purchased by food service establishments.

Over the period 1994-2001, imported food constituted 10% to 12.5% of total food sales in Poland (excluding beverages and alcohol).

A dynamic development of the Polish food service sector which began at the beginning of the nineties was triggered by the entry to the Polish market by international corporations (primarily American) specialising in fast food, such as: Burger King\*, McDonald's, Pepsico (KFC, Pizza Hut), Domino's Pizza, and Telepizza. It is estimated that the 2000-2004 average growth rate will be similar to that of 1995-1998 (i.e. it will amount to 6-7%). This refers to the total ~~expenditures related to construction of buildings for food services which~~ in 2004 may reach \$4.7 to \$5.0 billion.

\* No longer operates in Poland.

Table 1. Advantages of and Challenges to American products on the Polish market

<i>Advantages</i>	<i>Challenges</i>
<ul style="list-style-type: none"> <li>! Low level of risk when investing in the food service sector in Poland compared with the fierce competition on world markets;</li> <li>! Growth in personal income and changes in consumption, life, and work standards will support development of food services;</li> <li>! Economic growth and development of tourism, from and to Poland, makes western food consumption standards more popular.</li> </ul>	<ul style="list-style-type: none"> <li>! The trend by major food chains to use mainly materials and semi-products of Polish origin lowers the demand for imported commodities;</li> <li>! Demographic changes resulting from a drop in the birth rate will decrease the population of the most prominent fast food consumers (i.e. children and young people);</li> <li>! Integration with the European Union will make food ingredients from this area easily accessible and will limit the demand for imports from other countries including the USA.</li> </ul>

## II. MARKET STRUCTURE, COMPANY PROFILES & SUB-SECTOR TRENDS

### A. DISTRIBUTION CHANNELS

Entering the Polish market is a challenge for exporters of raw materials for the food service sector.

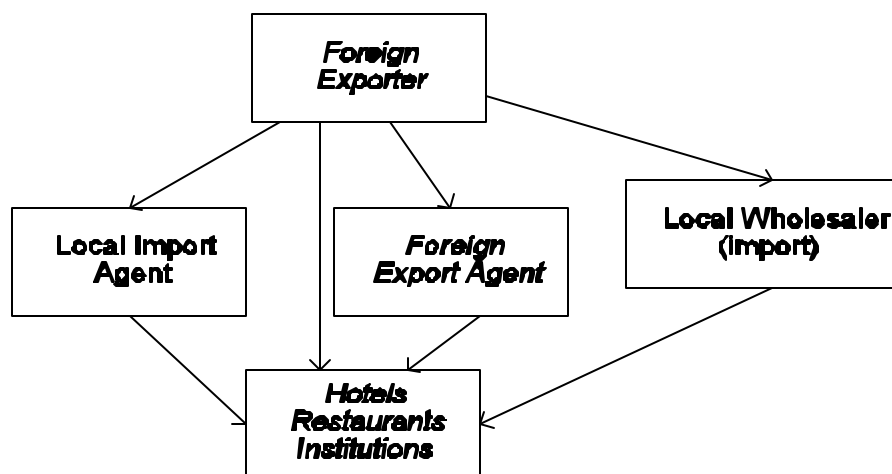
The main obstacle is the desire to use lower cost Polish products. Imports are indispensable only when these products are not otherwise available.

We can identify the following methods of supply in imported food ingredients:

- I. Fast food chains belonging to major foreign corporations have their own supply channels in the form of trade or representative offices in countries where materials or products are purchased.
- II. Some of the largest organizations in the food service sector (mainly hotel chains) have their own supply units.
- III. Importation of materials, semi-processed products and commodities for other food service firms is carried out by local wholesalers and importers.

Regardless of the route to the Polish market, success requires establishing a local representative or agent and personal contacts with Polish businesses. A solid position on the market may only be achieved by exporters who have a thorough knowledge of current legal, tax and customs regulations, market structures, local exhibitions and trade fairs, implications of EU accession, and non-tariff barriers which can best be accomplished by working with an experienced local representative. The type of representation depends primarily on the exporter's goals, product types, and distribution channels in Poland. Relations between an exporter and local partner should be well-established before contracts or long-term agreements are considered. Exporters should consider the use of consulting companies working in Poland for market research.

