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Strawberries

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Report Highlights:

Poland produced its 3rd consecutive record crop in CY 2001, exporting an estimated record amount of almost 100,000 MT of frozen strawberries. As during the previous years the majority of Polish exports were shipped to the European Union (Germany). Due to low prices and reduced area under strawberry cultivation production will decrease to an estimated 160,000 MT in CY 2002.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Annual Report
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Executive Summary

Increased area cultivated and favourable weather resulted in another record strawberry crop in Poland during CY 2001. Over 238,000 MT of strawberries were harvested this year. However, some quality problems occurred, with fruit being oversized, and not suitable for freezing. Weaker prices sharply reduced farmers' profits. It is estimated that Poland exported over 14,900 tons of the fresh or chilled strawberries, primarily to the European Union (Germany, Austria). Minimal quantities of table varieties were imported from Spain and Italy.

The significant increase in fresh strawberry output in 2001 increased the amount available for the processing industry. Due to large production and financial difficulties of most of the local freezing companies, strawberry prices were at the lowest level in five years. Prices offered by the processing industry for fresh strawberries this year (PLN 0.95-1.00, USD 0.23-0.25) were significantly lower than a year ago (PLN 1.30, USD 0.32). Export prices greatly varied during the summer starting quite high at the level of DM 4,000 per ton (USD 1,972.00), declining to DM 1,200 (USD 592.00) at the end of the harvest. Polish exports of processed products (including frozen, canned, preserves and jams) were estimated at 108,000 tons including 96,000 tons of frozen strawberries. The European Union remains Poland's biggest export market, with Germany the single largest importer of Polish frozen strawberries.

Higher profits for strawberries in 1998 and 1999 encouraged Polish farmers to increase area under cultivation. Low prices during CY 2001 might result in some fields being ploughed under during autumn 2001, as the income from strawberry sales covered only 48 percent of production costs. Consequently, over the next several years, the Polish strawberry crop is not expected to exceed 160,000 tons per year.

Fresh Strawberries

Production

Attractive prices encouraged many Polish farmers to increase area under cultivation in 1998. In 1998/99 strawberry area totaled nearly 58,000 HA. Despite low profitability of strawberry production, due to the considerably low cost of establishing plantations, the area increased during the MY 2000/2001 to 65,000 HA. While some fields will be taken out of strawberry production because of lower prices, some of the new plantations established during the autumn of 2000 should start bearing fruit and consequently total area might slightly decrease in spring of 2002 to about 63,000 HA in 2001/2002 season. The level of production will depend greatly on weather conditions, which have adversely affected production during past years.

Weather conditions during spring of 2001 were very favourable for the strawberry crop. No spring frost occurred. Weather conditions also remained favourable at the beginning of harvest. Rains which started at the beginning of July slightly shortened this year's strawberry harvest. Average 2001 yields were higher (3.66 tons/hectare) than 2000 yields (3.10 tons/hectare).

According to the Polish Institute of Agricultural Economics, there were no profits in strawberry production this year. Production costs (including labor) remained at a similar level as in 2000 and were estimated at PLN 2.42 per kilogram (USD 0.57). The profitability index for strawberry cultivation $[(\text{price}/\text{costs}) \times 100\%]$ in 2001 was 48 % compared with 107 % in 1999.

Purchase Prices for Strawberries:

The harvest started in the middle of June 2001. During June, the purchase price offered by processors for strawberries with leaf stalk removed was PLN 0.94 (USD 0.23) per kilogram as compared with PLN 1.30 per kilogram (USD 0.30) at the same time in 2000. The increase in supply of strawberries resulted in low prices throughout the harvest. By the end of July, farm-gate prices increased only slightly to PLN 1.00 (USD 0.25). During the 2001 harvest no strawberries with leaf stalk were purchased by the processing industry.

Poland's most popular varieties continue to be Senga Sengana (50% of crop), Dukat, Elsanta, Kent, Korona and Marmolada. The quality of the Senga Sengana variety has been decreasing steadily in recent years due to poor farming practices. Farmers have been attempting to reduce costs by using cuttings from older fields rather than investing in new seedlings. With the use of older cuttings, any diseases present in older plants are more easily spread resulting in lower yields. Farmers reportedly prefer Dukat and Elsanta to Senga Sengana because of its resistance to diseases. However, the Polish processing industry does not like these varieties because their tolerance to cold storage has not been proven. Polish farmers tend to have different varieties on each field.

