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Poland

Strawberries

Annual Strawberries Report

1999

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Report Highlights:

Increases in strawberry production up to 175.000 tons during the 1999 season are expected to result from increased area prompted by attractive prices received by producers in 1998.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Annual Report
Warsaw [PL1], PL

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Executive Summary

For the third year in a row, Poland's strawberry production remained at a relatively low compared with the early 1990s. Low quality seedlings, minimal use of plant protection chemicals and unfavorable weather conditions which shortened the harvest by three weeks contributed to the situation. As a result of the low production and coupled with strong demand, purchase prices for fresh strawberries in 1998 were nearly double 1997 levels. Strawberry cultivation was profitable for the first time in three years. Poland exported 10 percent of its fresh product mostly to the European Union (Germany, Austria). Minimal quantities of table varieties were imported from Spain and Italy.

Decreased production of fresh strawberries during 1998 resulted in a subsequent decrease in fruit processing of about 10 percent. Fruits provided for processing were in many cases of lower quality (high moisture content). As a result of lack of carryover from 1997, Polish exports of processed product were about 25 percent lower than in 1997. Export prices for processed strawberries sharply increased at the end of the 1998, prompted by limited supplies. With no 1998 carryover, export prices should remain at a similarly high level in 1999. Area increases due to profitability of strawberry cultivation in 1998, could result in production of 175,000 tons in 1999; a 14 percent increase from 1998. Which may result in lower farmgate prices and profitability.

Fresh Strawberries

Production

Attractive prices encouraged Polish farmers to plant more strawberry seedlings in autumn of 1997 and 1998. Area under strawberry crop cultivation in 1999 should increase to 58,000 hectares with further increases anticipated in 2000. Increased area under strawberry cultivation, depending on weather conditions which affected production during the past years, could result in strawberry production of 175,000 tons during the 1999; a 14 percent increase from 1998. Production could reach the level of 200,000 tons by 2000.

Polish strawberry production decreased by 9 percent in 1998. Despite a slight increase in area, 1998 yields of 2.83 tons per hectare compared poorly with 1997 yields of 3.08 tons per hectare. Low quality seedlings, lack of plant protection chemicals and very unfavorable weather conditions contributed to the overall drop in production.

According to Polish Institute of Agricultural Economics, strawberries were profitable in 1998 for the first time since 1995. Production costs (including own labor) were estimated at zls 2.20 per kilogram (USD 0.63). Strawberry cultivation profitability $[(\text{price}/\text{costs}) \times 100\%]$ in 1998 amounted to 137 percent as compared with 94 percent and 75 percent in 1997 and 1996, respectively.

Purchasing prices for strawberries:

During early June 1998, purchasing prices for strawberries with leaf stalk removed were zls 2.10 per kilogram (USD 0.60). The shortened harvest season in 1998 resulted in sharp price increases at the end of June to zls 4.20-4.40 per kilogram (USD 1.20-1.27). By the beginning of July, farmgate prices increased to zls 5.00-5.50 (USD 1.44 - 1.59). Average purchase prices paid by the processing industry for strawberries with leaf stalk removed amounted to about zls 3.00 per kilogram (USD 0.86) as compared with zls 1.70 per kilogram (USD 0.51) in 1997. Average prices for strawberries with leaf stalk during 1998 amounted to zls 2.60 per kilogram (USD 0.75) as compared with zls 1.40-1.60 per kilogram (USD 0.42 - 0.48) during 1997.

Poland's most popular varieties continue to be Senga Sengana (60 percent of crop) and Dukat. Other varieties gaining popularity include: Elsanta, Korona and Kent. Senga Sengana crop quality has been decreasing steadily in recent years as farmers attempt to cut costs by substituting cuttings from their older fields for new seedlings. This causes any diseases present in older plants to spread further, greatly reducing yields. Farmers reportedly prefer Dukat to Senga Sengana due to its resistance to diseases. However, the processing industry prefers not to purchase this variety because its tolerance to cold storage has not been proven. Polish farmers tend to produce fruits from many different varieties.

PSD Table

PSD Table						
Country:	Poland					
Commodity:	Strawberries					
		1997		1998		1999
	Old	New	Old	New	Old	New
Market Year Begin		01/1997		01/1998		01/1999
Area Planted	54000	50200	53000	53000	0	58000
Area Harvested	54000	50200	53000	53000	0	58000
TOTAL Production	190,000	163000	165000	150000	0	175000
Imports, Fresh	0	700	100	1000	0	1000
TOTAL SUPPLY	190000	163700	165100	151000	0	176000
Exports, Fresh	21000	14700	10100	15300	0	17000
Domestic Fresh Market	29000	29000	30000	25700	0	29000
For Processing	140000	120000	125000	110000	0	130000
TOTAL UTILIZATION	190000	163700	165100	151000	0	176000

* 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 2000 to more fully reflect small farm production.