## B. MARKET STRUCTURE



*Chart 4. Food components distribution chart*

Among the distribution channels for food service products and materials, shown above, supplying products through local wholesalers has been developing in the most rapid way.

For many years imports of food were monopolized by large former state-owned companies such as Agros, Rolimpex, or Animex, for which import-export activity was the key business area. Since the beginning of the nineties three main trends have been observed:

- The large companies have become private and, in many cases, their new owners have attached more attention to other areas of activity (production of food, alcohol beverages, soft drinks, or animal feed, and exports of these).
- A free-market economy has allowed many newly-established private business entities to carry out and develop export-import activity; most of these operate on a local scale and specialise in specific groups of products;
- Large food producers, both Polish and with foreign capital involved, as well as hypermarkets purchase commodities from abroad using their own import departments.

As a result, former “giants” have lost their importance and are only “one of” numerous companies operating in this area.

Semi-products and components necessary for further processing are the main items of Polish imports. Besides, the most important foreign commodities are: fruits which are not grown in Poland and nuts (15% of total agri-food imports), animal feed (12%), fish (9%), cacao and chocolate (5%), fats, oils, and cereals (5%), as well as processed fruits and vegetables (5%).

## C. SUB-SECTOR PROFILES



## 1. Hotels and Resorts

The hotel market in Poland undergoes the same processes as hotel sectors in the European Union or in the USA, and cyclical changes are the key characteristic. Over the last twelve years such cycles were noted in Poland. After 1989, a rapid growth in interest in visiting Poland occurred. More people visited Poland in 1998, 88.6 million, than in 1990 resulting from a new political situation; many businessmen came over looking for new business opportunities, consultants, politicians, and tourists were interested in the new image of a post-communist country.

Currently, the following hotels reflecting international standards operate in Poland: Marriott, Victoria, Holiday Inn, Bristol, Mercure, Sobieski, Radisson, Sheraton, Hyatt.

The following hotels are planning to or are already entering the Warsaw market: Radisson, InterContinental, Hilton, another Holiday Inn, Crown Plaza, Ok"cie Hotel, Best Western Mazurkas, new hotels, belonging to the Gromada Group, as well as new Ibis and Mercure hotels. Such a considerable number of new hotels and the economic recession allow us to assume that the coming years will be difficult for the hotel market in Warsaw.

There were 966 hotels Poland in 2001. The most popular three-star hotels constitute about 36% of the total number. However, this dominant position is threatened by continuously developing chains of lower-standard hotels.

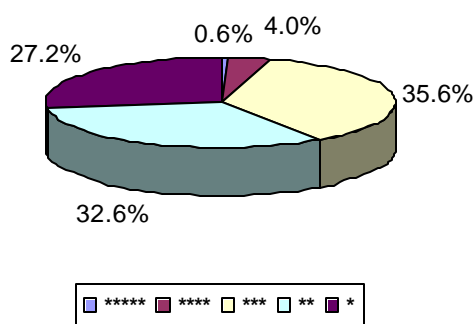


Chart 5. Hotel breakdown by category in 2001

Poland is not a country of very favourable climatic and geographic conditions, and has not yet developed either tourist infrastructure or an appropriate promotion of high-quality resorts, which might attract western visitors. A lack of a significant improvement in this respect and a worsening economic standing of the Polish economy have resulted in a continuously decreasing number of both foreign and Polish tourists travelling across the country.

According to the estimates of the Tourism Institute, there were about 61.4 mln foreign tourists visiting Poland in 2001 which is 27% less than a year before.

