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## **Poland**

### **Livestock and Products**

#### **New Testing regime for BSE**

**2001**

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#### **Report Highlights:**

**Poland adopted a 100 percent testing regime of slaughtered cattle for Bovine Spongiform Encephalopathy (BSE) effective October 1, 2001. Beef consumption has dropped 30 percent over the first half of 2001 compared to the same period in 2000. The new testing regime is intended to bolster consumer confidence and achieve a lower BSE risk categorization of Poland by EU authorities. It is uncertain how Polish authorities will continue to finance the new testing program beyond December 31, 2001 given severe government budgetary constraints.**

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Includes PSD changes: Yes  
Includes Trade Matrix: No  
Unscheduled Report  
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## Summary

The Polish Ministry of Agriculture and Rural Development adopted new Bovine Spongiform Encephalopathy (BSE) testing measures to increase consumer confidence in food safety and Polish beef. We estimate that consumption of beef has dropped by 30 percent in the first half of 2001 in comparison to the first six months of 2000. Polish authorities also wish to enhance the possibility for approval of its request to the EU that it recategorize Poland to a lower BSE risk category.

Poland has had no confirmed cases of BSE. Nevertheless, on April 2, 2001 the European Union announced that it ranked Poland among countries with high risk of BSE (the so called third group) justifying this categorization because of historical imports of meat and bone meal during the 1990s. Since 1995, Poland imported 25,000 head of cattle from Western Europe. Annual imports of meat and bone meal amounted to 300,000 tons. Imports of cattle from BSE countries were banned by the Polish Veterinary Service in December of 2000 while imports of meat and bone meal were banned in January of 2001.

The previous system of testing for BSE, in place from February 1 to September 30, 2001, randomly tested three percent of slaughtered cattle ages 30 months and above. In addition, tests were carried out on all dead animals, animals which manifested symptoms of nervous system disorders and all imported cattle. From February through September 2001, almost 10,000 tests for BSE were carried out. The previous regime was in line with EU requirements for countries like Poland that have no confirmed cases of BSE but have a potential risk of having BSE.

The new testing regime will test all cattle slaughtered ages 24 months and above effective October 1, 2001. In addition, tests will continue to be carried out on all dead animals, animals which manifest symptoms of nervous system disorders and all imported cattle. This system, according to Polish veterinary authorities, is comparable to those instituted by France and Germany where confirmed BSE cases have occurred. Procedures will remain in force until at least the end of the year, involving more than 100,000 individual tests. Tests will be carried out in regional veterinary laboratories in Gdańsk, Kraków, Warsaw, Wrocław and the National Veterinary Institute in Puław which also serves as a reference laboratory. The Government of Poland is also spending 2.5 million zlotys (US\$ 600,000) to upgrade labs.

The costs of such testing, from October through December 2001, will amount to the equivalent of 3.5 million US dollars. Since additional funding was not available because of severe budgetary constraints, the Ministry of Agriculture and Rural Development decided to fund the program until the end of 2001 using existing Ministry of Agriculture budget reserve and contagious livestock disease prevention funds. Funding for this more costly testing regime is only available through December 2001. It is uncertain how the Polish government will finance such a rigorous testing regime beyond December 31, 2001 given severe budget shortfalls. This will put a new

government, formed as a result of September 23 elections, in a difficult position should it wish to scale back on an expensive testing program which has already been highlighted in the local press and to EU authorities.

The timing of the decision to institute these measures was partially stimulated by a September 13 Central European Free Trade Agreement (CEFTA) members meeting in Bratislava attended by EU Commissioner for Consumer Protection David Byrne. This meeting highlighted that each country can apply for a change in its EU BSE categorization. Also, EU authorities are scheduled to conduct meat processing plant inspections in Poland in October 2001.

Consumers have tended to avoid beef as a result of the fear of BSE and switched to poultry meat as a substitute. Demand for imported beef also remains low. It is estimated that in 2001, consumption of poultry meat will increase by 5 percent. Meanwhile, the Polish Institute of Rural Economics reported that beef consumption in Poland has declined by approximately 30 percent in the first six months of 2001. This reduced consumption of beef is expected to continue in the second half of 2001.

The dramatic slump in beef consumption in 2001 has been partially exacerbated by the EU's April 2001 announcement placing Poland in a high BSE risk category. FAS Warsaw estimates since April alone, the consumption of beef and cattle slaughter rates have declined 14 percent. Such reductions follow on an estimated 11 percent slump in demand for locally produced beef in 2000.