Consumption

During the past several years, consumption of fresh strawberries remains unchanged at level of 1.5-2.00 kg/per capita. It is expected that during 1999, consumption of fresh strawberries will also remain at this level.

Price Table

Prices Table			
Country:			
Commodity:	Strawberries, Fresh		
Year:	1998		
Prices in (currency)	zlotys	per (uom)	kilogram
Year	1997	1998	% Change
Jan	n/a	n/a	ERR
Feb	n/a	n/a	ERR
Mar	n/a	23.01	ERR
Apr	n/a	18.18	ERR
May	4.5	14.92	231.6%
Jun	5.5	4.43	-19.5%
Jul	6.5	5.53	-14.9%
Aug	n/a	9.62	ERR
Sep	n/a	9.12	ERR
Oct	n/a	a/a	ERR
Nov	n/a	n/a	ERR
Dec	n/a	n/a	ERR

Policy

The GOP, through the Ministry of Agriculture and Food Economy, Agency For Restructuring and Modernizing Agriculture offers the following preferential agricultural investment credits:

Basic investment credit (utilized mostly for construction of new buildings, food processing activities): GOP subsidizes credit to provide loans to farmers at half the commercial agricultural credit rate which can be as high as 35 percent. Loans under this program average 8.91% - 9.69%.

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 at 3.88%.

Credits for purchase of additional land: Farmers can obtain 3.88% loans.

Loans for resuming agricultural production as a result of natural disaster: 3.87%.

Loans for creation of agricultural farms within the settlement program approved by the Minister of Agriculture for areas owned by Government Treasury: 3.88% - 4.85%

Following tariff applies to fresh and frozen strawberries:

Tariff Tables

PCN Code	Product	Preferential tariffs for:				
		MFN Tariff	Czech Slovak Republic	Hungary	Lithuania	Latvia
08101005	Strawberries, Frsh., impt. 1 Jan-30 Apr	20%	0	15%	10%	0
08101010*	Strawberries, Frsh, impt. 1 May-31 July	40%	5%	15%	10%	15%
08101080	Strawberries, Frsh. impt. 1 Aug-31 Dec	20%	0	15%	15%	0

* Please note that a tariff rate quota for fresh strawberries is in effect between May 1 - July 31. Imports made within the quota of 17 tons are assessed lower tariff of 20 percent.

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

Trade

Exports of Polish fresh and chilled strawberries remains constant at 14-20,000 tons annually. The European Union (Germany, Austria) imports almost all of the product. During 1999, exports are expected to remain at a similar level to 1998. Polish analysts expect that exports of fresh product will increase within 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 seasonal 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, three times higher than that of Polish strawberries during harvest season) of this imported product limit its sales potential. For the following tables, please note that the Polish statistics combine both fresh and chilled strawberries.

Export Table - Fresh Strawberries

Export Trade Matrix			
Country:		Units:	Tons
Commodity:	STRAWBERRIES, FRESH		
Time period:	12 mon.		
Exports for	1997		1998
U.S.	16	U.S.	20
Others		Others	
Germany	7730		8000
Austria	2759		3200
The Netherlands	1964		2200
Belgium	879		850
Great Britain	97		100
Switzerland	41		35
Total for Others	13470		14385
Others not listed	1214		895
Grand Total	14700		15300

Import Table - Fresh Strawberries

Import Trade Matrix			
Country:		Units:	Tons
Commodity:	Strawberries, Fresh		
Time period:	12 months		
Imports for	1997		1998
U.S.		U.S.	
Others		Others	
Spain	415	Spain	430
Italy	225	Italy	260
Total for Others	640		690
Others not listed	60		310
Grand Total	700		1000

Marketing

Domestic sales of strawberries are largely conducted by farmers themselves. Traditionally, during harvest season vendors sell fresh strawberries in wooden baskets containing 2 kg of fruit. Sales are mostly conducted from the back of trucks or from temporary stands. The dynamic growth of supermarkets/hypermarkets results in a growth in consolidation enterprises who supply retailers. Special companies comprised of either groups of producers or individual entrepreneurs are supplying the hypermarkets with their products.