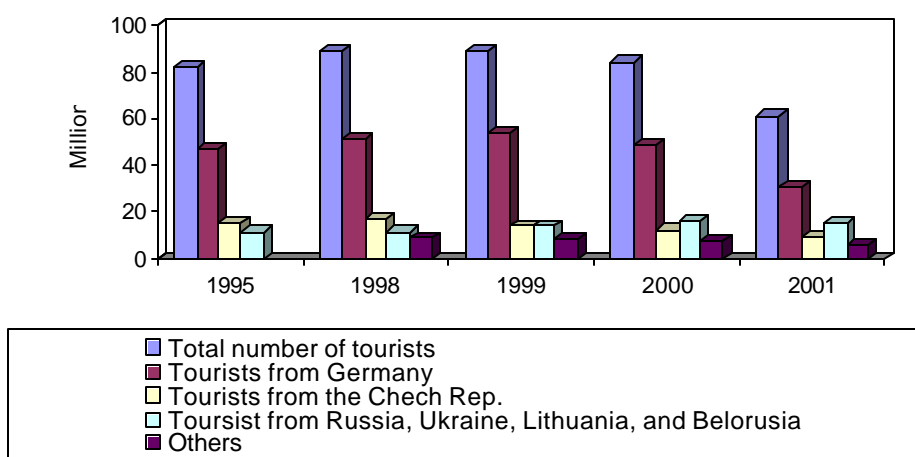


Chart 6 Number of foreign visitors in 1995, 1998, 1999, 2000, and 2001

Most visitors are from neighbouring countries: Germany, the former Soviet Union, and the Czech and Slovak Republics. Tourists from other countries constitute about 10% of the total number of visitors. Foreign tourists usually stay in larger towns. The number of business trips to Poland and business trips abroad by Polish citizens has grown during the last few years. Currently, 40% of all visitors come to Poland for holiday or for tourist reasons.

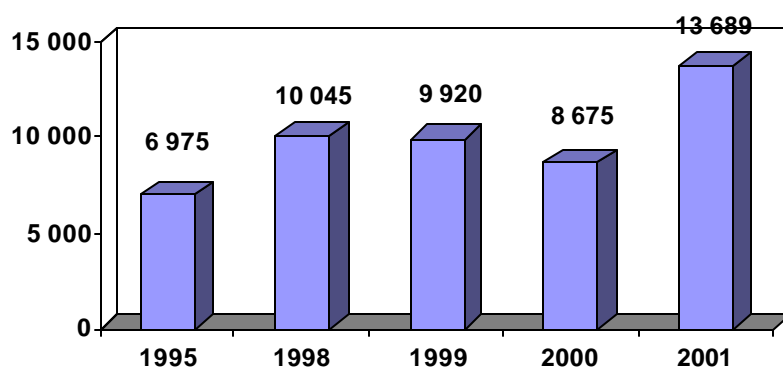


Chart 7. Food service units, permanent and seasonal, in hotels, resorts, camping sites, and temporary lodgings

There are about 8,600 various establishments providing 641,200 beds in Poland. A wide range of services and standards targeted at different consumers is available which covers everything from

camping sites to luxury hotels.

Since 1990, the number of hotels has grown by almost 81%. In 2001 there were 966 hotels, 118 motels, 307 pensions and 226 shelter-houses and transit hostels. These currently offer 132,741 beds and 8,257 food service units (restaurants, bars, cafes, etc.).

In 2001 the number of traditional sanitariums, training-recreational centres and camping sites was 2,743 and accounted for 3,060 food service establishments.

A much worse condition of the hotel sector has been reflected in an index of the average use of hotel rooms which dropped below 50%. Currently, beds in three-star hotels are used 37%, and the profitability of the whole sector has declined by almost 20%. This tendency has also been sustained during this year.

The four and five-star hotels are primarily visited by foreign guests; Poles prefer three-star hotels where they account for about 60% of guests.

