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Poland

Product Brief

Wine

2006

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Report Highlights:
Official statistics show that imports of U.S. wine decreased by 8% for the second consecutive year. Despite the lower official import figures for the U.S., many U.S. wines are transshipped to Poland from other E.U. countries. Industry sources estimate that at least 25% of the U.S. wines on the Polish market are from these shipments. There are indications that wine consumption in Poland will increase 5-10 percent within the next few years. In recognition of this, the Wine Institute of California sponsored a wine tasting in Warsaw in June 2006.

Includes PSD Changes: No
Includes Trade Matrix: No
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I. Introduction

The consumption and use of wine in Poland has been rising in recent years, as a result of higher individual incomes, and wine representing a healthy lifestyle. Poland's accession to the European Union has been advantageous for wine importers, producers, distributors, and consumers with lower tariffs and more selection.

Polish consumer tastes have been influenced by Bulgarian vermouth, which has been imported since the early 70's. Poles prefer seasoned and sweet wines with the market dominated by lower-priced products. With consumption of wine growing, trends show that wine will soon be a major competitor with beer and vodka.

Several large and medium sized firms have been importing wine for the past ten to fifteen years. Wine is also imported in bulk and bottled in Poland. Consumer preferences indicate that bulk wine bottled in Poland is not as popular as imported bottled wines.

Poland has developed a seasonal market where 30 percent of yearly wine sales occur during the holiday periods of Christmas, carnival in February, and First Communion in May.

Advantages	Challenges
Wine consumption will continue to increase in the coming years at a rate of 5-10%.	Due to low salaries nearly 50 percent of wines purchased are table wines ($2.00 - $15.00).
Poles favor sweet wines including red, sparkling, and white wines.	It is illegal to advertise alcoholic beverages (except beer) in general press and billboards. Consequently, the majority of the population does not know the virtues of U.S. wine.
Polish consumers are aware of country origin and look for this when purchasing wines.	Competition in the wine industry is growing with an estimate of more than 14,000 different brands.

II. Market Sector Opportunities and Threats

Retail & HRI Market Sector

1) Entry Strategy

Contacting the right importer will help a business enter the Polish wine market. Most supermarkets, hypermarkets, specialty shops, hotels, restaurants, and catering companies buy the majority of their wines through wholesalers. Wholesalers work both with large importers and independently. They have their own distribution channels and marketing contacts. U.S. wine exporters may obtain a list of current importers by contacting the Office of Agricultural Affairs at the U.S. Embassy in Warsaw (see Section IV).

2) Market Size, Structure, Trends

Competition in the wine industry is growing. With imports from Chile, the United States, Bulgaria, France, Italy, Spain, Australia and New Zealand, Poles have a wide array of wines to choose from.

Recent marketing involving wine tastings have been successful in Poland. The Wine Institute of California organized its first wine tastings in 2002 in Warsaw and Krakow with almost 40 wineries represented. The Wine Institute has organized a wine event in Warsaw every other year since then, including one in June of 2006 at the U.S. Ambassador's residence and at a popular restaurant in Warsaw. These events have been successful at introducing Polish importers, business leaders, and consumers to different Californian wines.

Most of the larger importers distribute products through their own wholesale operations located throughout Poland. Besides utilizing their own distribution channels, importers also sell their products to independent wholesale firms, which in turn distribute wine to hypermarkets, specialty shops, and small retail stores located in larger cities. Currently, the largest retail stores do not import wines for their own distribution but rather obtain it from a local importer or wholesaler.

