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Report Name: Poland 2019 Livestock and Products

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Post: Warsaw

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Report Highlights:

Post estimates that swine inventories decreased by four percent in 2019 due to the continuing expansion of African swine fever (ASF) and growing feed costs stemming from the 2019 drought. Swine inventories will continue to decline in 2020 because of reduced feed supplies during the first half of the year. Swine production remains under pressure from ASF, which continues to spread in Poland's eastern and central regions, and since November 2019, in western Poland near the German border. 2019 piglet imports from Denmark, Germany, and the Netherlands declined from 2018, as the market uncertainty lowered piglet demand among farmers. Post estimates that pork production in 2019 decreased by three percent due to lower slaughter. Post estimates that total cattle inventories in 2019 increased by one percent, as an increase in Poland's dairy herd offset a decline in the beef herd. Beef production decreased by three percent in 2019 due to lower beef slaughter.

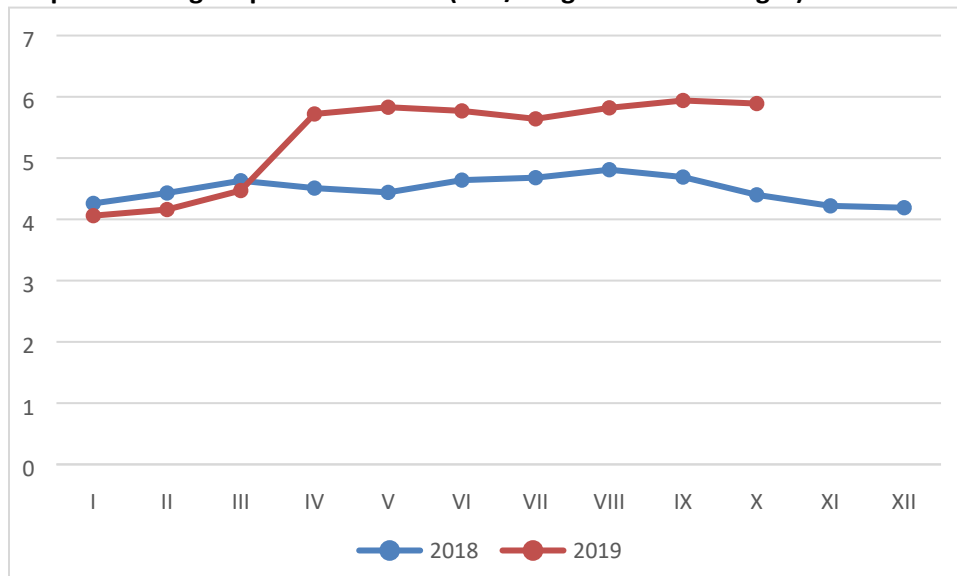
General Information:

Swine

Production

Post estimates that in January 2020, swine inventories will be four percent below January 2019 levels. The summer 2019 drought adversely affected feed production and resulted in high feed prices in the second half of 2019. Since April 2019, farm-gate prices for hogs increased to record levels due to growing pork exports and strong domestic pork demand (Graph 1). Post estimates that despite rising farm-gate prices, growing feed costs and the uncertainty surrounding ASF lowered swine inventories in the second half of 2019 and will adversely affect swine numbers during the first half of 2020. In November 2019, average farm-gate swine prices amounted to PLN 5.88 (\$1.55) per kilogram, 39-percent increase over November 2018. Post estimates that farm-gate hog prices will continue to grow during the first quarter of 2020 due to higher domestic and international pork demand. However, lower swine inventories, as well as higher, drought-related feed costs, will reduce production through the first half of 2020.

Graph 1: Farm-gate prices for swine (PLN/kilogram of live weight)



Source: Meat Market, November 2019, Institute of Rural Economics

Consumption

Post estimates that swine slaughter in 2019 was seven percent lower than in 2018. The average 2019 slaughter weight increased by about one percent over 2018 because farmers faced difficulties in selling hogs in the ASF-affected areas. On-farm slaughter in 2019 remained at seven percent of total slaughter, unchanged from 2018.