*Table 2 Top 10 hotels in Poland by turnover*

Hotel name	City	Chain	number of		Average room price US\$	room use in 2001 in %	turnover US\$ M		change in %
			rooms	beds			2000	2001	
Marriott	Warsaw	Marriot Lodging	523	1046	356	56	40.7	38.1	-6.8
Sheraton	Warsaw	ITT Sheraton	352	704	380	60	30	29.1	-3
Sobieski	Warsaw	Orbis	418	777	280	58	26.9	24.8	-8.6
Forum	Warsaw	Orbis	733	1310	170	53	25.1	24.1	-4.1
Sofitel Victoria	Warsaw	Orbis	313	530	290	54	20	18.2	-10.1
Holiday Inn	Warsaw	Orbis	336	630	240	53	17.1	15.4	-11.1
Le Royal Meridien Bristol	Warsaw	Le Meridien	206	384	400	51	17.4	15.2	-13.9
Poznan	Poznan	Orbis	489	664	120	61	12.7	13.1	2.5
Mercure	Warsaw	Accor	250	500	230	56	11.7	11.9	1.8
Radisson SAS	Szczecin	Radisson	369	738	155	54	10.7	11.3	4.6

Apart from the international chains, such as Marriott, Accor (Sofitel, Novotel, Etap), Bass Hotels & Resorts (Holiday Inn), Starwood Hotels & Resorts (Sheraton, Westin), and others, there are chains belonging to Polish companies, which enjoy leading positions in terms of the number of hotels.

**Orbis S.A** has been an unquestionable market leader for many years, managing 56 hotels in 29 major Polish cities. This company has a 40% share of the 3-, 4-, and 5-star hotel market. The Orbis

chain includes 1 five-star hotel, 7 four-star hotels, and 48 three-star hotels, having altogether 18,000 beds. In 2000, a French company, Accor, became a strategic investor in Orbis .

**OST “Gromada”** is the second largest company managing mainly three-star hotels. This chain includes 19 hotels (out of which one is in Berlin and one in Capetown), 3 leisure and 5 camping centres, and offers 5,000 beds.

**Hotele Warszawskie “Syrena”**, bought out by Austrian Bau-Holding, have at their disposal 1,600 beds in two and three-star hotels. Currently only three of these are operating, and the remaining are being refurbished.

**PUHiT Ltd.**, operates in the segment of low-category hotels, managing 1 two-star and 3 one-star hotels, as well as a leisure centre.

Table 3. *Hotel and Resort Company Profiles*

Company Name & Sub-Sector Type	Outlet Name, Type & Number of Outlets	Location	Purchasing Agent(s)
Orbis S.A. (H)	Hotel Restaurants (R) (74)	National	Direct; Importers
Gromada (H)	Hotel Restaurants (R) (25)	National	Direct; Importers
Holiday Inn (H)	Hotel Restaurants (5)	Warsaw; Gdańsk	Direct; Importers
LIM Joint Venture (H)	Hotel Restaurants (R) (10)	Warsaw	Direct; Importers
Sheraton (H)	Hotel Restaurants (R) (4)	Warsaw	Direct; Importers
Budimex S.A. (H)	Hotel Restaurants (R) (3)	National	Direct; Importers
Radisson SAS (H)	Radisson Hotel Restaurants (R) (4)	Szczecin	Direct; Importers
PUHiT Sp. z o.o.	Hotel Restaurants (R) (9)	Warsaw	Direct

Each hotel has at least one large restaurant (usually two) and some sort of snack bar. Often larger hotels have restaurants which specialize in certain types of international cuisine. There are a number of smaller hotels which normally have a café or small restaurant on the premises.

It is estimated that there are about 900 hotel restaurants.

The hotel and resort industry is the leading market for food service sales, accounting for about 29% of the total sales in 2001.

Poland is expected to join the EU in 2004 which in line with a projected further development of the Polish economy should attract a growing number of businessmen visiting Poland. These expectations have probably been the incentive for the investment boom in the Warsaw hotel market, where four hotels are under construction and four are planned to be built.

## 2. Restaurants

The density of the restaurant sector in Poland has been growing steadily. Experts indicate that despite the economic recession, the restaurant sector is expected to develop rapidly. This is mainly due to the fact that a new model of professional life of many Poles has forced them to change eating habits and eat out at least once a day.

