USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

Voluntary _ Public

Date: 11/27/2015

GAIN Report Number:

Poland

Post: Warsaw

Poland - Deciduous Fruits. Annual 2015

Report Categories:

Fresh Deciduous Fruit

Agricultural Situation

Policy and Program Announcements

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Report Highlights:

In MY 2015/16 Poland’s total apple crop is estimated at 3.1MMT (million metric tons), a decrease of 9 percent from last year. Summer drought affected apple trees. Despite very good flowering and fruit setting fruits are smaller than average and the overall crop diminished in comparison with last year’s. Poland managed to overcome apple market crisis caused by Russian 2014 embargo on food and agricultural products. Almost all record 2014 crop was distributed and consumed through different market channels like higher apple processing, increased human consumption, new export markets and the EU support for free distribution.

APPLES

Area Planted and Production

For MY 2015/16 Poland's total production of apples is estimated at 3.1 million MT (metric tons). This is a 9 percent decline in comparison with last year. Production estimates for the years 2014 and 2015 have been revised by FAS/Warsaw higher than in the official Polish statistics. Statistical data on apple production in Poland differ among official government sources and stakeholders. According to the industry 2015's total production of apples amounted to 3.75 million MT, staying in line with last year's result. According to the latest data published by The Main Statistical Office in Poland, the estimate for apple 2015 production amounts to 3 million MT. The production of wild apples for processing is the most uncertain estimate in the balance sheet.

Poland's 2014/15 winter was very mild and it left orchards in very good shape. There were no losses caused by frost except local incidents. The area of apple orchards decreased in 2015 due to changes in age structure of trees. Some old orchards were cut out. The vegetation period for apple trees started on time this year. Spring weather conditions during flowering and fruit setting were good, promising a very good crop, even better than last year's record harvest. Favorable vegetation conditions lasted until July 2015. Summer drought in Poland started to affect apple orchards in August. There were a lot of fruit on the trees but of very small size, below average. Despite the size the quality of fruit was reported well, although less juicy than last year.

Overall, the 2015 apple crop can be assessed as high despite unfavorable conditions in late summer. The good results were achieved mostly due to:

- Very good yielding of the majority of apple varieties;
- Further intensification of production;
- Changes in trees varieties structure, oriented towards better yielding types;
- New orchards with highly intensive production coming into full fruiting period.

Total area and production data refers to commercial and non-commercial orchards producing for both the fresh and the processing markets. Commercial orchard size varies between 5 to 20 hectares (HA) per firm, with yields averaging between 30-60 metric tons (MT) per HA. The majority of commercial orchards is oriented towards the fresh (dessert) and export markets. The dwarf tree variety is the most common in commercial orchards.

The most popular varieties are Idared, Golden, Gala and Champion. Local varieties, like Antonowka, are designated both for the fresh market and for industrial processing, because of higher levels of acidity. The Russian ban on EU agricultural products, imposed in August 2014, pushed Polish apple growers to look beyond the Russia market. Polish producers are looking now for new varieties suitable for new markets. In the long term it is expected that Idared will lose its dominating position. According to the industry, there is big interest in Royal Gala, Red Jonaprince, Golden and Red Delicious among producers now.

Organizational changes in producer groups are expected. The process of production and sales concentration and intensification of marketing activities is going on. The next step of the industry development will be increasing the level of processing. Poland has great potential beyond just fresh fruit production, but except for apple juice concentrate, the level of processing is still low.

Production

Marketing Year (MY): July/June

Apples Fresh, Poland	**MY 2013/14**	**MY 2014/15**	**MY 2015/16***	
Area planted	193,400	176,300	170,000	HA
Production total	3,100,000	3,400,000	3,100,00	MT

Sources: FAS/Warsaw estimation

** forecast*

Area Harvested and Apple Crops by Variety in Poland

	2013				**2014**			
	Area (000) HA	**Total =100**	**Crops (000) MT**	**Total =100**	**Area (000) HA**	**Total =100**	**Crops (000) MT**	**Total =100**
TOTAL	193.4	100.0	3,100.0	100.0	176.3	100.0	3195.3	100.0
Idared	36.9	19.1	600.3	19.4	32.3	18.3	593.9	18.6
Champion	21.7	11.2	364.7	11.8	18.6	10.5	359.8	11.3
Jonagold	18.8	9.7	303.7	9.8	17.5	9.9	314.8	9.9
Ligol	13.6	7.0	244.0	7.9	13.8	7.8	270.7	8.5
Gloster	10.5	5.4	181.9	5.9	9.9	5.6	195.2	6.1
Cortland	9.6	5.0	145.4	4.7	8.5	4.8	142.4	4.5
Lobo	8.3	4.3	122.4	3.9	7.0	4.0	119.6	3.7
Golden Delicious	7.9	4.1	139.2	4.5	7.2	4.1	133.0	4.2
Gala	6.9	3.6	117.7	3.8	6.3	3.5	126.9	4.0
Antonowka	4.4	2.3	61.0	2.0	4.0	2.3	63.2	2.0
Jonatan	4.7	2.4	61.3	2.0	3.9	2.2	61.4	1.9
Spartan	4.1	2.1	62.1	2.0	3.6	2.1	62.4	2.0
Elstar	4.1	2.1	62.2	2.0	6.5	3.7	114.0	3.6
Mc Intosh	3.1	1.6	44.5	1.4	2.5	1.4	43.6	1.4
Red Delicious	3.3	1.7	41.7	1.3	3.6	2.0	56.8	1.8
Others	35.5	18.4	547.9	17.7	145.2	82.2	2657.7	83.5