As a result of reduced consumption, Poland has built up high beef stocks. Poland wishes to expand meat export opportunities which may have been hampered by the EU's higher risk BSE designation. Nevertheless, exports of beef in the second quarter of 2001, destined primarily to Italy, Russia and Estonia, increased by 35 percent in comparison to the first quarter of this year. Poland is also attempting to improve its meat processing sector in order to improve export possibilities to EU member states both before and after accession.

The next several months will be critical and warrant close monitoring. If the new testing program is fully implemented and no BSE cases are detected, it will likely have a positive impact on the meat and poultry sector and may influence the EU's willingness to recategorize Poland's BSE risk status. However, if BSE is detected as a result of more rigorous testing, a radically different scenario would develop with consumption likely to fall further, exports to be negatively impacted, and demand for all beef, including imports, likely to suffer. U.S. beef imports remain mainly high quality cuts destined for upscale hotel/restaurant business.

The PS&Ds were adjusted on the basis of data from Poland's Institute of Rural Economics and recently available official trade data for the first six months of 2001. As a result of a significant increase in exports of live fattening cattle to Italy, Israel and Croatia, the estimates for annual exports in the PS&D's have been increased for 2001 and 2002. FAS Warsaw estimates that high stocks of beef built up in the second quarter of 2001 will result in a significant increase of beef exports in the second half of 2001 and into 2002 while beef production in 2002 will decline.

POLAND							
<b>Commodity</b>	<b>Animal Numbers, Cattle</b>						
	current	NEW	current	NEW	current	NEW	
	2000	2000	2001	2001	2002	2002	
Total Cattle Beg. Stks	6093	6093	5722	5722	5700	5700	(1000 HEAD)
Dairy Cows Beg. Stocks	3296	3296	3150	3150	3100	3100	(1000 HEAD)
Beef Cows Beg. Stocks	0	0	0	0	0	0	(1000 HEAD)
Production (Calf Crop)	2750	2750	2600	2600	2560	2500	(1000 HEAD)
Intra EC Imports	0	0	0	0	0	0	(1000 HEAD)
Other Imports	13	13	0	0	2	2	(1000 HEAD)
TOTAL Imports	13	13	0	0	2	2	(1000 HEAD)
TOTAL SUPPLY	8856	8856	8322	8322	8262	8202	(1000 HEAD)
Intra EC Exports	0	0	0	0	0	0	(1000 HEAD)
Other Exports	510	510	255	350	360	400	(1000 HEAD)
TOTAL Exports	510	510	255	350	360	400	(1000 HEAD)
Cow Slaughter	250	250	150	150	150	100	(1000 HEAD)
Calf Slaughter	700	700	750	750	750	700	(1000 HEAD)
Other Slaughter	1550	1550	1300	1300	1300	1200	(1000 HEAD)
Total Slaughter	2500	2500	2200	2200	2200	2000	(1000 HEAD)
Loss	124	124	167	72	152	152	(1000 HEAD)
Ending Inventories	5722	5722	5700	5700	5550	5650	(1000 HEAD)
TOTAL DISTRIBUTION	8856	8856	8322	8322	8262	8202	(1000 HEAD)
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0	(1000 HEAD)
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0	(1000 HEAD)
Poland							
<b>Commodity</b>	<b>Meat, Beef and Veal</b>						

	current	NEW	current	NEW	current	NEW	
	2000	2000	2001	2001	2002	2002	
Slaughter (Reference)	2500	2500	2200	2200	2200	2000	(1000 HEAD)
Beginning Stocks	16	16	20	20	25	35	(1000 MT CWE)
Production	325	325	290	290	290	260	(1000 MT CWE)
Intra EC Imports	0	0	0	0	0	0	(1000 MT CWE)
Other Imports	3	1	1	0	1	0	(1000 MT CWE)
TOTAL Imports	3	1	1	0	1	0	(1000 MT CWE)
TOTAL SUPPLY	344	342	311	310	316	295	(1000 MT CWE)
Intra EC Exports	0	0	0	0	0	0	(1000 MT CWE)
Other Exports	18	26	15	50	20	35	(1000 MT CWE)
TOTAL Exports	18	26	15	50	20	35	(1000 MT CWE)
Human Dom. Consumption	285	285	246	200	244	200	(1000 MT CWE)
Other Use, Losses	21	11	25	25	27	25	(1000 MT CWE)
TOTAL Dom. Consumption	306	296	271	225	271	225	(1000 MT CWE)
Ending Stocks	20	20	25	35	25	35	(1000 MT CWE)
TOTAL DISTRIBUTION	344	342	311	310	316	295	(1000 MT CWE)
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0	(1000 MT CWE)
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0	(1000 MT CWE)