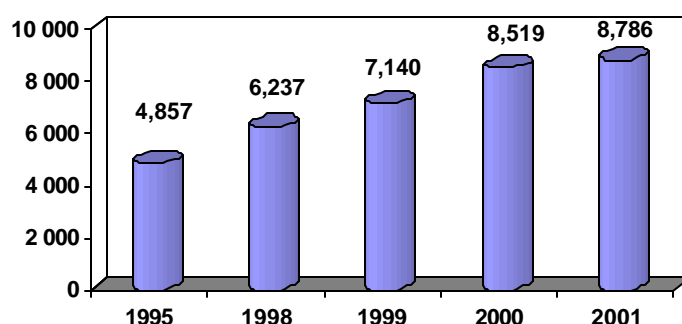


Chart 8. Number of restaurants

There are also about 4,500 night-clubs, 2,800, and 8,100 other outlets at gas stations, railway and bus stations, etc. Most restaurant owners supply themselves either from wholesalers or directly from producers. The remainder purchase food products in super and hypermarkets, open markets, or other retail outlets.

Further development in this sector will mainly refer to fast foods and cheap small restaurants.

Generally speaking, there are no chains of restaurants in Poland. The only chains refer to fast-foods. Their development started in 1991-1992, when almost all world chains established their outlets in Poland. These consist of both bars and restaurants (targeting high income customers) and of selling points without either standing or sitting places to eat in. This spectacular development of the higher segment has recently slowed down due to the worsening economic situation in Poland, BSE threat, and increasing tendencies concerning healthy eating; conversely, “young” so-called “underground” chains, i.e. establishments located in underground passages, are growing rapidly.

Main products offered by all fast food establishments include hamburgers, hot dogs, various sandwiches, salads, pizzas, and french fries. All chains, including Polish branches of international companies, supply themselves 90% from Polish suppliers.

Fast food is the most dynamically developing and the only restaurant sub-sector forming chains.

The ownership of the remainder of the restaurant sector is varied. There are only a dozen or so family run companies in Poland which own more than one restaurant, cafe or bar.

There are three major fast-food chains operating in Poland: Mc Donald's, Pizza Hut/KFC, and Telepizza. Each of these has more than 60 restaurants and employs a few thousand persons. Until recently, Burger King also belonged to this group but withdrew from the Polish market two years ago.

A second group includes chains having up to 20 units. These are: New York City Pizza, Domino's Pizza, San Marzano, Subway, and Positano.

The third group is represented by food stands, mainly located in the most busy spots of big cities. The most important of these are Oscar, A-petit, Tukan Salad Bar, and Picnic.

*Table 4. Number of fast-food outlets*

Name of a Chain	Owner	1997	2000	2001
Mc Donald's	Mc Donald's Polska (American capital)	88	167	200
Pizza Hut/KFC*	American Restaurants Ltd (American capital)	50	106	130
TelePizza	TelePizza Poland (Spanish capital)	8	60	72
New York City Pizza	Fast Food Development Polska (American capital)	22	60	20
Domino's Pizza*	International Fast Food Polska (American capital)	8	16	16
San Marzano	Pizza Express Polska (international capital)	-	6	9
Subway	Central European Entertainment (Polish capital, licence bought from Subway)	-	2	3
Oscar	Helpos (Polish-Greek capital)	-	5	12

Tukan Salad Bar	Salad Bar Tukan (Polish capital)	2	4	5
Picnic	Gastro Inwest (Polish capital)	-	-	3

*\* in August 2002 Pizza Hut bought out four outlets belonging to Domino's Pizza.*

A separate group is formed by kiosks and bars with Vietnamese and Chinese food. There are 150-200 such units in Warsaw and over 2,000 in Poland.

It is estimated that by the end of 2001, all important chains in Poland had about 470 food service units, i.e. more than twice as many as in 1998. Total income achieved by this sector (excluding Chinese and Vietnamese kiosks) amounted in 2001 to about US\$ 215 million. Ninety-three percent of this amount was accounted for by "three top" chains.

Food Courts and other types of food service establishments, situated in modern shopping and entertainment centres, are a completely new phenomenon in Poland. They attract a continuously growing number of customers. Fast food chains, restaurants and cafeterias consider such places as very promising locations.

