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Fresh Deciduous Fruit Annual 2017

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Fresh Deciduous Fruit

Agricultural Situation

Policy and Program Announcements

Approved By:

Jonn Slette, Agricultural Attaché

Prepared By:

Mira Kobuszyńska, Agricultural Specialist

Report Highlights:

In marketing year (MY) 2017/18, Poland's total apple crop is estimated at 2.8 million metric tons (MMT), a 20-percent decrease from last year. Spring frost diminished both volumes of apples harvested and apple quality. The loss of the Russian market in 2014, incentivized Polish apple growers to diversify varieties in their orchards. Polish growers continue to look for new export destinations and see the Canadian and U.S. markets as good opportunities. Apple concentrate, juice, and jam production will decline.

Area Planted and Production

FAS Warsaw estimates Poland's apple production in MY 2017/18 to reach 2.8 MMT, a 20-percent decline from MY 2016/17. According to official data published by the Government of Poland's (GOP) Main Statistical Office, apple production in MY 2017/18 reached between 2.3 and 2.6 MMT, and was 3.6 MMT in MY 2016/17. Polish industry estimates are higher, at 3.0 MMT in MY 2017/18, and 4.05 MMT in MY 2016/17. This public/private data inconsistency vis-à-vis apple production has existed for several years. Wild apple production data for processing remains the most opaque. Poland is a leading apple producer in the European Union (EU) and accounts for almost 30 percent of total EU production.

Apple area decreased in MY 2017/18, mostly due to tree maturation, with some older orchards taken out of production. However, some Polish apple growers converted orchard area into other, more profitable types of production after a long period of low apple prices.

Poland's MY 2017/18 winter was mild and left orchards in good condition. Spring weather conditions during flowering and fruit setting were good, but a sudden mid-April frost damaged flowers and buds on many trees throughout Poland. Frost damage negatively affected MY 2017/18 production for all major varieties, although losses were more acute depending on the location, age, and type of tree. Some regions experienced total losses. Growers of the Idared variety suffered the most severe losses in MY 2017/18, with Champion, Gala, and Gloster varieties faring better. Frost damage also severely affected the overall quality of Polish apples this year. Some apple producers abandoned using pesticides for financial reasons, which could further negatively affect the following MY 2018/19 crop. In addition to the April frost, some fruit was additionally damaged by hail.

Although weather damage will result in a lower percentage of dessert fruit this year, dessert-varietal development on commercial orchards remains ongoing. In 2016 and 2017 many newer dessert-varietal orchards began to fruit. The most popular dessert varieties include Idared, Golden, Gala, and Champion. Local varieties like Antonowka, can be used for both fresh sales and for industrial processing. The 2015 Russian import ban incentivized Polish apple grower to diversify varieties. According to industry sources, new plantings are dominated by Red Delicious, Gala, and Prince. The Polish Association of Dwarf Orchards provided guidance for those growers looking to reorganize production and adjust to new market conditions. After analyzing soil and climate conditions, as well as international demand, it recommended planting Royal Gala, Gala "Schniga", Golden Delicious Reinders, Red Jonaprince, Red Jonaprince Select, Jonagored, Red Delicious, Red Chief, and Red Cap. Despite changes in the varietal structure, Champion and Idared will continue to be the most-cultivated Polish apples. Organizational changes among producer groups are also expected. Production initiatives, and increased sales and marketing activities are also ongoing.