There has been increased interest in the cultivation of fresh table varieties including Dukat, Kent and, especially, Elsanta in recent years. Polish farmers are aware that fresh table varieties attract higher prices and could increase the profitability of their operations. By introducing more varieties, they are able to both prolong the strawberry harvest season and to offer a new product for Polish markets and exports. The majority of Polish strawberry production is processed and not sold fresh.

PSD Table - Fresh Strawberries

PSD Table						
Country	Poland					
Commodity	Fresh Strawberries				(HA)(MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2001		01/2002
Area Planted	60000	62000	50000	65000	0	63000
Area Harvested	60000	62000	50000	65000	0	63000
TOTAL Production	169000	171000	150000	238000	0	160000
Imports, Fresh	900	970	900	970	0	970
TOTAL SUPPLY	169900	171970	150900	238970	0	160970
Exports, Fresh	12500	11580	13000	14970	0	11970
Domestic Fresh Market	42000	43390	32900	84000	0	40000
For Processing	115400	117000	105000	140000	0	109000
TOTAL UTILIZATION	169900	171970	150900	238970	0	160970

* Production area and figures are the official Polish Statistical Office figures. Polish statistics do not include some smaller farms and non-industry plantations. The Statistical Office plans to change its calculation procedure in 2002 to more fully reflect small farm production.

Consumption

During the past several years, consumption of fresh strawberries has remained constant at 1.5-2.00 kg/per capita and is expected to remain at a similar level in 2002.

Price Table - Retail

Prices Table			
Country	Poland		
Commodity	Fresh Strawberries		
Prices in	zlotys	per uom	kilogram
Year	1999	2000	% Change
Jan			
Feb			
Mar			
Apr			
May			
Jun	4.52	3.16	-30.09%
Jul	4.03	5.27	30.77%
Aug			
Sep			
Oct			
Nov			
Dec			
Exchange Rate	4.28	Local currency/US \$	

Policy

The Polish government through the Ministry of Agriculture and Rural Development's Agency For Restructuring and Modernizing of Agriculture offers the following preferential agricultural credits:

Basic investment credit (utilized primarily for the construction of new buildings, food processing activities):
 GOP subsidizes loans to farmers at less than half the commercial agricultural credit rate which can be as high as 35 percent. Loans under this program average 12.36-13.44 percent interest rate.

Credits for new farmers below age 40 (utilized for land purchase as well as construction of new farm buildings):
 Farmers meeting the program criteria receive loans with 5.38 percent interest rate.

Credits for purchase of additional land: Farmers can obtain loans at 5.38 percent interest rate.

Credit for development of new agricultural production (includes purchase of seedlings) at 5.38-13.34 percent interest rate.

Loans for creation of agricultural farms approved by the Minister of Agriculture at: 5.38 -13.44 percent interest rate.

Tariff Tables

PCN Code	Product	Preferential tariffs for:			
	Fresh Strawberries	MFN Tariff	Czech Slovak Republic	Hungary	Lithuania
081010001	Strawberries, Fresh, imported 1 Jan-30 Apr	20%	0	15%	10%
081010103	Strawberries, Fresh, imported May1-31 July*	40%	5%	15%	10%
081010009	Strawberries, Fresh, imported 1 Aug-31 Dec	20%	0	15%	10%

* Please note that a tariff rate quota for fresh strawberries is in effect between May 1 - July 31. Imports made within the quota of 19 tons are assessed a lower tariff of 20 percent.

PCN Code	Product	Preferential tariffs for:		
	Frozen Strawberries	MFN Tariff	Czech, Slovak Reps Hungary Slovenia	Romania Bulgaria
0811 10	Strawberries containing added sugar or other sweetening matter:			
0811 10 11	Strawberries boiled/frozen with sugar content of more than 13%	30%	9%	9%
0811 10 19	Other	30%	9%	9%
0811 10 90	Other	25%	9%	9%
0812 20 00	Preserved strawberries not for immediate consumption	25%	0	0

Trade

Poland annually exports around 12,000-20,000 tons of fresh and/or chilled strawberries. The European Union (Germany, Austria) imports almost all of the product. During MY 00/01, exports were estimated at 14,970 tons and are expected to slightly decrease in MY 2001/2002. Polish analysts expect exports of fresh product will increase in the next 5-10 years as Polish farmers increase production of table varieties. Polish product is exported by small Polish private firms as well as branch offices of foreign (German) firms.

