USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Voluntary Report - public distribution

Date: 6/8/2004

GAIN Report Number: PL4015

Poland

Livestock and Products

Polish Poultry Meat Exports to EU-15 Jump After It's EU Accession

2004

Approved by:
Wayne Molstad
US Embassy

Prepared by:
PR

Report Highlights:
After EU accession on May 1, 2004, Poland's exports of chicken broiler and turkey meat to the former EU15 countries started to significantly grow. The expected increase of exports stems from a large price difference between the Polish and EU15 markets, reduced supplies of poultry meat in the former EU15 member states caused by Avian Influenza, and elimination of TRQ constraints. High exports of poultry meat are expected to continue in 2005 until the EU15 poultry market will recover from the 2003 crisis and will be able to again source poultry meat from the Asian market.

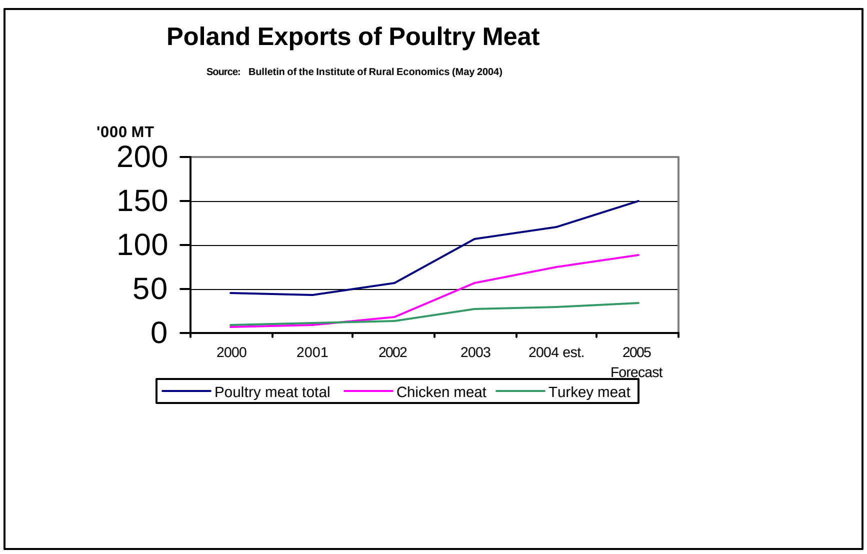
Includes PSD Changes: Yes
Includes Trade Matrix: No
Unscheduled Report
Warsaw [PL1]
[PL]

Poultry Market in Poland after EU Accession.

EU accession on May 1, 2004 had a significant impact on Poland's poultry industry. Before EU accession, Poland was eligible to export to the EU 44,100 tons of poultry meat within a zero tariff import quota. This quota, allocated on a marketing year basis (July 1, 2003 - June 30, 2004), was filled by Polish exporters in December 2003. After May 1, 2004, all restrictions in trade of poultry meat within the expanded EU25 were lifted. As a result of significant poultry procurement price differences between the former EU15 market and Polish market, demand for export noticeably grew after May 1, 2004. In March 2004, an average procurement price for chicken broilers (live weight basis) in Poland was 15 percent lower than in Germany and the Netherlands and over 40 percent lower than in France (Source: Bulletin of the Institute of Rural Economics, "Poultry Meat and Egg Market", May 2004). The difference stemmed mainly from lower costs of production and relatively high prices for poultry in the former EU15 due to Avian Influenza in the Netherlands and drought which affected feed grain output in Europe in 2003. Growing exports by Poland to the former EU15 also stemmed from reduced competition. Asian suppliers of poultry meat to the EU were affected by outbreaks of Avian Influenza while U.S. suppliers are eliminated from the EU market primarily due to the anti-microbial treatment technical trade barrier.

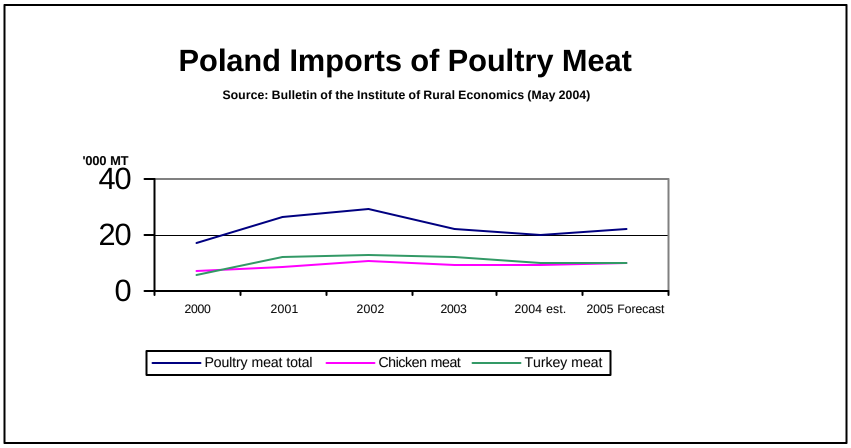
Growing exports of poultry meat are expected to stimulate an increase of chicken broilers and turkey meat output in 2004 by 4 and 3 percent, respectively. It is forecast that output and exports of chicken broilers and turkey meat will grow in 2005 (See attached updated PS&D tables).