Production

Marketing Year (MY): July/June

Apples Fresh, Poland	MY 2015/16	MY 2016/17	MY 2017/18*	
Area planted	180,400	177,200	174,000	HA
Production total	3,146,000	3,604,000	2,800,000	MT

Source: The Main Statistical Office Poland

* FAS/Warsaw estimation

Area Harvested and Apple Crops by Variety in Poland

	2013				2016			
	Area (000) HA	Total =100	Crops (000) MT	Total =100	Area (000) HA	Total =100	Crops (000) MT	Total =100
TOTAL	193.4	100.0	3,100.0	100.0	177.2	100.0	3604.3	100.0
Idared	36.9	19.1	600.3	19.4	32.1	18.1	682.4	18.9
Champion	21.7	11.2	364.7	11.8	18.2	10.3	393.0	10.9
Jonagold	18.8	9.7	303.7	9.8	16.9	9.5	344.8	9.6
Ligol	13.6	7.0	244.0	7.9	14.3	8.1	310.8	8.6
Gloster	10.5	5.4	181.9	5.9	9.7	5.5	219.3	6.1
Cortland	9.6	5.0	145.4	4.7	8.4	4.7	149.9	4.2
Gala	6.9	3.6	117.7	3.8	7.7	4.3	165.9	4.6
Golden Delicious	7.9	4.1	139.2	4.5	7.6	4.3	161.0	4.5
Lobo	8.3	4.3	122.4	3.9	6.8	3.8	135.3	3.8
Elstar	4.1	2.1	62.2	2.0	5.6	3.1	115.0	3.2
Antonowka	4.4	2.3	61.0	2.0	4.6	2.6	80.0	2.2
Jonatan	4.7	2.4	61.3	2.0	3.5	2.0	68.0	1.9
Spartan	4.1	2.1	62.1	2.0	3.5	2.0	73.2	2.0
Red Delicious	3.3	1.7	41.7	1.3	3.5	1.9	63.5	1.8
Others	38.6	20	592.4	19	34.8	19.8	642.2	17.7

Source: The Main Statistical Office Poland

Processing and Consumption

Domestic consumption of dessert apples has diminished by 24 percent over the last ten years, while fresh apple production tripled. In 2016 annual per capita fresh apple consumption amounted to 13 kilograms.

Fresh apples distribution

Marketing Year (MY): July/June

Apples Fresh, Poland	MY 2015/16	MY 2016/17	MY 2017/18*	
For fresh domestic consumption	650,000	700,000	600,000	MT
For processing	1,397,780	1,751,400	1,416,900	MT

Source: FAS Warsaw estimation

FAS Warsaw estimates that Polish processors will use 1.4 MMT of fresh domestically grown apples in MY 2017/18, a decline from 1.8 MMT in MY 2016/17. Almost 50 percent of domestic apples are

processed, mostly into concentrated apple juice. Except for apple juice concentrate, Polish processing capacity remains relatively low. Polish stakeholders are working to develop the apple value chain and will look to expand processing capacity.

Poland is the EU's largest producer and exporter of apple juice and apple juice concentrate (CAJ). In MY 2016/17, production reached 300,000 MT. Post forecasts that in MY 2017/18, the smaller crop will lead to a 27-percent decrease in CAJ production from the previous year. MY 2017/18 CAJ production will depend on the quality of apples which will appear on the market in the second half of the MY 2017/18. If the current information about developing fruit diseases in fruit storages is confirmed, the fall in production of apple concentrate may be lower than expected in December 2017. Industry sources report concerns that a large portion of the crop may not meet consumer standards for dessert fruits.

Production of apple juice*

Marketing Year (MY): July/June

	MY 2015/16	MY 2016/17	MY 2017/18*	
Apple Juice	305,000	300,000	220,000	MT

Source: FAS Warsaw estimation, based on the Polish Main Statistical Office data, and Institute of Agricultural Food Economic estimation.

**Including imported CAJ, mixed with apple juice produced from locally grown apples*

Trade

Post expects MY 2017/18 fresh apple exports to decline from the previous year, due to lower production and fruit quality. Post forecasts MY 2017/18 apple exports to reach 800,000 MT, about 300,000 MT less than MY 2016/17. During first quarter of MY 2017/18, exports from Poland were 40 percent lower than the corresponding period year, mostly attributed to lower exports to Belarus and Egypt. Prior to 2014, Russia accounted for about 50 percent of Polish total apple exports and was the main non-EU market. Following the Russian import restrictions, Belarus, Ukraine, and Kazakhstan grew in importance. MY 2016/17 export growth to these three countries grew by 24 percent. MY 2016/17 apple exports to the EU Member States declined by 10 percent, in favor of non-EU countries.

