

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Poland

Post: Warsaw

Food Processing Ingredients

Report Categories:

Food Processing Ingredients

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Report Highlights:

Poland's food processing industry is the largest in Central and Eastern Europe and the seventh largest in the European Union (EU). Food processing accounted for seven percent of Poland's \$526 billion gross domestic product (GDP) in 2018. The most important segments in value terms were meat, dairy, beverage, confectionary, baking, and horticultural processing. Poland's total 2018 imports of food and agricultural products were about \$24 billion, with U.S. imports accounting for \$458 million. U.S. ingredients with strong sales potential include fish and seafood, tree nuts, dried fruit, highly processed, and functional ingredients.

Market Fact Sheet: Poland

Executive Summary

Poland is Central and Eastern Europe's largest market for food and beverages. With its population of nearly 40 million people, it constitutes an attractive market for U.S. food and agricultural products. Poland's 2018 GDP increased by 5.1 percent, driven largely by increased domestic demand. In 2018, Poland imported upwards of \$24 billion in food, agricultural, and fish and seafood products. U.S. imports of these products were \$458 million. U.S. products with strong sales potential in Poland include fish and seafood, wine, tree nuts, dried fruit, highly processed, and functional ingredients.

Imports of Consumer-Oriented Products

Total 2018 Polish imports of consumer-oriented food products were \$12 billion, with U.S. imports at \$152 million. Polish consumers increasingly value more diverse food products. Rising imports cater to evolving consumer demand and compensate for Poland's seasonal production.

Food Processing Industry

Poland is the largest food processor in Eastern Europe and the seventh in the European Union. In 2018, food processing accounted for seven percent of Poland's \$526 billion GDP. The most important sectors in value terms were meat, dairy, beverage, confectionary baking industries and processed fruit and vegetables. Since the early 1990s, many international interests such as Danone, Heinz, Unilever, Mondelez and Nestle have been expanding their operations into the Polish market.

Food Retail Industry

The food retail industry has transformed rapidly and has become one of the Polish economy's most dynamic areas. The retail sector is diverse and ranges from small family-operated stores, to medium-sized supermarkets, to large hypermarkets and distribution centers. Most hypermarkets are foreign owned, while most traditional, small-scale stores are predominantly Polish.

Quick Facts CY 2018

Imports of Consumer-Oriented Products \$12.7 billion (U.S. imports \$152 million)

List of Top 10 Growth Products in Poland

- | | |
|-------------------|-------------------|
| 1) Wine | 2) Whiskies |
| 3) Alaska pollock | 4) Sockeye salmon |
| 5) Pet food | 6) Cranberries |
| 7) Almonds | 8) Pistachios |
| 9) Pacific salmon | 10) Prunes |

Top 10 Polish Retailers

- | | |
|---------------------|----------------|
| 1) Jeronimo Martins | 2) Swarz Group |
| 3) Eurocash | 4) Auchan |
| 5) Tesco | 6) GF Specjal |
| 7) Carrefour | 8) Metro Group |
| 9) Rossmann | 10) Zabka |

GDP/Population

Population (*million*): 38.4

GDP (*billion USD*): 526.47*

GDP per capita (*USD*): 29,122*

*2017 data – latest available data

Strengths/Weaknesses/Opportunities/Challenges

<i>Strengths</i>	<i>Weaknesses</i>
Central Europe's most populous country with domestic consumer market of nearly 40 million people.	U.S. products face high transportation cost as compared to many European competitors.
<i>Opportunities</i>	<i>Threats</i>
Market niches exist in food ingredient categories – dried fruit, nuts, and functional foods.	Foreign investments in Polish food processing industry result in local production of high quality products.

Data and Information Sources:

Polish Statistical Office, World Bank, Global Trade Atlas, Economists Intelligence Unit

Contact: FAS Warsaw, Poland

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General:

I. Market Summary

Poland and its nearly 40 million consumers represent an increasingly viable market for U.S. food and agricultural products. In 2018, total food and agricultural imports were valued at \$24 billion, with U.S. imports accounting for \$458 million. 2018 real GDP growth reached 5.1 percent, driven largely by increasing domestic demand. 2019 real GDP growth is expected to decline to 3.8 percent due to weaker external demand.