Exports of Polish fresh and chilled strawberries are made by private Polish firms as well as foreign companies working on the Polish market on a seasonal basis. These foreign companies (mostly German) either set up seasonal purchasing points or pre-contract with Polish farmers. Product is purchased off the field and either pre-cooled before transport or transported in temperature-controlled trucks to Germany for further processing. Polish traders and representatives of local freezers purchase fresh product from farmers too. However, lacking financial resources, they often find it difficult to compete with contracting and pre-payment practices of 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 utilized by the processing industry annually. As a result of the smaller crop, production of processed product decreased slightly in 1998. Out of the 110,000 tons of product delivered to processors, about 95,000 tons of frozen product were obtained. During the 1998 season, some of the fresh product delivered to processors was unsuitable for freezing due to high moisture content caused by rains at the end of June. Polish processors complained about unusually large waste.

Zentis, a German yogurt producer, has recently set up a processing facility in Siedlce. Besides operating the processing facility, this firm is conducting pre-contracting with local farmers and providing them with high quality seedlings (table varieties suitable for yogurt production). During the harvest season only good quality fruit packed in plastic containers (versus traditional wooden chip boxes) is purchased. Farmers reportedly improved the quality of their production in order to comply with firms higher standards and quality specifications in contracts.

PSD Table

PSD Table						
Country:						
Commodity:	STRAWBERRIES, PROCESSED					
		1997		1998		1999
	Old	New	Old	New	Old	New
Market Year Begin						
Deliv. To Processors	140000	120000	122000	110000	0	130000
Beginning Stocks	5000	10000	5000	0	0	0
Production	110000	112650	115350	95000	0	115000
Imports	150	304	150	700	0	500
TOTAL SUPPLY	115150	122954	120500	95700	0	115500
Exports	85000	107400	94500	80150	0	91000
Domestic Consumption	25150	15554	25000	15550	0	24500
Ending Stocks	5000	0	1000	0	0	0
TOTAL DISTRIBUTION	115150	122954	120500	95700	0	115500

Consumption

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

Price Table

Prices Table			
Country:			
Commodity:	Strawberries, Frozen		
Year:	1998		
Prices in (currency)	zlotys	per (uom)	kilogram
Year	1997	1998	% Change
Jan	9	7.6	-15.6%
Feb	8	7.8	-2.5%
Mar	8	8	0.0%
Apr	7	6.6	-5.7%
May	7.8	8.4	7.7%
Jun	7.8	8.6	10.3%
Jul	7.8	8.7	11.5%
Aug	7.7	9.8	27.3%
Sep	7.8	9.84	26.2%
Oct	8	10.4	30.0%
Nov	9	10.76	19.6%
Dec	9	10.92	21.3%
Exchange Rate	3.75	(Local currency/US \$)	
Date of Quote	26-Feb-99	(MM/DD/YY)	

Stocks

According to un-official data no stocks were carried over into 1998 or 1999.

Trade

Poland continues to be the major supplier of frozen strawberries to the European Union. Germany is Poland's largest market. During the last quarter of 1998, export prices reached the level of DM 3,235.00 (USD 1,875) per ton as compared with DM 1,897.00 (USD 1,115) during 1997. Export prices are expected to remain at a similar level in 1999 given no drastic change in strawberry availabilities from Poland's largest competitors (Turkey, Spain).

In past years, Hortex was responsible for the majority of Polish exports. After ownership changes and privatization of several of its freezing facilities Hortex's share of the export market dropped to about 20 percent. Other players on the market include Freezing Company in Bialystok in north-eastern Poland, Hortex/Siemiatyce, State Freezing Company Arka in Bydgoszcz, Hortex/Plonsk, Warminskie Fruit Processing Facility, Miedzychod Fruit Processing Facility and Calfroast Company among others.

Many "seasonal" companies 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 the destination markets using contracted transportation. These companies have access to attractive credits which allow them to offer pre-payment and compete seriously with Polish exporters.

Table - Export Strawberries Frozen

Export Trade Matrix			
Country:	Poland	Units:	Tons
Commodity:	STRAWBERRIES, FROZEN		
Time period:	12 mon.		
Exports for	1997		1998
U.S.	16	U.S.	20
Others		Others	
Germany	47423		35000
The Netherlands	15400		10000
Denmark	5304		6000
Great Britain	5861		5500
France	4415		4200
Belgium	5660		3500
Austria	3963		3700
Finland	3978		3500
Switzerland	3617		3250
Norway	3580		3100
Total for Others	99201		77750
Others not listed	8183		2380
Grand Total	107400		80150

Table - Import Strawberries Frozen

Import Trade Matrix				
Country:	Poland	Units:	Tons	
Commodity:	Strawberries Frozen			
Time period:	12 months			
Imports for	1997		1998	
U.S.		U.S.		
Others		Others		
Italy	30	Spain	150	
Germany	28	China	150	
Greece	9	Germany	40	
Total for Others	67		340	
Others not listed	237		360	
Grand Total	304		700	

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 all over 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.