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Poland

Agricultural Situation

Poland Releases First Official Crop Estimate

2000

Approved by:

James Higgiston, Agricultural Counselor

U.S. Embassy, Warsaw

Prepared by:

WM

Report Highlights:

Poland's first official crop estimate confirms very significant reductions in the 2000 harvest due to a late spring frost which was followed by a severe drought.

Moreover, production may still be hurt by continued poor weather during the harvest. Significant grain imports are expected by the end of the year. Some tariffs may be suspended or reduced. The expected reduction in production will put upward pressure on food prices and inflation.

Includes PSD changes: No
Includes Trade Matrix: No
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Executive Summary	1
Main Statistical Office Crop Estimates	2
GRAINS:	2
RAPESEED:	4
GRASS HAY:	4
ROOT CROPS:	4
FIELD VEGETABLES:	5
DECIDUOUS FRUITS:	6
BERRIES:	6

Executive Summary

Two days prior to the announcement of the first official crop estimates for 2000, ominous warnings first appeared in major Polish newspapers. Current weather conditions have slowed the progress of the grain and rapeseed harvests in Poland. According to press accounts, only the winter barley and part of the rapeseed harvests had been completed before the current wet weather began in the second half of July. Farmers are waiting, and hoping, for drier weather before harvesting the remaining rapeseed crop and all other grains. Those areas which were not affected by the spring drought are now facing serious losses because of excess water. In some localized areas, there were reports that hail destroyed 100 % of the crop.

The first crop estimates are far more pessimistic than previous official estimates and forecasts from the Polish Ministry of Agriculture. These estimates by the Main Statistical Office (GUS) reflect crop conditions as of the middle of July and show a significant reduction for almost all crops in 2000. GUS estimates that the total grain crop will be 20.5 - 21.5 million tons (MMT), which is 14 -18% less than the 1999 crop. The 2000 rapeseed crop is expected to be between 750 - 850 thousand tons or 25-34% less than last year. Vegetable production is expected to be 6% lower than 1999. Deciduous fruit production is expected to be down almost 22% in 2000 and berry production may be 8.4% lower than in 1999. Such poor results are due mainly to very dry weather and high temperatures during the Spring (from April 10th until the end of May) and a late spring frost (May 2nd, 3rd and 13th). This year there was also great variability in conditions from region to region and even from field to field.

Reduced production along with the introduction of the 3% VAT in September will result in higher food prices and put upward pressure on inflation. Inflation in December 2000 is expected to be 8.9 % higher than December 1999, while the average annual inflation rate for 2000 will be 10.2% versus 7.3% in 1999. Current grain estimates suggest at least 4 MMT in imports. Such imports will require the reduction or suspension of current tariffs because neighboring CEFTA countries, which usually supply cheap grains, are suffering from similar conditions and reduced production.

In reaction to GUS estimates, the Minister of Agriculture, Artur Balazs, stated that the crop will not be as bad as GUS estimates. However the Minister agreed that weather conditions during the harvest will have a significant affect on the grain crop this year. The Minister requested permission for a 200-300 TMT duty-free quota for food grain imports during the next 2-3 months. However, the Council of Ministers postponed the decision to a later date, possibly at the end of September or beginning of October in order to determine more precisely the size of the harvest. A 200 TMT tariff-free corn quota has already been announced for CY 2000.

Based on the GUS estimates and current developments, Post will revise grain estimates in a separate update. The current estimates may need to be reduced further due to the unfavorable harvest conditions.

Main Statistical Office Crop Estimates

Following are the Main Statistical Office (GUS) crop estimates for 2000.

GRAINS:

Total grain area for the 2000 crop is almost unchanged from a year ago. The area for higher yielding grains (wheat, barley and triticale) increased to 51.8 % of total grain area. Winter grains accounted for 56.4 % of all grains in 2000 unchanged from 1999. The total area of wheat increased to 2.6 million hectares, 2.2% larger than in 1999, of which winter wheat area increased by 0.7%. Rye area declined by 4.1% this year.