Table 1: Basic Economic Indicators

	2018 ^a	2019 ^b	2020 ^b	2021 ^b	2022 ^b	2023 ^b
Real GDP growth	5.1	3.8	3.3	3.5	3.2	3.0
Consumer price inflation	1.7	1.7	1.8	2.1	2.2	2.1
Unemployment rate (av)	6.1	5.7	5.6	5.5	5.3	5.1
Exports of good fob (U.S. \$)	224.4	243.8	258.5	278.4	299.7	322.0
Imports of goods fob (U.S. \$)	223.8	245.9	265.8	287.0	311.2	332.8
Exchange rate Zl:U.S. \$ (av)	3.77	3.62	3.63	3.55	3.50	3.35

Source: Economist Intelligence Unit ^a actual and ^b forecasts.

During 2011-2016, household incomes increased by 10 percent. In addition to economic growth and higher wages, the Government of Poland (GOP) established new social safety net initiatives, such as the Family 500+ Program, which raises family incomes and injects billions of zlotys (PLN) into the Polish economy. In 2017, the GOP increased the monthly minimum wage to PLN 2,000 (\$588), which also contributed to rising consumer spending.

Polish consumers tend to view the United States positively and U.S. products are considered to be high quality. U.S. products are often shipped to third-country EU ports of entry and are re-exported to Poland without tariffs or additional regulatory requirements, besides language labeling. For additional country profile information please refer to FAS Warsaw's 2018 [Exporter Guide](#).

Poland's food processing industry is the largest in Central and Eastern Europe and seventh largest in the EU. In 2018, the food processing accounted for seven percent of Poland's \$526 billion GDP. The most important segments in value terms were meat, dairy, beverages, confectionary, baking, and processed fruit and vegetables.

Since the early 1990s, multinationals like Coca-Cola, PepsiCo, Mars, Heinz, Danone, Unilever, Mondelez, and Nestle have invested in Poland. Multinationals now account for over 70 percent of confectionery production and over 50 percent of sugar processing. Multinationals own the largest beer breweries, meat processing plants, bottling plants, and horticultural processing plants. These stakeholders produce a broad range of high-quality products and compete directly with locally-available U.S. exports.

Chart 1: Leading Food Processors in Poland



Source: Polish Investment and Trade Agency

Table 2: Advantages and Challenges for U.S. Products in the Poland

Advantages	Challenges
Central Europe’s most populous country with a consumer market of nearly 40 million people.	U.S. products face high transportation costs compared to EU-based competitors.
Strategic location offers regional marketing opportunities and re-export potential to neighboring EU countries and beyond.	The EU’s complicated system of product registration can delay or even prevent products from entering Poland.
Transshipment from other EU markets are common due to Poland’s EU membership.	Many U.S. products face a competitive disadvantage versus duty-free EU-28 products.
Polish food processors associate U.S. ingredients with good quality.	Price remains the primary factor in product selection for at least half of Polish consumers.
Market niches exist for U.S.-origin fish and seafood, tree nuts, dried fruit, highly processed,	Significant foreign investment results in high quality and locally produced food products that

and functional ingredients.

compete with imported products.

II. Road Map for Market Entry

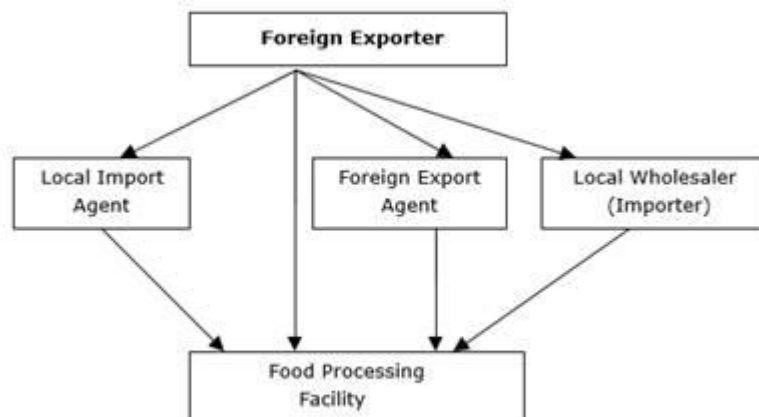
Entry Strategy

The Polish ingredients market remains price sensitive, which may present challenges to some U.S. ingredient exporters. Imported food processing ingredients are typically used when lower-cost domestic products are unavailable. Although some food processors purchase imported ingredients directly from Polish importers, most buy from local wholesalers or suppliers. The largest food processors have internal procurement operations and can import directly. Exporters must understand current laws, cultural norms, and tax/customs regulations.

