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## Poland

**Post:** Warsaw

### **Livestock Production under Pressure from ASF and Low Feed Stocks**

**Report Categories:**

Livestock and Products

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**Report Highlights:**

Post estimates that swine inventories will decrease by one percent in 2018 due to low farm-gate prices and growing feed costs stemming from the 2018 drought. Swine inventories will continue to decline in 2019, because of reduced feed supplies during the first half of the year. Swine production remains under pressure from African swine fever (ASF), which continues to spread in Poland's eastern and central regions. Through October 31, 2018, 2,961 cases of ASF were reported in wild boars and 213 cases among domestic pigs. Pork production in 2018 will increase by four percent as a result of higher slaughter. 2018 piglet imports from Denmark, Germany, and the Netherlands will continue to grow because of insufficient domestic production. Cattle inventories will increase in 2018 by about one percent, driven mainly by an increase in Poland's dairy herd. Beef production will increase by three percent in 2018 because of higher cattle inventories and expanding beef slaughter.

**Executive Summary:**

Post estimates that 2018 swine inventories will decrease by one percent due to low farm-gate prices and growing feed costs. Swine inventories will continue to decline in 2019 because of low feed stocks resulting from the 2018 drought. 2018 pork production should increase by four percent due to higher slaughter. After an increase by 50 percent in 2017, gilt and sow imports from Denmark will slow in 2018 due to less interest by breeders. Piglet imports from Denmark, Germany, and the Netherlands are increasing and will augment insufficient domestic production. The number of ASF cases in eastern and central Poland is hampering swine production growth, particularly due to import bans on Polish pork imposed by some trading partners. Post estimates that cattle inventories will increase in 2018 and continue to grow in 2019, although at a slower pace given the drought-related feed shortages. Beef production is still expected to increase by three percent in 2018, as the total growing herd size will increase slaughter rates.

## **General Information:**

### **Swine**

#### Production

In January 2018, swine inventories were one percent higher over the previous year. Pig inventories grew throughout the first half of 2018. June 2018 inventories were four percent higher than June 2017 inventories. Post expects that decreasing farm-gate swine prices and growing feeds cost will reduce swine inventories in the second half of 2018, and first half of 2019. During the third quarter of 2018 (Jul-Sep), average farm-gate swine prices decreased by ten percent over the same period of 2017. Post estimates that farm-gate hog prices will decline during the last quarter of 2018 because of growing domestic pork stocks stemming from lower demand for pork in Europe. Lower demand-driven prices, as well as higher, drought-related feed costs, will reduce production through the first half of 2019.

#### Consumption

Post estimates that swine slaughter in 2018 will be four percent higher over 2017. The average slaughter weight in 2018 will also increase by an estimated five percent over 2017 because of hog procurement delays by farmers in the ASF-affected areas. Post forecasts that 2019 slaughter weights will be consistent with 2018. On-farm slaughter in 2018 will remain at seven percent of total slaughter, unchanged from 2017. Average farm-gate prices for hogs in September 2018 were PLN 4.69 (\$1.23) per kilogram, 11 percent below September 2017.

#### Trade

In 2017, Poland imported 6.8 million live pigs, seven percent more than in 2016. Denmark was the largest supplier of pigs to Poland (81 percent), followed by Germany and the Netherlands. In 2017, piglet imports were supplemented by imported breeding gilts and sows. In 2017, Poland imported 925,000 head of breeding stock, a 25-percent increase over the previous year. Over 90 percent of breeding stock was imported from Denmark. In the first seven months of 2018 imports of swine increased by 11 percent, however, imports of breeding animals dropped by 43 percent due to deteriorating profitability of swine production.

#### Policy

Growing ASF detections negatively affect swine production. As of late October 2018, 219 ASF cases

were reported in domestic swine and 2,961 cases in wild boars. Most cases occurred in four provinces located in eastern and central Poland. ASF has hurt the entire pork industry in Poland, as some trading partners, mostly in Asia, have banned Polish pork imports.

## **Pork**

### Production

Post estimates that pork output in 2018 will be 1.97 MMT, a four-percent increase from 2017. Pork production during the first half of 2018 was stimulated by import demand from EU countries and profitable level of farm-gate prices. Post estimates that the pace of increase will be reduced during the second half of 2018, because of growing feed costs. Pork production is forecast to decline in 2019 because of reduced swine inventories.

### Consumption

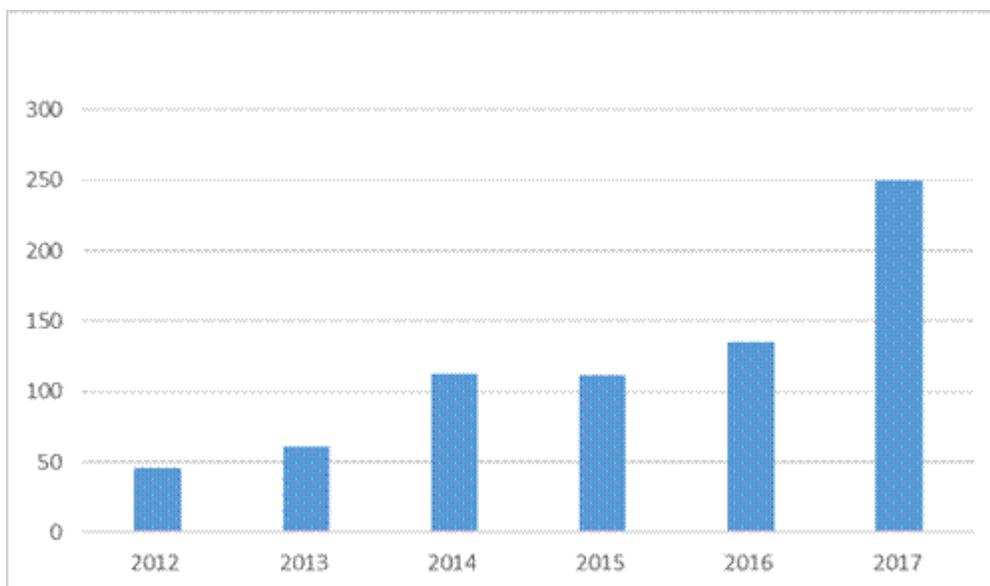
Post estimates per capita pork consumption in 2018 at 40 kilograms, a five-percent increase over 2017. Pork consumption in 2018 will grow because of higher domestic production. Pork and related products make up 53 percent of total meat consumption in Poland. Polish consumers tend to prefer pork over beef and poultry meat, which stimulates production and imports.