The 2014 Russian import ban motivated the Polish apple industry to diversify targeted markets. The GOP has since achieved market access in Singapore, Thailand, Algeria, Egypt, Morocco, Libya, Saudi Arabia, Kuwait, and Vietnam. However, data show that these markets remain small and inadequate vis-à-vis Russia. Polish apple shippers struggle with quality issues upon arrival to these markets, as most Polish varieties are easily damaged during long-distance transport.

China is also formally open to Polish apples. In 2013, regular rail freight between Chengdu and Lodz was established, and apple shipments to China are now regularly sent via this route. Polish exporters also hope to export soon to Canada and the United States.

MY 2016/17 imports diminished significantly from last year due to oversupply in the apple domestic market. Post expects that dessert-apple variety import will increase in MY 2017/18, especially at the end of the year. Lower quality in MY 2017/18 will reduce storage.

Poland's Major Export Destinations - Apples Fresh, MT (year ending June) – HS 080810

	MY	MY	MY	MY 2016/17
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	2014/15	2015/16	2016/17	Exports as Percent Share of Total Trade
World	1,002,903	984,635	1,093,396	100
EU-28	503,396	380,670	341,876	31.3
Non EU-28	499,507	603,965	751,520	68.7
Belarus	290,036	422,900	504,215	46.1
Kazakhstan	61,161	54,868	78,337	7.2
Romania	50,717	63,901	63,604	5.8
Germany	115,800	58,002	52,576	4.8
Serbia	20,238	37,546	45,883	4.2
Ukraine	62,794	24,644	41,643	3.8
Czech Republic	59,749	38,622	37,263	3.4
Lithuania	71,813	44,831	30,238	2.8
Egypt	10,286	25,622	22,224	2.0
Latvia	65,468	45,865	19,785	1.8
Netherlands	10,365	10,470	15,279	1.4
Others	184,476	157,364	182,349	16.7

Source: Global Trade Atlas

Poland's Major Import Sources - Apples Fresh, MT (year ending June) – HS 080810

	MY 2014/15	MY 2015/16	MY 2016/17	MY 2016/17 Imports as Percent Share of Total Trade
World	25,594	20,419	10,800	100.0
EU-28	24,143	19,836	9,888	91.6
Non EU-28	1,451	583	912	8.4
Italy	7,339	6,036	3,932	36.4
Netherlands	6,189	4,506	2,186	20.2
Portugal	1,298	1,380	1,722	15.9
Germany	3,644	2,465	1,377	12.8
Others	7,124	6,032	1,583	14.7

Source: Global Trade Atlas

Post forecasts decreasing export opportunities for Polish apple processors in MY 2017/18. Higher input costs will increase apple juice prices and strong competition from China will intensify on the international market. Post forecasts that in MY 2017/18 CAJ exports will reach 224,000 MT, a 20-percent decline from last year. In MY 2016/17 Poland exported 279,000 MT of CAJ. The main export destinations were Germany and other EU Member States. The main non-EU export markets are the United States and Russia. Post forecasts that in MY 2017/18 export of CAJ to the United States and Russia will decline due to strong price competition from China. In MY 2016/17 Poland exported 12,000 MT of CAJ to the U.S., and the same amount of 12,000 MT was exported to Russia.

In recent years, Poland imported small amounts of CAJ from other countries, mostly from Ukraine and Moldova to mix with local CAJ. In MY 2016/17, Poland imported 54,000 MT of CAJ. According to industry sources, imported Chinese CAJ can compensate for domestic supply shortages in MY 2017/18.