Despite the present unfavourable situation in this sector, it will continue to grow in the near future. A certain acceleration of the development is expected after Poland joins the European Union. However, such prospects are anticipated for companies offering high-quality products from a higher price shelf. Some changes are expected in terms of the menu. Every year Polish consumers are paying much more attention to healthy food; this will force fast-food restaurants to include vegetarian and other healthy dishes in their menus. However, given the current slow down of the economy, such changes will only become visible in the future.

### **3. Institutional**

Institutional food service establishments consist primarily of cafeterias in public buildings and private companies. In the past, companies provided cheap, subsidized meals and products to employees. The demand in the institutional food sector has steadily been decreasing as companies, particularly in large urban areas, no longer provide this service for employees. However, due to the gradual commercialization and privatization of the Polish economy, a growing supply of commercial catering services may be expected.

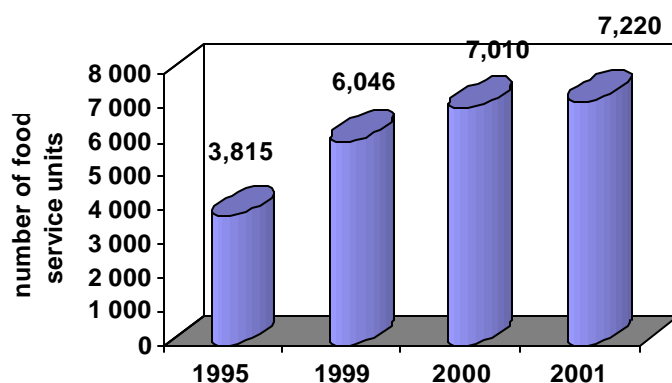


Chart 9. Number of institutional food service units (cafeterias)

The most common institutional food service units are cafeterias operating in educational establishments (schools, universities and to a lesser extent kindergartens and nurseries). It is estimated that educational facilities represent about 40% of total sales in the institutional food service sector.

The educational sector is followed by food services provided for office and factory workers. This constitutes 20% of the total value of institutional food services. The smallest area is that of institutional food services in the health care, the armed forces, and social welfare institutions. Food services in the commercial area are generally organised in-house. However, specialized professional firms (e.g. contract caterers) are becoming more common. A significant growth in companies dealing strictly with food service (party service, office food service, and running canteens) was noted until 1995. Then restaurants began to offer this type of service as an alternative source of income. Currently this market is rather stagnant, no new companies appearing on the market. French Sodexho and British Eurest are the only companies that carry out nation wide food service activities. These are international organisations providing their services to people working in office buildings, factories, schools, hospitals, etc.

Sodexho Polska Sp. z o.o., founded in 1993, belongs to the international service group Sodexho Alliance, worldwide leader in food and management services. They employ now in Poland more than 900 people, providing over 30 types of services, including food service. Sodexho co-operates with more than 200 clients and offers catering for company employees and government funded institutions (schools, hospitals etc.), private and state-owned companies, health care units and schools. Sodexho also organises banquets and mass events and ensures the maintenance of vending machines.

Eurest has been active in the Polish market since 1993. It employs 700 persons and operates in



over 70 sites. Such enterprises as WARS, food service for Polish trains (PKP), and LOT Food service Sp. z o.o. supplying LOT Polish Airlines operate nationally but focus on these specific areas of activity.

The Danish Fast Food Products company **used to have their own fast-food stands but have withdrawn from this activity and focus on** deliveries of semi-finished products to restaurants, including fast food operations, as well as to bars and cafes.