Trade

Post estimates that in 2019, Poland imported 7.6 million live pigs, one percent less than in 2018. Denmark was Poland's the largest live-pig supplier (90 percent), followed by Germany and the Netherlands. In 2019, piglet imports were supplemented by imported breeding gilts and sows. Post estimates that in 2019, Poland imported 560,000 head of breeding stock, a three-percent decrease from the previous year. Over 90 percent of breeding stock was imported from Denmark.

Policy

Growing ASF detections negatively affected swine production. As of December 31, 2019, 48 ASF cases were reported in domestic swine and 2,468 cases in wild boars. Most cases occurred in four provinces located in eastern and central Poland. In November and December 2019, an ASF outbreak occurred in Lubuskie and Wielkopolskie provinces in western Poland. The Wielkopolska Province is Poland's largest pig producer and accounts for about one-third of Polish hog production. ASF in this region poses a significant commercial threat to local pig producers and to the entire Polish swine industry, as some trading partners, mostly in Asia, have banned Polish pork imports.

Pork

Production

Post estimates that pork production in 2019 will be 2.0 million metric tons (MMT), a seven-percent decrease from 2018. The lower production stems from reduced inventories, the spread of ASF into western Poland, and lower import demand from other EU markets during the first eight months of 2019. Post estimates that the production decline began to moderate during the last quarter of 2019 and will stabilize throughout first half of 2020, because of rapid growth of farm-gate prices for swine on the EU and Polish markets caused by growing demand for pork in China. Post estimates that pork production will decrease in 2020 by additional four percent, because of reduced swine inventories and lower slaughter.

Consumption

Post estimates per capita pork consumption in 2019 at 38.0 kilograms, a seven-percent decrease in comparison to 2018. Pork consumption in 2020 will continue to decline because of lower domestic production. Pork and related products make up 51 percent of total meat consumption in Poland. Polish consumers tend to prefer pork over beef and poultry meat.

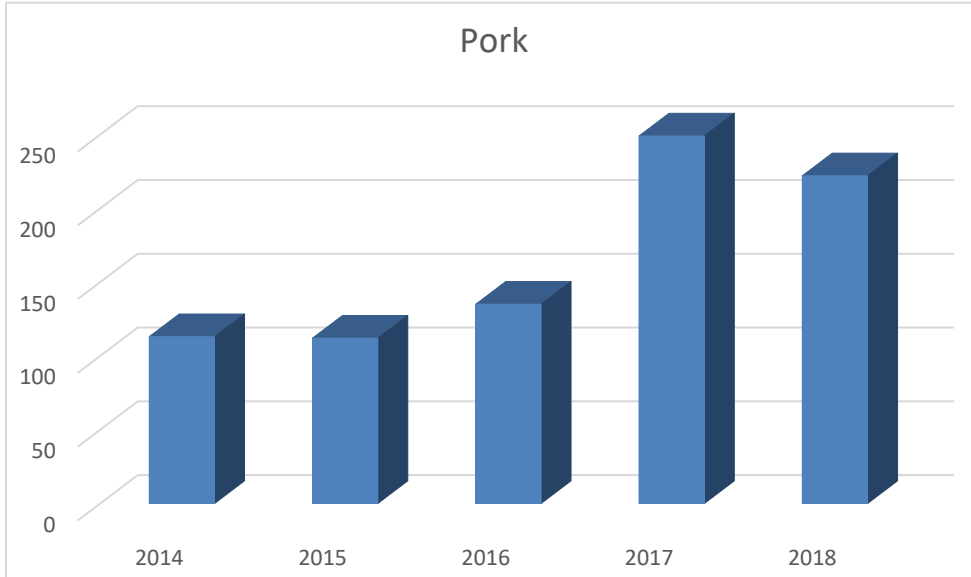
Trade

Poland is a net importer of pork. In 2018, pork imports reached 780,000 metric tons (MT) and were valued at \$1.8 billion. Almost 80 percent of imported pork in 2018 originated from Germany, Belgium, Denmark, the Netherlands, and Spain. Overall 2018 pork exports were 644,000 MT, valued at \$1.6 billion. The UK, Germany, Italy, Slovakia, and the Czech Republic were the major EU markets for Polish pork. Poland's most important non-EU market is the United States.