Poland's Major Export Destinations - Apple Juice, (year ending June) – HS 200979

Partner Country	(000)MT			% Share			% Change 2017/2016
	MY 2014/15	MY 2015/16	MY 2016/17	MY 2014/15	MY 2015/16	MY 2016/17	
World	312	270	279	100.00	100.00	100.00	3.37
Germany	145	147	117	46.32	54.23	41.90	- 20.13
Netherlands	26	23	26	8.22	8.42	9.44	15.88
United Kingdom	26	27	26	8.40	10.04	9.30	- 4.22
Austria	15	18	24	4.78	6.77	8.65	32.21
United States	31	3	12	10.06	1.29	4.47	258.32
Russia	21	9	12	6.77	3.49	4.29	27.05
France	6	8	10	1.78	3.01	3.64	25.12
Denmark	5	5	7	1.72	1.76	2.46	44.17
Sweden	5	6	5	1.48	2.05	1.90	- 4.24
Spain	3	4	5	0.92	1.37	1.78	34.13
Slovakia	0	1	4	0.05	0.22	1.59	652.98
Ireland	4	4	4	1.13	1.34	1.55	19.36
Norway	3	4	4	0.91	1.49	1.49	3.63
Japan	0	1	3	0.00	0.35	1.03	199.55
Mexico	0	0	3	0.00	0.00	0.94	0.00

Source: Global Trade Atlas

Poland's Major Import Destinations - Apple Juice, (year ending June) – HS 200979

Partner Country	Thousands Quantity			% Share			% Change 2017/2016
	2015	2016	2017	2015	2016	2017	
World	79	52	54	100.00	100.00	100.00	4.00
Ukraine	60	29	24	75.87	56.00	43.39	- 19.42
Moldova	7	11	21	9.34	20.44	37.97	93.22
Hungary	7	5	3	9.16	9.21	5.37	- 39.42

Source: Global Trade Atlas

PEARS

Area Planted and Production

Post estimates Poland's MY 2017/18 pear crop at 50,000 MT, a 38-percent decline from MY 2016/17.

According to industry data, MY 2016/17 pear production achieved 55,000 MT, and is estimated at 40,000 MT in MY 2017/18. According to the GOP's Main Statistical Office, MY 2016/17 pear production was 81,500 MT, and is forecast to achieve 60,000 MT in MY 2017/18.

Orchards conditions were favorable following last year's mild winter and flowering was good. However, the aforementioned mid-April frost damaged flowers and buds and severely affected the overall MY 2017/18 pear crop. Spring and summer hail damage also negatively affected orchard and some fruit quality was lower due to excessive summer rainfall.

Area planted diminished as many orchards undergoing modernization. Pear-production losses due to lower acreage are offset by increasing production intensification. Post expects that some apple producers will convert acres from apple to pear trees, largely due to ongoing market issues stemming from the Russian import ban. Conference is the most popular pear variety in Poland and accounts for over 60 percent of total production. Other popular varieties are Lukas and Local Favorite. MY 2017/18 domestic consumption is forecasted lower from the previous year due to higher consumer prices.

Production

Marketing Year (MY): July/June

Pears Fresh, Poland	MY 2015/16	MY 2016/17	MY 2017/18*	
Area harvested	9,200	7,800	7,500	HA
Production total	65,800	81,500	50,000	MT

Source: The Main Statistical Office Poland

* FAS/Warsaw estimation

Processing and Consumption

For MY 2017/18 domestic consumption of pears in Poland is forecasted to diminish due to higher consumer prices than last year. Lower availability of pears after bad harvest in MY 2017/18 diminished also resources for processing industry.