### Trade

In 2017, two-thirds of total pork imports (704,000 metric tons (MT) valued at \$1.7 million), came from Belgium, Germany, and Denmark. Overall 2017 exports were 615,000 MT, valued at \$1.6 million (a 36-percent increase over 2016), because of export growth to the United Kingdom and the United States. Post estimates that in 2018 Poland will remain a net pork importer, although pork exports and related product will also grow. Italy, Germany, Slovakia, and the Czech Republic are the major EU markets for Polish pork. Poland's most important non-EU market is the United States. Given the continued lack of clarity vis-à-vis Brexit, it is difficult to estimate pork export levels to the United Kingdom after March 2019. In the first seven months of 2018, Poland imported 420,000 MT of pork, a seven-percent increase over the corresponding period in 2017. Almost all imports came from within the EU. Also during the first seven months of 2018, pork exports remained flat, as reduced exports to some markets were offset by a ten-percent increase in shipments to the United States (44,649 MT). Polish pork exports outside of the EU are limited by ASF-related import bans imposed by several trading partners, most notably in Asia.

In 2017, pork exports (mainly pork bellies) to the United States were \$250 million (Graph 1), an 85-percent increase over 2016. During the first seven months of 2018, exports to the United States were three percent lower in comparison to the same period of 2017. In October 2018, the U.S. Department of Agriculture's Animal and Plant Health Inspection Service (APHIS) suspended entry of all imports of fresh and frozen pork from Poland while it completed a review of that country's export protocols. During a routine review of ongoing operation, USDA found that two Polish pork plants were shipping products from arbitrary "carve-out" areas within ASF-affected zones. After an expeditious review of export protocols, APHIS notified Poland that it would lift restrictions on all establishments located in the contiguous free zones. APHIS retained restrictions on raw product and heat treated, but not fully cooked, product from two establishments, pending a more thorough review.

### **Graph 1: Value of Pork and Pork Products Exports to the United States (\$ million)**



## **Cattle**

### Production

Polish cattle inventories in January 2018 were 6.0 million head, a one-percent increase over last year. The increase in the overall cattle herd is attributed to growth in dairy, as many farmers look at milk production as a stable and profitable. In January 2018, dairy cow inventories reached 2.15 million head, a one-percent increase over the previous year. Growing interest in beef cattle and higher farm-gate milk prices should further stimulate cattle inventories in 2019.

### Consumption

Post estimates that in 2018 cattle slaughter will increase by three percent compared to the last year's level. On-farm slaughter in 2018, which includes on-farm use and direct sale, will likely amount to 15 percent of total slaughter. Farm-gate price in September 2018 amounted to PLN6.48 (\$1.71), three percent up from the same month of 2017.

### Trade

Poland is a net importer of cattle. Polish farmers have become more focused on fattening cattle for domestic slaughter versus exporting calves to Italy or France, as they previously did. 2017 Polish live cattle exports were 56,000, down by 31 percent from 2016. Poland exported cattle mainly to Italy and Spain, as well as Bosnia and Herzegovina outside of the EU. Post estimates that 2018 cattle exports will further decrease from 2017 due to growing interest among Polish farmers in raising beef cattle. During the first seven months of 2018, Poland exported 27,112 live cattle, a 22-percent decrease from the same period in 2017. Imports of live cattle to Poland increased by 22 percent. Poland imports calves for fattening from Lithuania and Slovakia.

## **Beef**

### Production

Post estimates that beef production in 2018 will increase by three percent over 2017 and will amount to 580,000 MT. Projected higher beef output stems from higher farm-gate prices over 2017. However, rising feed costs associated with the 2018 drought may adversely affect beef output during the last quarter of 2018 and through the first half of 2019. If the feed situation improves after the 2019 harvest, 2019 beef production may increase by an additional one percent because of higher inventories and slaughter.

### Consumption

Post estimates that per capita beef consumption in 2018 will average about 3.3 kilograms, up from 3.2 kilograms per capita in 2017. Domestic consumption of beef in Poland remains very low due to high prices and cultural preferences for pork. Polish consumers often substitute beef with cheaper (and perceived as more healthful) poultry meat.

### Trade

Poland is among largest exporters of beef in the EU. Post estimates that in 2018, Polish beef exports will amount to 410,000 MT, a two-percent increase from 2017. Italy, Germany, the Netherlands, Spain, and France are major importers of Polish beef within the EU, while Turkey and Israel are the major buyers of halal and kosher beef from outside of the EU. In 2017 Poland imported 21,270 MT of beef mainly from Italy, Germany, and Czech Republic. Beef is imported from within the EU and used mainly for processing. Imports of high-quality beef are limited because of high prices and the lack of a steak-eating tradition. However, demand for high-quality beef from the United States (via German middlemen) and from South America is growing. High-quality beef is mostly distributed through hotels and high-end restaurants.