During the off season, limited quantities of fresh strawberries are imported by air from Spain and Italy. High prices (two to three times higher than that of Polish strawberries during harvest season) limit sales.

For the following tables, please note that the Polish statistics combine both fresh and chilled strawberries.

Export Table - Fresh Strawberries

Export Trade Matrix			
Country	Poland		
Commodity	Fresh Strawberries		
Time period	12 months	Units:	Tons
Exports for:	1999		2000
U.S.		U.S.	
Others		Others	
Germany	5520	Germany	5488
Netherlands	2068	Austria	2285
Switzerland	1262	Netherlands	1695
Austria	1631	Switzerland	509
Great Britain	903	Czech Rep.	461
Czech Rep.	409		
Total for Others	11793		10438
Others not Listed	497		1142
Grand Total	12290		11580

Import Table - Fresh Strawberries

Import Trade Matrix			
Country	Poland		
Commodity	Fresh Strawberries		

Time period	12 months	Units:	Tons
Imports for:	1999		2000
U.S.		U.S.	
Others		Others	
Spain	526	Spain	684
Italy	262	Italy	162
Netherlands	47	Germany	41
Germany	41	Marocco	37
Israel	6	Austria	31
Egypt	2	Egypt	1
Total for Others	884		956
Others not Listed	23		14
Grand Total	907		970

Marketing

During the harvest season, vendors traditionally sell fresh strawberries in wooden baskets containing 2 kg of fruit from the back of trucks or from temporary stands. The dynamic growth of the supermarket/hypermarket retail outlets has resulted in a consolidation of wholesale suppliers. Hypermarkets tend to contract with individuals or supplier groups.

Polish exports of fresh and chilled strawberries are carried out by private Polish firms as well as foreign companies seasonally operating in Poland. Foreign companies (mostly German) either set up purchasing points or pre-contract with Polish farmers. Product is purchased directly from farms and either pre-cooled before transport or transported in temperature-controlled trucks to Germany for further processing. Polish traders and representatives of local freezers also purchase fresh product from farmers. However, lacking financial resources, Polish companies often find it difficult to compete with the foreign firms. Limited quantities of imported fresh strawberries, which appear during the off season, are mostly sold in supermarkets and on vegetable stands in larger cities.

Frozen Strawberries

Production

Sixty to seventy percent of strawberry production is sold as frozen product annually. Of the 140,000 tons of fresh strawberries delivered to the processors in 2001, about 110 TMT of frozen product was produced. In 2001, in many cases fresh product delivered to processors was unsuitable for freezing due to the large size of the fruit.

PSD Table - Frozen Strawberries

PSD Table						
Country	Poland					
Commodity	Frozen Strawberries				(MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2001		01/2002
Deliv. To Processors	98000	117000	100000	140000	0	109000
Beginning Stocks	12000	12000	5500	5500	2300	0
Production	91000	110000	95300	110000	0	103000
Imports	500	1152	500	500	0	1000
TOTAL SUPPLY	103500	123152	101300	116000	2300	104000
Exports	80000	93304	82000	96000	0	83000
Domestic Consumption	18000	24348	17000	20000	0	21000
Ending Stocks	5500	5500	2300	0	0	0
TOTAL DISTRIBUTION	103500	123152	101300	116000	0	104000

Consumption

Consumption of frozen strawberries in Poland is only about 0.2 kg per capita. Poles prefer purchasing fresh product during the harvest season as well as consuming products processed at home (jams, compotes etc.).