Source: The Main Statistical Office Poland

Processing and Consumption

Fresh apples distribution

Marketing Year (MY): July/June

Apples Fresh, Poland	MY 2013/14	MY 2014/15	MY 2014/15*	
Fresh domestic consumption	600,000	700,000	650,000	MT
For processing	1,440,500	1,815,000	1,600,000	MT

Source: FAS Warsaw estimation

In 2014/15 production of apple juice concentrate increased to a record level of 285,000 MT. In the first half of the marketing year oversupply and extremely low prices for apples motivated the processing industry to increase production despite a high level of stocks. In the second half of the year the main drivers for apple processing apple juice was growing demand from countries out of the EU countries, especially from the US.

Trade

The main factors affecting apple market and trade in Poland in MY 2015/16:

- High apple crop in year 2015;
- Pressure from Russian embargo 2014, closing market for 700,000 MT Polish apples;
- High Out of the EU demand for concentrated apple juice;
- Prices much higher than last year, especially for dessert varieties;
- Development of new export destinations

In MY 2014/15 Poland's export of fresh apples to the Out of EU countries diminished by 40 percent in comparison with last year's record number year and amounted to 890,000 MT. Russia was the main Out of the EU sales direction before the food embargo was imposed, buying 50 percent of Polish total apple exports. In 2014/15 shipments to Belarus, Ukraine, and Kazakhstan increased. Sales to the EU countries neighboring Russia, like Lithuania and Latvia, increased significantly. Export of apple juice concentrate was the great opportunity for Poland to use the oversupply of apples. It is estimated that Poland processed over 1.8 million MT apples in 2014/15. The major market for Polish juice concentrate was traditionally Germany, with 140,000 MT of purchases. The U.S. became a new sales destination. In 2014/15 exports of juice concentrate to the U.S. amounted to 31,500 MT.

The crisis in the apple market after Russian embargo motivated Polish producers and exporters to diversify targeted markets. The Polish government supported these efforts by launching talks with the governments of Singapore, Thailand, Vietnam, Algeria, Egypt, Morocco, Saudi Arabia, and Kuwait. Since October 2015 the Vietnamese market has been opened for Polish apples. Now Polish exporters are looking forward to exporting to Iran, Canada and the U.S. The main target for 2016 should be China, as Chinese experts visited Polish orchards and fruit storages and they expressed their approval. According to the industry, up to 500,000 MT of apples of the 700,000 which were exported to Russia should find new destinations Out of the EU.

In 2014/15 imports diminished drastically in comparison with the last year. It is estimated that oversupply diminished imports to the level of 40 percent of those from the last year.

Poland's Major Export Destinations - Apples Fresh, MT (year ending June) – HS 080810

	MY 2011/12	MY 2012/13	MY 2013/14	MY 2014/15	MY 2013/14 Exports as Percent Share of Total Trade
World	806,024	1,261,737	1,117,140	889,885	100
Intra EU-28	82,110	270,206	264,753	390,506	43.9
Extra EU-28	723,914	991,531	852,387	499,379	56.1
Belarus	134,224	134,809	228,748	290,911	32.7
Germany	13,166	51,417	84,766	77,901	8.8
Ukraine	111,033	55,440	34,125	62,857	7.1
Kazakhstan	31,283	47,858	52,842	61,709	6.9
Latvia	7,274	11,678	10,338	52,682	5.9
Lithuania	12,004	14,561	15,814	50,808	5.7
Others	497,040	945,974	690,507	293,017	32.9

Source: Global Trade Atlas

Poland's Major Import Sources - Apples Fresh, MT (year ending June) – HS 080810

	MY 2011/12	MY 2012/13	MY 2013/14	MY 2014/15	MY 2013/14 Imports as Percent Share of Total Trade
World	48,862	38,151	40,077	22,921	100.0
Intra EU-28	48,606	38,061	37,814	21,470	93.7
Extra EU-28	256	90	2,263	1,451	6.3
Italy	11,764	3,789	4,545	7,095	31.0
Netherlands	9,677	3,016	3,791	4,253	18.6
Germany	9,349	4,818	3,117	3,602	15.7
Lithuania	11,847	17,477	15,811	2975	13.0
Others	42,637	29,100	27,264	17,925	21.8

Source: Global Trade Atlas

PEARS

Area Planted and Production

For 2015 the pear crop is estimated at 70,000 MT. Planted area diminished due to the ongoing orchards modernization process. Orchards were in very good shape after the 2014/15 winter. There were no losses caused by frost. Flowering was very good this year, promising a very good harvest for 2015. Summer drought started in August and affected the orchards negatively. A lack of soil moisture diminished the pear crop by 5.4 percent in comparison with 2014.
Total area for pear production has not grown for the last few years in Poland. Conference is the most popular pear variety with over 60 percent share of total commercial pear production. Other popular varieties are Lukas and local Favorite.

