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Poland

Sugar

Semi-Annual

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Report Highlights:

Current developments confirm previous MY 2001/02 production estimates. Only very small revisions were made in previous years' consumption and stocks. A new sugar production policy and creation of a new sugar company, owned primarily by beet farmers, have been approved by the government. Results of an on-going debate between iso-glucose and sugar beet interests will influence future production.

Includes PSD changes: Yes
Includes Trade Matrix: No
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Executive Summary

Very slight adjustments were made in 1999/2000 sugar domestic consumption and stocks to make them consistent with newly available official data. Also, MY 2000/01 consumption was slightly increased and ending stocks slightly reduced.

The MY 2001/02 sugar PS&D forecast has not been changed. Recent indicators support previously submitted figures. Slight revisions were made in the sugar beet PS&D table based on official data. While sugar beet area has been reduced in comparison to our previous estimate, total beet production has not been reduced because reduced acreage has been counterbalanced by increased (when compared with the previous forecast) sugar beet yields. Very favorable weather conditions for beet production in 2001 will likely result in beet yields close to those reached in 2000. However, we assume that this year's weather will be less favorable for sugar accumulation in beets than a year ago, and sugar yield will be smaller than last year. This is the same as was forecast in our annual report. Consequently, raw sugar production will be 1.9 million tons, 12 percent below 2000 production.

The sugar beet and sugar production policy has been somewhat modified by introduction of a new sugar market regulation bill (see PL1013, dated 04/19/2001). Based on the new law, besides continuation of previous sugar production quotas (quota A - sugar produced for domestic use and quota B - sugar produced for subsidized export), there will be production quotas A and B for iso-glucose and for inulin syrup. These quotas will be set by the Council of Ministers for each Fiscal Year (FY July-June), starting MY 2003/04. The Council of Ministers will set total quotas based on requests of relevant Ministers and consideration of opinions of the Agricultural Market Agency (ARR) and a farmers/sugar industry committee. Based on information about the sugar industry's suggested quota for iso-glucose, it is much below current significantly increased iso-glucose production capacity. A small iso-glucose quota had been requested by Poland for negotiations with the EU, but it was increased to a 170,000 MT quota request in December 2000. High iso-glucose quotas (produced in Poland from wheat) would reduce demand for centrifugal sugar industry production and beet production. So far, beet and centrifugal sugar producers lobbying in Poland is very strong. A lobbying struggle continues between a U.S. invested iso-glucose producer in Poland and Polish beet and sugar industry interests over the size of the quota under the new legislation. Given the on-going iso-glucose versus beet sugar debate, it is too early to predict how this will impact future production.

The new June 2001 sugar law brings some market regulations which create greater production guarantees for farmers and for the sugar industry. Also, the new law creates a new sugar refinery company, Polski Cukier (see PL1021, dated 07/24/2001), owned by farmers and refinery workers. This company, when fully established, may control over half of the local sugar market. Although the new sugar processing season is imminent, organization of the new company is not yet complete. This situation undoubtedly will have a negative effect on this year's sugar beet processing. Although the new sugar bill has been recently approved, there are already suggestions to change parts of the bill, among them there is a requirement that in some circumstances the ARR will be obligated to purchase all produced sugar. Such a situation might be impossible to fulfill by ARR given

its current budget constraints. Also, some believe that decision-making privileges granted by the bill to the Arbitration Committee and ARR are too broad and therefore unconstitutional.

Sugar Beets PS&D Table

PSD Table						
Country	Poland					
Commodity	Sugar Beets				(1000 HA)(1000 MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		09/1999		09/2000		09/2001
Area Planted	372	372	340	340	340	317
Area Harvested	372	372	333	333	330	317
Production	12600	12600	13145	13145	12500	12500
TOTAL SUPPLY	12600	12600	13145	13145	12500	12500
Utilization for Sugar	12600	12600	13145	13145	12500	12500
Utilizatn for Alcohol	0	0	0	0	0	0
TOTAL UTILIZATION	12600	12600	13145	13145	12500	12500

Centrifugal Sugar PS&D Table

PSD Table						
Country	Poland					
Commodity	Centrifugal Sugar				(1000 MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		09/1999		09/2000		09/2001
Beginning Stocks	326	329	200	189	222	199
Beet Sugar Production	1962	1962	2152	2152	1900	1900
Cane Sugar Production	0	0	0	0	0	0
TOTAL Sugar Production	1962	1962	2152	2152	1900	1900
Raw Imports	0	0	0	0	0	0
Refined Imp.(Raw Val)	55	55	50	50	50	50
TOTAL Imports	55	55	50	50	50	50
TOTAL SUPPLY	2343	2346	2402	2391	2172	2149
Raw Exports	0	0	0	0	0	0
Refined Exp.(Raw Val)	418	418	450	450	250	250
TOTAL EXPORTS	418	418	450	450	250	250
Human Dom. Consumption	1712	1723	1714	1726	1714	1714
Feed Dom. Consumption	16	16	16	16	16	16
TOTAL Dom. Consumption	1725	1739	1730	1742	1730	1730
Ending Stocks	200	189	222	199	192	169
TOTAL DISTRIBUTION	2343	2346	2402	2391	2172	2149