U.S. companies seeking to export ingredient products to Poland are advised to conduct research in order to gain understanding of the market. Attending one of Europe's [USDA endorsed trade shows](#) and/or other trade shows in Europe, such as the [Health Ingredients](#) show and the [Food Ingredients](#) show, can be a good way of entering the market, as most leading Polish importers visit these shows.

[Attaché Reports](#) are good source for country specific information. Information regarding regulations pertaining to exporting U.S. products to the EU is also available at the USDA's EU [website](#).

Chart 2: Product Entry



The Polish food industry consists of about 30,000 enterprises, although most (over 25,000) are small firms that employ fewer than nine workers.

Sector Trends

The food processing industry's development over the next 5-10 years will be driven by:

- Increased demands of domestic as well as foreign food markets
- Increased demand for processed fruit, vegetables, milk, fish, and meat
- Increased demand for convenience products (highly processed, ready to eat),
- Increased demand for semi-processed food products for home meal preparation
- Increased demand for organic foods, produced without using chemicals.
- Reduction of smaller, local processors, giving way to large plants.

Consumer demand for health-oriented products, the influence of global trends, and increased incomes are significant drivers of Poland's food processing industry. Growth opportunities for imported inputs will continue in segments of the food processing industry where Poland has a competitive advantage (e.g. ready to eat meals, cheese and yogurt, and frozen fruit and vegetables).

Key Polish Food Processing Associations:

- [Polish Federation of Food Producers](#)
- [Association of Milk Producers](#)
- [Union of Producers of Meat Industry](#)
- [Association Polish Meat "POLSKIE MIĘSO"](#)
- [The Polish Association of Fish Processors](#)

Leading food processing companies in Poland include:

[ARYZTA POLSKA Sp. z o.o.](#)
[COCA COLA HBC Sp. z o.o.](#)
[COCA COLA POLAND SERVICES Sp. z o.o.](#)
[CARGILL POLAND Sp. z o.o.](#)
[DANONE POLSKA Sp. z o.o.](#)
[DEVELEY](#)
[FARM FRITES POLAND S.A.](#)
[FERRERO POLSKA Sp. z o.o.](#)
[FRITO LAY POLAND Sp. z o.o.](#)
[GRUPA MASPEX Sp. z o.o.. S.K.A.](#)
[JACOBS DOUWE EGBERTS PL Sp. z o.o.](#)
[MONDELEZ POLSKA S.A.](#)
[NESTLE POLSKA S. A.](#)
[NUTRICIA POLSKA Sp. z o.o.](#)
[ORANGINA SCHWEPPE POLSKA](#)
[PEPSI-COLA GENERAL BOTTLERS POLAND Sp. z o.o.](#)
[SÜDZUCKER POLSKA S.A.](#)
[UNILEVER POLSKA S.A.](#)
[WRIGLEY POLAND Sp. z o.o.](#)
[Z.T. BIELMAR Sp. z o.o.](#)
[Z.T. KRUSZWICA S.A.](#)
[ŻYWIEC ZDRÓJ S.A.](#)

III. Competition

The Polish food processing industry is increasingly interested in sourcing tree nuts, fish and seafood, dried fruit, flavors and aromas, sweeteners, food additives, colors, and enzymes. In 2018, Polish consumer-oriented imports totaled about \$12 billion, with \$152 million shipped from the U.S. Increasing U.S. market share is largely attributed to higher disposable incomes. Domestic food producers are consistently evolving, innovating, and producing high-quality products. It should also be noted that many Poles prefer Polish products over imports.

Polish fish and seafood imports continue to grow and exceeded \$2 billion in 2018, with \$78 million (3.2 percent market share) originating from the United States. Poland is now the world's leading salmon processor.