Fresh pears distribution

Marketing Year (MY): July/June

Pears Fresh, Poland	MY 2015/16	MY 2016/17	MY 2017/18*	
Fresh domestic consumption	30,000	30,000	28,000	MT
For processing	43,209	37,260	25,000	MT

Source: Warsaw FAS estimation

Trade

MY 2017/18 pear exports are forecast to decrease by 22 percent to 40,000 MT, due to the lower harvest. Prior to 2014, Russia accounted for 60 percent of Poland's total pears exports was the main export destination. Following the Russian import ban, Polish exporters increased sales to Belarus, Kazakhstan, Lithuania, and Latvia. MY 2016/17 pear exports to these countries increased by 70 percent in over MY 2015/16, from 26,116 MT to 44,365 MT.

MY 2017/18 pear imports are forecast to increase by 14 percent, also reaching 40,000 MT. In MY 2016/17 most pear imports were sourced from the Netherlands (22,075 MT) and Belgium (5,224 MT), cumulatively accounting for 73 percent of Poland's total pears imports.

Poland's Major Export Destinations - Pears Fresh, MT (year ending June) – HS 080830

	MY 2014/15	MY 2015/16	MY 2016/17	MY 2016/17
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				Exports as Percent Share of Total Trade
World	32,945	39,192	51,919	100.0
EU-28	9,429	14,820	8,097	15,6
Non EU-28	23,516	24,372	43,822	84,4
Belarus	19,258	20,747	38,439	74,0
Lithuania	2,273	2,480	2,523	4,9
Kazakhstan	2,084	1,815	1,928	3,7
Serbia	61	336	1,629	3,1
Ukraine	1,647	1,074	1,475	2,8
Latvia	2,131	4,182	1,207	2,3
Others	5,491	8,558	4,718	9.1

Source: Global Trade Atlas

Poland's Major Import Sources - Pears Fresh, MT (year ending June) – HS 080830

	MY 2014/15	MY 2015/16	MY 2016/17	MY 2016/17 Exports as Percent Share of Total Trade
World	48,639	46,601	37,679	100.0
EU-28	48,506	46,577	37,639	99,9
Non EU-28	133	24	40	0,1
Netherlands	29,611	28,246	22,075	58,6
Belgium	6,729	7,788	5,224	13,9
Portugal	4,263	3,047	3,564	9,5
Spain	4,301	4,008	2,771	7,4
Germany	1,207	815	1,694	4,5
Italy	1,885	2,117	2,089	5,5
France	457	527	180	0,5
Others	186	53	82	0,2

Source: Global Trade Atlas

Policy

Polish apple growers do not receive direct subsidy payments, although the Ministry of Agriculture (MinAg) supports fruit and vegetable producer-marketing organizations. In May 2017, Poland had 269 registered fruit and vegetable producer groups, with over 7,000 members representing about 30 percent of Polish horticultural sales. In 2017, these organizations initiated 22 horticultural marketing programs, valued at PLN 23.30 million (\$6.41 million). 60 percent of these programs were funded under EU programmatic funds. Poland also used special EU support measures to compensate farmers against losses derived from the Russian embargo.

School Fruit Program

Beginning in schoolyear 2017/18, the EU's Program for Schools replaced the School Fruit Scheme. The Program aims to promote healthful eating among school children and supports dairy, fruits, and

vegetables consumption among students. Poland will receive €26 million (\$30.8) from the EU's 2017/18 total budget of €250 million (\$295.7 million). The Polish fruit and vegetable consumption component will account for roughly €15 million (\$17.7 million).

June 2017 marked the eighth and final year of the EU School Fruit Scheme in Poland. In the school year 2016/17 Poland was the third-largest recipient of EU funds for the School Fruit Scheme, after Germany and Italy. The program was co-financed by the EU (75 percent) and by the GOP budget (25 percent). In schoolyear 2016/17, Poland received €17.4 million (\$20.6 million) from the EU and contributed an additional €2.4 million (\$2.8 million) from the GOP budget. The GOP administered the School Fruit Scheme via the MinAg's Agricultural Market Agency.

http://ec.europa.eu/agriculture/fruit-and-vegetables/school-fruit-scheme/index_en.htm