Post expects that Poland will remain a net pork importer in 2019. During the first nine months of 2019, Poland imported 521,000 MT of pork, a ten-percent decrease from the corresponding period in 2018. Almost all imports came from within the EU, mainly Belgium, Germany, and Denmark. During the first nine months of 2019, pork exports reached 470,000 MT, seven percent less than in the same period of 2018. Polish pork exports outside of the EU are limited by ASF-related import bans imposed by some trading partners, most notably in Asia. Brexit, scheduled for January 31, 2020, may adversely affect Polish pork exports next year. In 2018, the UK imported almost 20 percent of Polish pork and pork product exports and was Poland's largest pork export market. 2018, Polish pork exports to the UK were valued at \$302 million.

In 2018, pork exports (mainly pork bellies) to the United States were valued at \$222 million (Graph 2), an 11-percent decrease from 2017. During the first nine months of 2019, exports to the United States declined by 25 percent in comparison to the same period in 2018.

Graph 2: Value of Pork and Pork Products Exports to the United States (\$ million)



Source: Trade Data Monitor (TDM)

Cattle

Production

Post estimates that Polish cattle inventories in January 2020 will be 6.18 million head, a one percent increase over last year. Dairy production remains stable and profitable. Post estimates that in January 2020, dairy cow inventories will reach 2.23 million head, a one-percent increase over the previous year. Despite lower interest in beef cattle production, higher farm-gate milk prices should stimulate increase of cattle inventories in 2020.

Consumption

Post estimates that in 2019, cattle slaughter will decrease by three percent from 2018 levels. On-farm slaughter in 2019, which includes on-farm use and direct sale, will account for about 15 percent of total slaughter. Farm-gate price for fattening cattle in December 2019 reached PLN 6.34 (\$1.66), a three-percent decline from December 2018.

Trade

Poland is a net cattle importer. Polish farmers have become more focused on fattening cattle for domestic slaughter versus exporting calves to Italy or France, as was more typical in the past. Post estimates that 2019 Polish live-cattle imports decreased by 20 percent from 2018. Poland imports calves for fattening from Lithuania and Slovakia, and exports live cattle mainly to Italy and Spain, as well as Croatia and Bosnia and Herzegovina outside of the EU. During the first nine months of 2019, Poland exported 40,059 live cattle, a five-percent decrease from the same period in 2018. Post estimates that 2020 live cattle exports will further decrease from 2019, due to more interest among Polish farmers in raising beef cattle.

Beef

Production

Post estimates that beef production in 2019 will decrease by three percent from 2018 and will amount to 555,000 MT. Beef production in 2019 was adversely affected after a local TV exposé uncovered illegal slaughter of downer cattle in a slaughter plant in eastern Poland in January 2019. This reduced beef consumption and lowered farm-gate cattle prices in comparison to 2018. Rising feed costs associated with the 2019 drought also limited beef production during the second half of 2019. If the feed situation improves after the 2020 harvest, 2020 beef production may stabilize because of higher inventories and stable slaughter.

Consumption

Post estimates that per capita beef consumption in 2019 will average about 3.5 kilograms. Domestic beef consumption in Poland remains very low due to high prices and cultural preferences for pork. Polish consumers often substitute beef with cheaper (and perceived as more healthful) poultry meat.

Trade

Poland is among the EU's largest beef exporters. Post estimates that in 2019, Polish beef exports will reach 410,000 MT, a five-percent decline from 2018. The decrease in 2019 beef exports largely stems from Poland's loss of market access for Turkey, due to lack of import quota allocation. Italy, Germany, the Netherlands, Spain, and France are major importers of Polish beef within the EU. Post estimates that in 2019, Poland imported 36,000 MT of beef mainly from Italy, Germany, and Czech Republic, mainly for processing. Imports of high-quality beef are limited because of high prices and limited demand for steak and other high-end cuts. However, demand for high-quality beef from the United States (via western EU distributors) and South America is growing. During the first nine months of 2019, Polish imports of U.S. beef increased by 90 percent. High-quality beef is mostly consumed in hotels and high-end restaurants.

Attachments:

No Attachments.