Table 3: Polish CY2018 Food, Agricultural and Fish Imports (\$ billion)

Agricultural Total, total imports	24
Agricultural Total, imports from U.S.	0.4 (1.8%)
Intermediate Agricultural Products, total imports	4.5
Intermediate Agricultural Products, imports from U.S.	0.08 (2.3%)
Consumer-Oriented Agricultural Products, total imports	12
Consumer-Oriented Agricultural Products, imports from U.S.	0.1 (1.2%)
Fish and Seafood Products, total imports	2
Fish and Seafood Products, imports from U.S.	0.7 (3.2%)

Source: Global Trade Atlas

Table 4: Sample Polish CY2018 food, agricultural and fish imports

Product category Total Poland's Imports	Main suppliers in percentage	Strengths of Key supply countries	Advantages and Disadvantages of Local Suppliers/Market situation
Tree Nuts (HS 0801 +0802 +200819) \$327 million	1. Turkey – 20% 2. Germany – 16% 3. Italy - 11% 4. U.S. – 10%	Turkey leads in supply of hazelnuts. Germany is a large re-exporter of nuts. U.S. almonds and pistachios are dominate.	Domestic production is minimal. Poland produces limited quantities of walnuts and hazelnuts.
Fish & Seafood (HS 03 + HS 16) \$2 billion	1. Norway – 46% 2. Sweden – 11% 3. Germany - 5% 8. U.S. – 3.2%	Norway's proximity as well as intensive promotional campaigns create competition for other suppliers. U.S position as a supplier of Alaska pollock and sockeye salmon is strong and growing.	Poland is world's number one salmon processor.
Enzymes (HS 350790) \$95 million	1. Denmark – 33% 2. Finland – 19% 3. France – 10.3% 7. U.S. – 3.7%	Denmark's proximity as well as intensive outreach to Polish food processors create strong competition for other suppliers.	Dynamic development of Polish food processing industry will stimulate increased demand for this category.
Odoriferous substances	1. Germany – 23%	Germany's proximity and intensive marketing create	Dynamic development of Polish food processing will drive

(HS 3302) \$544 million	2. Ireland - 20% 3. U.S. – 15.32%	strong competition.	demand.
Peanuts (HS 1202) \$91 million	1. Argentina – 68% 2. Brazil – 19.46% 3. U.S. – 4.3%	Argentina and Brazil are Poland’s traditional suppliers; U.S. product is gaining in popularity when price competitive.	No local availability. Product in high demand from Poland’s food processing sector.
Dried Prunes (HS 081320) \$24 million	1. Chile – 72.28% 2. U.S. – 17.45% 3. Moldova - 2%	Chilean product has tariff advantage based on EU-Chile FTA. U.S. product is gaining popularity among Polish importers.	Limited local production. Product, mostly smoked, used for home cooking as a compote ingredient.
Raisins (HS 080620) \$23 million	1. Turkey – 39% 2. Chile - 14% 3. Iran – 10% 13. U.S. – 1.4%	1-3 Price advantage	No local availability. Polish snacking sector is developing dynamically.
Peptones & Derivatives (HS 350400) \$33 million	1. Belgium – 24% 2. Denmark – 14% 3. China – 12.4% 5. U.S. – 7.75%	1-2 Proximity and availability advantage. 3 Price advantage	Products mostly imported; in high demand by growing supplement production sector.

Source: *Global Trade Atlas*

IV. Best Product Prospects

Products in the market that have good sales potential

- Fish and Seafood: salmon, cod, pollock, lobster and other miscellaneous fish products
- Nuts: almonds, peanuts, pecans, pistachios, walnuts
- Wine and distilled spirits
- Highly processed ingredients: protein concentrates dextrin, peptones, enzymes, lecithin
- Dried & processed fruit: cranberries, prunes
- Fruit juice concentrates: cranberry, prune
- Organic products

Products not present in significant quantities, but which have good sales potential

- High quality spices and mixes (Tex-Mex)
- Hormone-free beef
- Ingredients for the natural and healthy foods industry
- Vegetable fats for bakery industry

Products not present because they face significant boundaries

- Food additives not approved by the European Commission

V. Key Contacts and Further Information

For additional information regarding the Polish market please contact:

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