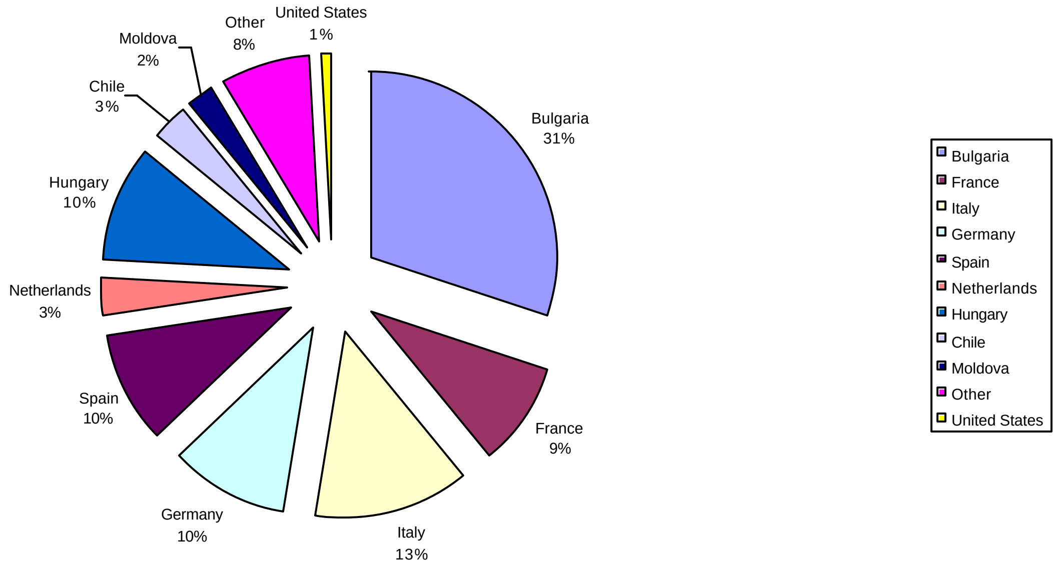
Despite the lower official import figures for the U.S., many U.S. wines are transshipped to Poland from other E.U. countries. Industry professionals estimate that at least 25 percent of the U.S. wines on the Polish market are from these shipments.

Poland's Wine Imports

Year Ending: December 2005							
Partner Country	**Unit**	**2003**		**2004**		**2005**	
		USD	**Quantity**	**USD**	**Quantity**	**USD**	**Quantity**
World	L	78689104	56997647	99982301	64800046	110227742	67657643
Bulgaria	L	13427962	14751792	19118050	17417783	22288413	20349419
France	L	21256630	15361818	20470151	9541292	17348668	6188987
Italy	L	10792817	5761609	14931759	10407300	13334402	8979679
Germany	L	4296542	3275340	9510538	5737700	11428920	6870152
Spain	L	6373726	3822389	9033819	6090896	10281025	6703286
Netherlands	L	82	45	2726616	928380	7893610	2254941
Hungary	L	7408879	5350062	6667119	5731935	6736155	6762795
Chile	L	2659048	1143329	4022305	1655492	5621249	2176673
Moldova	L	657068	553496	1712273	1282430	2286299	1564407
Argentina	L	705947	366328	1487930	714895	2112609	942750
United States	L	4805086	1755764	2790482	932640	1805509	601162
Australia	L	1140453	293371	1336872	360180	1562005	544301
South Africa	L	980013	408191	837366	341848	1171967	430395
Greece	L	1020727	618324	1280558	656913	1099272	582768
Portugal	L	552868	116876	667629	208230	1070693	333906
New Zealand	L	31275	3547	68295	7422	72504	7810

Source: Global Trade Atlas

Poland's Wine Import Market Share



3) Company Profiles

In the early 1990s several large importing firms existed on the Polish market. In addition to these market leaders, there were 50 smaller, local importers/distributors. This market organization was maintained until 2000. During 2000, huge changes occurred in wine distribution. This change occurred due to the worsening economic situation in Poland at that time. As a result, tightened markets forced smaller firms out of the market and caused other distributors to merge. Currently, there are about 7-10 large importers of wine on the Polish market.

4) Market Promotion Constraints

While direct promotion of alcoholic beverages in hypermarkets and specialty shops is prohibited, importers and wholesalers actively promote their products at restaurants, hotels, or at wine tastings, and through professional periodicals available only through subscriptions.