According to a Polish newspaper "Rzeczpospolita" commentary about changes on the Polish market after EU accession, poultry meat becomes a "Polish export hit" after EU accession. Polish poultry meat is the cheapest in Europe but quality is not different. In Poland there are 146 large, modern poultry meat processing plants eligible for export on the internal EU market. "Rzeczpospolita" reports that according to the opinion of Rajmund Paczkowski, Director of the Plock poultry processing plant, the fast increase of exports is possible due to the short production cycle. This is why according to experts from the National Poultry Producers Council, parallell to sales on the internal EU market, there should also be a jump of exports of poultry meat to countries outside of the EU, mainly to Russia and Belarus. For the first time Polish firms will take advantage of EU export subsidies: 430 EURO per ton of poultry meat. According to information published by Polish journal "Puls Biznesu" on June 4, 2004, two Polish companies have won contracts to supply frozen poultry meat to Japan. According to the article, the first part of the shipment has already arrived to Japan. Previously, no Polish producers have been present on the Japanese market but the situation changed because of Avian Influenza related world market supply constraints.



Trade sources indicate that just prior to accession, companies built stocks of Polish poultry meat to export to the EU as soon as possible after accession. The main prices difference of chicken breasts between the Polish market and the EU-15 member states is so great, the fast increase of exports to the EU 15 is primarily chicken white meat. Such exports should stimulate an increasing price difference between chicken breast and leg quarters on the Polish market.

According to a Polish article based on the European Commission Report "Reform of the Common Agricultural Policy – Medium-Term Prospects for Agricultural Markets and Income in the European Union 2003-2010", December 2003, a new chance would open for Polish poultry producers after EU accession. Farm gate prices for poultry are expected to increase by only 10 percent, however, export of poultry meat is expected to significantly increase. Polish firms will easily meet EU sanitary standards. The European Commission is of the opinion according to this report that exports of poultry meat from Central Europe, mainly Poland, to the former EU-15 should jump from the current 100,000 tons to 500,000-600,000 tons per year. According to the EC report published in December 2003, overall poultry meat production in the EU-25 is going to increase from 10.9 million tons in 2004 to 11.4 million tons in 2007. This increase will occur in the new EU-10 countries, while output in the EU-15 is expected to remain at the current level or slightly decrease. However, the National Institute of Rural Economics in Warsaw estimates that the actual potential for increasing Polish and other new EU member states poultry meat exports will only double the current level of exports.



PSD Table

Country Poland

Commodity Poultry, Meat, Broiler (1000 MT)(MIL HEAD)

	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official [	Estimate [	DA Official [	Estimate [	)A Official [	Estimate [New]	
Market Year Begin		01/2003		01/2004		01/2005	MM/YYYY
Inventory (Reference)	0	0	0	0	0	0	(MIL HEAD)
Slaughter (Reference)	0	0	0	0	0	0	(MIL HEAD)
Beginning Stocks	0	0	0	0	0	0	(1000 MT)
Production	500	580	520	600	0	620	(1000 MT)
Whole, Imports	0	0	0	0	0	0	(1000 MT)
Parts, Imports	10	9	10	9	0	10	(1000 MT)
Intra EC Imports	0	0	0	8	0	9	(1000 MT)
Other Imports	0	0	0	0	0	0	(1000 MT)
TOTAL Imports	10	9	10	9	0	10	(1000 MT)
TOTAL SUPPLY	510	589	530	609	0	630	(1000 MT)
Whole, Exports	0	0	0	0	0	0	(1000 MT)
Parts, Exports	25	58	25	75	0	90	(1000 MT)
Intra EC Exports	10	30	10	45	0	60	(1000 MT)
Other Exports	0	0	0	0	0	0	(1000 MT)
TOTAL Exports	25	58	25	75	0	90	(1000 MT)
Human Consumption	485	531	505	534	0	540	(1000 MT)
Other Use, Losses	0	0	0	0	0	0	(1000 MT)
Total Dom. Consumption	485	531	505	534	0	540	(1000 MT)
TOTAL Use	510	589	530	609	0	630	(1000 MT)
Ending Stocks	0	0	0	0	0	0	(1000 MT)
TOTAL DISTRIBUTION	510	589	530	609	0	630	(1000 MT)
Calendar Yr. Imp. from U.	0	0	0	0	0	0	(1000 MT)

PSD Table

Country	**Poland**						
Commodity	**Poultry, Meat, Turkey**				(1000 MT)(MIL HEAD)		
	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official [	Estimate [	DA Official [	Estimate [	DA Official [	Estimate [	New]
Market Year Begin		01/2003		01/2004		01/2005	MM/YYYY
Inventory (Reference)	0	0	0	0	0	0	(MIL HEAD)
Slaughter (Reference)	0	0	0	0	0	0	(MIL HEAD)
Beginning Stocks	0	0	0	0	0	0	(1000 MT)
Production	170	180	175	186	0	193	(1000 MT)
Whole, Imports	0	0	0	0	0	0	(1000 MT)
Parts, Imports	15	12	15	10	0	10	(1000 MT)
Intra EC Imports	0	0	0	9	0	9	(1000 MT)
Other Imports	0	0	0	0	0	0	(1000 MT)
TOTAL Imports	15	12	15	10	0	10	(1000 MT)
TOTAL SUPPLY	185	192	190	196	0	203	(1000 MT)
Whole, Exports	0	0	0	0	0	0	(1000 MT)
Parts, Exports	13	29	13	31	0	35	(1000 MT)
Intra EC Exports	0	0	0	24	0	28	(1000 MT)
Other Exports	0	0	0	0	0	0	(1000 MT)
TOTAL Exports	13	29	13	31	0	35	(1000 MT)
Human Consumption	172	163	177	165	0	168	(1000 MT)
Other Use, Losses	0	0	0	0	0	0	(1000 MT)
Total Dom. Consumption	172	163	177	165	0	168	(1000 MT)
TOTAL Use	185	192	190	196	0	203	(1000 MT)
Ending Stocks	0	0	0	0	0	0	(1000 MT)
TOTAL DISTRIBUTION	185	192	190	196	0	203	(1000 MT)
Calendar Yr. Imp. from U.	1	1	0	0	0	0	(1000 MT)