**Table 5. Institutional Company Profiles**

COMPANY NAME & SUB-SECTOR TYPE	OUTLET NAME, TYPE & NUMBER OF OUTLETS	LOCATION	PURCHASING AGENT(S)
DANISH FAST FOOD PRODUCTS (I)	DANIA FAST FOOD (CS)	NATIONAL	DIRECT; IMPORTERS
WARS (I)	RESTAURANTS & BARS IN TRAINS (CS)	NATIONAL	DIRECT; IMPORTERS
LOT FOOD SERVICE SP. Z O.O.	“LOT” POLISH AIRLINES (CS)	NATIONAL	DIRECT; IMPORTERS
SODEXHO	SODEXHO FOOD SERVICE (CS) (51)	NATIONAL	DIRECT; IMPORTERS
EUREST	EUREST FOOD SERVICE (CS) (61)	NATIONAL	DIRECT; IMPORTERS

### III. COMPETITION

American and West European companies are the most active in the HRI sector. Fast food services are dominated by companies from the USA. The competition for this subsector is from small family-run restaurants and bars, food-stands with Asian food, and recently developing “underground” bars.

Ownership of hotels, restaurant and resorts is dispersed. The best hotels belong to international hotel chains. The majority of restaurants and resorts are Polish owned.

Currently, companies operating in food service services in Poland mostly have Polish and West European owners. **There are still good long term prospects for growth in food service targeting hotels, restaurants and resorts.**

The majority of imported foods for HRI services comes from the European Union. Due to lower tariff rates and logistical advantages, imports from the European Union are often less expensive than imports from the United States. Poland’s integration with the European Union will strengthen the competitive position of imports from EU countries in comparison to imports from the United States.

#### IV. BEST PRODUCT PROSPECTS

##### A. *PRODUCTS PRESENT IN THE MARKET WHICH HAVE GOOD SALES POTENTIAL*

Fast food chains have demonstrated the fastest growth in sales in the HRI sector. It is expected that during the coming years the number of fast food restaurants and franchises will continue to grow.

Polish consumption of vegetables, fruit, wine, fish, seafood and beer continue to grow. Sales opportunities for these products are good. Fast foods like sandwiches, snack foods, fish, meat and vegetable dishes served at shops and bars or delivered to the office or the home have a very good sales potential.

##### B. *PRODUCTS NOT PRESENT IN SIGNIFICANT QUANTITIES BUT WHICH HAVE GOOD SALES POTENTIAL*

This group consists first of all of restaurants and bars offering national cuisines, which are present in a limited range in the food service market, such as some European cuisines (e.g. Italian, Greek, Spanish) and Middle Eastern. American cuisine restaurants such as TGI Friday are gradually appearing but still not in significant numbers.

There are opportunities to develop restaurants offering meals based on health and organic foods. Snacks with low-fat or low-sugar content and made with natural ingredients have good sales potential. Vegetarian cuisine may also enjoy growing demand. Microwaveable and ready-to-cook products may also have a good sales potential, particularly for institutional food services (schools, hospitals, nurseries etc.). As only about 300,000 Polish families have microwaves at home, these products would be intended for institutional food service for mainly the less affluent segment of the population. Hence, they should be lower priced. It should also be kept in mind that Polish consumers are not accustomed to very spicy food.

##### C. *PRODUCTS NOT PRESENT BECAUSE THEY FACE SIGNIFICANT BARRIERS*

**This group consists of products whose access to the Polish market is limited by high customs duties. Products with a high-sugar content, semi-processed microwavable goods, high quality seafood products and processed grains (apart from grains grown in Poland), rice (brown).**

This group also includes products which are not officially certified as acceptable for consumption in Poland, mainly because of certain additives. **Poland uses a "positive" list of additives. Polish regulations tend to be stricter than in other developed countries (this especially concerns dyes and preservatives).** Information concerning these materials is available from Panstwowy Zakład Higieny (State Hygiene Institute) and the Ministry of Health. Harmonization of regulations with

the EU directives may alleviate some additive limitations which are currently in place.

## V. POST CONTACT 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:

Office of Agricultural Affairs

American Embassy

Al. Ujazdowskie 29/31

00-540 Warsaw

Poland

ph: 4822-6213926

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e-mail: agwarsaw@usda.gov or

agwarsaw@wp.pl

homepage: <http://www.usaemb.pl/usfas.htm>

For more information on exporting U.S. food products to Poland, including “The Exporter’s Guide”, “The Food Processing 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.usda.gov>. Importer lists are also available from our office to exporters of U.S. food products.