The long spring drought significantly hurt grain yields. In particular, Spring grains did not develop because drought occurred in the very early stages of growth. Also, grains traditionally cultivated on sandy, less productive soils (about 50% of the arable land in Poland) were hurt by the drought. Rye yields are expected to decline by 20-24 % and all Spring grain yields will be more than 20 % lower. Winter wheat and barley yields were less affected by the drought but are still down around 10 %. As a result, the grain crop (excluding grain corn and buckwheat) is expected to be only 20.5-21.5 million tons, 3.6-4.6 MMT less or 14.3 - 18.3% below the 1999 grain crop.

This year, there are wide differences in yields and production in different regions.. The most negatively affected areas are the Central and North-Eastern provinces: Podlaskie province estimates a 40 % reduction in the grain crop; West-Pomerania a 24.5 % reduction, Mazowsze 23.4%, Kujawsko-Pomorskie 23 % and Wielkoposkie province a 20.6 % reduction.

Total grains:

	1994-1998, average	1999	2000	2000 (1999=100)
Harvested area, million hectares	8.6	8.5	8.6	100.3
Yields, tons/hectare	2.88	2.93	2.39-2.51	81.6-85.7
Production, million tons	24.7	25.1	20.5-21.5	81.7-85.7

The total wheat crop estimate is 8.1-8.4 MMT, which is 0.7-1.0 MMT or 7.3-10.6% lower than in 1999 . The rye estimate is 3.9-4.1 MMT (1.0-1.2 MMT or 19.9-24.3 %), barley is 2.7-2.9 MMT (0.5-0.7 MMT or 15.9-19.7 % less), oats are 1.1-1.2 MMT (19.8-25.3 % less) and triticale is 1.8-1.9 MMT (9.9-14.6 % less than in 1999).

Yields of Winter Grains (tons per hectare):

	1994-1998, average	1999	2000	2000 (1999=100)
Wheat	3.57	3.66	3.29-3.40	89.9-92.9
Rye	2.37	2.31	1.82-1.93	78.8-83.5
Barley	3.41	3.60	3.17-3.32	88.1-92.2
Triticale	3.12	3.23	2.66-2.81	82.4-87.0

The total winter grain crop estimate is 12.4-12.9 MMT, 1-5-2.0 MMT or 10.5-14.2% less than a year ago. The winter wheat crop is estimated at 6.4-6.6 MMT (3.7-6.6 percent less than in 1999), winter rye at 3.9-4.1 MMT (19.9-24.3% less than in 1999) and winter triticale at 1.6-1.7 MMT (10.5-15.2 percent less than a year ago).

Yields of Spring Grains (tons per hectare):

	1994-1998, average	1999	2000	2000 (1999=100)
Wheat	2.98	3.09	2.41-2.56	78.0-82.8
Barley	2.96	3.00	2.37-2.48	79.0-82.7
Oats	2.45	2.53	1.86-1.99	73.5-78.7
Triticale	2.71	2.75	2.06-2.16	74.9-78.5
Mixed grains	2.75	2.83	2.07-2.18	73.1-77.0

The total spring grain crop is estimated at 8.1-8.6 MMT, 2.1-2.5 MMT or 19.5-23.8% less than in 1999. The spring wheat crop is estimated at 1.7-1.8 MMT, 18.8-23.2% less than in 1999. Barley crop is estimated at 2.3-2.4 MMT, oats at 1.1-1.2 MMT, mixed grains 2.9-3.0 MMT and triticale at 0.2 million tons. All the spring crops were expected to decrease between 20-24%. The only exception was spring triticale which is expected to decrease less than 10%.

RAPESEED:

The total harvested rapeseed area (winter and spring) for 2000 is estimated at 433,500 hectares, of which spring rapeseed accounts for around 15 %. This area is 111,700 hectares or 20.5% smaller than a year ago. The reduction in area is due almost entirely to a 40% reduction in winter rapeseed planted and a 17% reduction in spring rapeseed. Winter losses were very small this year, with only 2.6 % of the crop damaged by winter killed reduction. Area reduction was attributed mainly to unprofitable rapeseed prices offered by the processing firms. Mild winter conditions and an early spring created favorable weather conditions for rapeseed until the middle of April. After the second half of April, the extensive drought combined with high temperatures resulting in significantly reduced yields. Consequently, yields are expected to be 6-17 % lower than in 1999, which together with reduced acreage, will result in a total crop estimate of 750 - 850 TMT.