Price Table - Retail

Prices Table			
Country	Poland		
Commodity	Frozen Strawberries		
Prices in	zlotys	per uom	kilogram
Year	1999	2000	% Change
Jan	11.22	10.78	-3.92%
Feb	11.42	10.7	-6.30%
Mar	11.54	10.6	-8.15%
Apr	11.6	10.44	-10.00%
May	11.58	10.3	-11.05%
Jun	11.5	10.08	-12.35%
Jul	11.52	9.94	-13.72%
Aug	11.48	9.9	-13.76%

Sep	11.42	9.86	-13.66%
Oct	11.4	9.72	-14.74%
Nov	11.38	9.78	-14.06%
Dec	11.02	9.94	-9.80%
Exchange Rate	4.28	Local currency/US \$	

Stocks

No official data on stocks is available. Post uses estimates obtained from the Institute of Agricultural Economy and the Polish Ministry of Agriculture and Rural Development. Carryover stocks of frozen strawberries depend on the total supply and price in any given year. The lower the price and the higher the quantity, the more likely some frozen product will be stored. Stocks are held in cold storage facilities throughout Poland.

Trade

Poland continues to be the major supplier of frozen strawberries to the European Union. Germany is Poland's largest market. During the summer of 2001, export prices dropped to the level of DM 1,200 (USD 597.00) per ton as compared with DM 1,600 (USD 789.00) offered during summer of 2000.

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According to one of the Polish export firms during 2001, limited quantities of frozen strawberries were exported from Poland to the United States. This situation was the result of a decreased strawberry crop in Mexico as well as high storage costs incurred by freezing houses in California resulting from local "energy crises".

In the past, Hortex (currently a private firm, formerly one of the state owned Polish export-import enterprises) was responsible for most of the Polish exports. This company is currently undergoing major changes and very limited funding was available for raw material purchases during this year's harvest. Hortex's share of the export market has dropped to under 10 percent and continues to decrease. Currently, a variety of other companies engage in export.

Polish medium and small companies also experienced a very difficult trade year during 2001. The lack of government financial support for purchases as well as the lack of preferential credits for trading companies hurt production. These factors, together with overall slower development of the Polish economy, resulted in very limited purchases of strawberries for processing, especially in the case of smaller firms.

Many "seasonal" companies with foreign investment (mostly German) also purchase fresh product locally, by signing contracts with Polish freezers for processing fruits and then transporting frozen strawberries to destination markets.

Limited imports of frozen strawberries enter Poland from countries such as Spain, China and Germany.

Table - Export Strawberries Frozen

Export Trade Matrix			
Country	Poland		
Commodity	Frozen Strawberries		
Time period	12 months	Units:	Tons
Exports for:	12 months		1
U.S.	21	U.S.	118
Others		Others	
Germany	33222	Germany	40781
Netherlands	12179	Netherlands	12738
France	4187	France	5332
Sweden	3972	Denmark	5269
Great Britain	3100	Great Britain	4008
Denmark	3843	Sweden	3443
Belgium	3052	Belgium	4072
Finland	2150	Austria	3343
Norway	2164	Norway	3106
Austria	2252	Finland	1916
Total for Others	70121		84008
Others not Listed	4915		9178
Grand Total	75057		93304

Table - Import Strawberries Frozen

Import Trade Matrix			
Country	Poland		
Commodity	Frozen Strawberries		
Time period	12 months	Units:	Tons
Imports for:	1999		2000
U.S.	1	U.S.	53
Others		Others	
Germany	579	Germany	632
Netherlands	107	France	93
Austria	102	Austria	61
Canada	24	Great Britain	44
France	75	Sweden	41
Belgium	31		
Norway	21		

Switzerland	20		
Denmark	21		
Turkey	19		
Total for Others	999		871
Others not Listed	46		228
Grand Total	1046		1152

Marketing

Recently, there has been a tremendous change in methods of distribution of frozen products, including strawberries, in Poland. The appearance of new retail outlets throughout Poland has created a demand for national distribution of frozen products. In the past, Hortex was the only company capable of delivering their products at the national level. Currently, two distribution groups have established themselves on the Polish market - Frozen Food Group and KFD.

Both of these associations are composed of several large distribution firms which work closely with individual freezing companies and frozen food producers. Transportation is conducted by a specialized fleet of freezer trucks contracted from transportation companies. Both organizations often provide smaller shops with storage freezers used for storage of many different frozen products, including strawberries. Some of the recently privatized freezing companies are trying to serve local markets with their products. Often, they also provide their own transportation.