III. Costs & Prices

Only 5-10 percent of the Poles are considered wealthy by European standards and can afford high quality wine. Thus, cheaper brands of wine dominate the Polish wine market.

Cost in Dollar	% of Market
0-$9.46	45%
$9.46-$15.77	30%
$15.77-$31.54	15%
$31.54 +	10%

(1 USD = 3.21 PLN; July 15, 2006)
Source: FAS Warsaw Estimates

Retail prices for wine vary depending on the type of wine (red, sparkling, white), by country of origin and region, as well as perceived quality. The popularity of wine is influenced by word of mouth and by foreign television shows and films. Professional tastings organized by Polish importers, or in conjunction with trade shows, are also becoming popular. Current market trends indicate that Polish consumers are showing interest in “exotic” and “ecological” wines, but because of the higher cost, they are not very popular or affordable. The price of wine depends heavily on the factors listed above and fluctuations between supermarkets and wine specialty shops. Wine specialty shops carry higher quality wines and a larger selection compared to supermarkets.

Wine Retail Price Comparison

	Red			White		
Country	Basic Wines	Quality Wines	Special Quality Wines	Basic Wines	Quality Wines	Special Quality Wines
Bulgaria	13-45	50-65	*	10-30	*	*
U.S.	20-50	50-120	120-1000	20-50	50-100	100-350
France	20-50	50-110	110-4800	20-50	50-100	100-5000
Chile	15-40	40-100	100-300	16-48	48-100	100-400
Italy	17-45	45-130	130-500	16-40	40-80	80-700
South Africa	30-50	50-110	110-125	20-40	40-100	100-130
New Zealand	*	50-125	125-250	*	60-110	110-125
Australia	10-50	50-110	110-600	25-50	50-100	100-1500
Spain	5-40	40-100	100-1000	5-40	40-100	100-200
Argentina	20-45	45-112	*	19-40	*	*
Greece	9-45	*	*	10-40	*	*
Israel	15-45	50-85	*	22-45	*	*
Portugal	30-45	45-110	110-300	*	40-100	100-210
Germany	10-20	*	*	10-30	30-100	100-760
Hungary	10-20	*	*	13-30	30-75	75-120
Champaign	NA	NA	NA	*	120-200	200-733
Sparkling Wine	NA	NA	NA	5-40	40-60	*

(1 USD = 3.21 PLN, June 15, 2006)
* Data Unavailable Source: FAS Warsaw Field Research Data

Currently, U.S. exporters are visible in Poland, with about 10 California wineries exporting to Poland, with a market share of 2.01 percent.

All wine products entering Poland are charged an excise tax. Prior to importing bottled wine, Polish importers must provide the U.S. firm with excise bands. These excise bands need to be applied to all bottles prior to arriving in Poland and constitute partial payment of the excise tax. The value-added tax (VAT) for wine products in Poland is 22 percent.

Poland's EU accession in May 2004 significantly reduced import duties for non-EU suppliers. Now that Poland has adopted EU external duty rates, U.S. exporters face lower duties, which should stimulate higher exports of wine from the United States. However, Poland's membership in the EU-25 has given European wine an increased comparative advantage in the Polish market due to the internal duty free market. European suppliers are also no longer subject to third country import paperwork required for entry from non-EU supplying countries.

For a detailed list of wine custom tariffs for wine products, please refer to: http://ec.europa.eu/taxation_customs/dds/cgi-bin/tarchap?Lang=EN

IV. Key Contacts and Further Information

For additional information concerning market entry and a current importer list, U.S. exporters of wine can contact:

Embassy of the United States of America
Office of Agricultural Affairs, Warsaw, Poland
e-mail: agwarsaw@usda.gov or agwarsaw@poczta.onet.pl
tel: 48 22 504 2336
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AGX Division Marketing: Donald Washington, e-mail: Donald.Washington@fas.usda.gov
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Additional information on the Polish market (eg. Retail Sector) can be found on the Internet at www.fas.usda.gov at Attache Reports link.