Rapeseed Production:

	1994-1998, average	1999	2000	2000 (1999=100)
Harvest. area, 000 hectares	408.5	545.3	433.5	79.5
Yield, tons/hectare	2.09	2.08	1.73-1.96	83.2-94.2
Crop, 000 tons	855.1	1,131.9	750-850	66.3-75.1

GRASS HAY:

Although early spring weather favored meadows, the severe drought resulted in very poor conditions for grass growth and the first cutting of hay. The estimated hay yield for the first cutting was 1.65 tons per hectare, 30.1 percent lower than last year. As a result, the crop is estimated to be 4.1 MMT, 29 % less than in 1999.

ROOT CROPS:

Based on mid-July observations, conditions for root crops varied. The preliminary area estimate of less than 1.3 million hectares for potatoes in 2000 is similar to a year ago. The crop evaluation was set at 3.3 points (1 to 5 scale), 0.2 points lower than last year, which indicates prospects for a reduced crop in 2000.

Sugar beet area is estimated at 341,000 hectares, 8.3 percent less than a year ago due to reduced willingness of processors to sign contracts with farmers. This is the second year in a row of reduced beet area. The overall condition of the sugar beet crop was evaluated at 3.3 points (1 to 5 scale), 0.4 points lower than last year.

FIELD VEGETABLES:

The total area for field vegetables is 245,000 hectares, 1.4 % larger than in 1999. Excluding tomatoes, the area of all other field vegetables is slightly larger this year. It is estimated that total vegetable production will be 4.9 MMT in 2000, reduced 6.3 % from 1999 mainly because of unfavorable conditions during the Spring. Good precipitation during the summer has resulted in increased prospects for cabbage-type vegetables.

Field vegetable crop estimates, 1000 tons:

	1994-1998,average	1999	2000	2000 (1999=100)
Total vegetables	5,342	5,250	4,917	93.7
Cabbage	1,832	1,709	1,709	100.0
Cauliflower	248	225	213	94.4
Onions	673	689	606	88.0
Carrots	837	907	843	93.0
Table beets	513	486	433	89.1
Cucumbers	364	385	350	91.0
Tomatoes	316	333	295	88.5
Other	559	516	468	90.6

DECIDUOUS FRUITS:

The mild winter and an early spring favored deciduous fruit production. Tree flowering was very good, however, May frosts (down to minus 9 degrees Celsius) resulted in significant losses of small fruits. These losses were particularly severe in the Central and Eastern parts of Poland. The spring drought also hurt the crop. As a result, total deciduous fruit production is estimated in 2000 at 1.5 million tons, 21.9 % lower than 1999.

Deciduous fruit crop estimates, 1000 tons:

	1994-1998, average	1999	2000	2000 (1999=100)
Total	2,050	1,958	1,530	78.1
Apples	1,693	1,604	1,200	74.8
Pears	64	66	64	96.8
Plums	102	91	84	92.6
Sower Cherries	141	145	129	88.8
Sweet Cherries	36	35	36	102.6
Other	14	17	17	100.1

BERRIES:

According to GUS estimates, the 2000 berry crop will be approximately 393,000 tons, down 8.4 % from 1999. Mild winter conditions resulted in strawberry plantations entering the spring in good condition. In 2000, 61,800 hectares (6 % larger than in 1999) of strawberries were harvested. However, late spring frosts caused fruit losses. The spring drought reduced the strawberry crop by almost 8 %. Production of all other berries is expected to be also lower than in 1999.

Berry crop estimates, 1000 tons:

	1994-1998, average	1999	2000	2000 (1999=100)
Total	432	429	393	91.6
Strawberries	169	178	164	92.1
Raspberries	38	43	39	88.9
Currants	171	153	140	91.3
Gooseberries	40	32	29	93.1
Other	14	23	21	92.4