Production
Marketing Year (MY): July/June

Pears Fresh, Poland	MY 2013/14	MY 2014/15	MY 2015/16*	
Area harvested	10,700	10,000	10,000	HA
Production total	76,000	74,000	70,000	MT

Source: FAS Warsaw estimation
** forecast*

Processing and Consumption

Fresh pears distribution
Marketing Year (MY): July/June

Pears Fresh, Poland	MY 2013/14	MY 2014/15	MY 2014/15*	
Fresh domestic consumption	29,000	30,000	30,000	MT
For processing	36,900	57,500	52,200	MT

Source: Warsaw FAS estimation

Trade

Poland’s export of pears is forecast at 31,500 MT for 2015/16, 5 percent higher than last year. Poland’s pear export diminished drastically after the Russian embargo was imposed. Russia was the main export destination, buying 60 percent of total Polish pear exports. After the first months of the crisis, Polish exporters increased sales to countries neighboring with Russia like Belarus, Kazakhstan and the EU countries of Lithuania and Latvia. Total exports for 2014/15 decreased by 33 percent. In 2014/15 domestic fresh consumption and processing increased significantly due to the oversupply of pears on the Polish market.

Poland’s Major Export Destinations - Pears Fresh, MT (year ending June) – HS 080830

	MY 2012/13	MY 2013/14	MY 2014/15	MY 2013/14 Exports as Percent Share of Total

				Trade
World	36,304	47,132	31,451	100.0
Intra EU-28	2,555	2,492	7,867	25.0
Extra EU-28	33,749	44,640	23,584	75.0
Belarus	5,159	12,191	19,258	61.2
Kazakhstan	1,044	1,066	2,147	6.8
Lithuania	1,779	176	1,782	5.7
Latvia	153	147	1,688	5.4
Ukraine	3,348	3,665	1,651	5.2
Germany	164	1,302	1,301	4.1
Others	24657	28585	3624	11.5

Source: Global Trade Atlas

Poland's Major Import Sources - Pears Fresh, MT (year ending June) – HS 080830

	MY 2012/13	**MY 2013/14**	**MY 2014/15**	**MY 2013/14 Imports as Percent Share of Total Trade**
World	22,384	37,005	44,962	100.0
Intra EU-28	22,308	36,739	44,829	99.7
Extra EU-28	76	266	133	0.3
Netherlands	12,046	19,719	27,376	60.9
Belgium	2,716	6,246	6,050	13.5
Portugal	1,523	5,850	4,242	9.4
Spain	2,755	1,805	3,982	8.9
Italy	512	1,014	1,440	3.2
Germany	2,107	1,555	1,203	2.7
Others	725	816	669	1.5

Source: Global Trade Atlas

Policy

Russian Embargo on EU Fruits and Vegetables.

Russia imposed an embargo on agricultural and food products from the EU, U.S., Canada, Australia and Norway in August 2014. In order to prevent market distortions, the European Commission announced emergency market measures for perishable fruits and vegetables. The special support included withdrawals from the market, free distribution for the poor, green harvesting and non-harvesting of perishable fruit and vegetable.

Poland benefited from the special EU support measures to compensate for the Russian embargo. In the first tranche of financial support (EU Regulation 932/2014) Polish farmers applied for 45,700 MT of apples, pears and vegetables together. In the second tranche (September 2014, EU Regulation 1031/2014) support for Polish apples and pears producers amounted to 18,750 MT. In the third tranche (December 2014, EU Regulation 1371/2014) support was dedicated to 155,700 MT of apples and pears. The great majority of the fruit withdrawal off the market was used for direct human consumption and was sent to the food banks.

School Fruit Scheme

Poland is the fourth largest recipient of EU funds for the School Fruit Scheme after Italy, Germany, and Romania.

http://ec.europa.eu/agriculture/fruit-and-vegetables/school-fruit-scheme/index_en.htm

June 2015 marked the sixth year of the EU School Fruit Scheme in Poland. The program is co-financed by the EU (75 percent) and by The Polish state budget (25 percent). Beginning September 2009 until the end of May 2015 Poland received 212.5 million PLN (U.S. $ 53 million) from the European Union budget and matched this amount with 63.6 million PLN (U.S. $ 16.0 million) from its state budget. The Polish authority administering the School Fruit Scheme is the Agricultural Market Agency.

End of Report