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POLICY

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Poland Corn Interests Continue to Expand

Report Categories:

Agricultural Situation

Biofuels

Grain and Feed

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Report Highlights:

Crop Year 2013 corn planted acreage increased to 0.6 million Ha or 84 percent more than two years ago in CY 2011. The long winter coupled with unfavorable late spring weather hindered seed germination and initial crop development. The 2012 record corn production and high profitability translated to total corn acreage expansion in 2013. The 2013 corn crop is forecast at 3.9 million MT but the quality is suspect due to high average moisture content. High cost of drying corn grain remains a constraint leading many producers to sell directly on the spot market, in the process creating a glut and depressing prices in the current market.

General Information:**Production and acreage**

Crop year 2013 corn production is estimated at 3.9 million metric tons (MMT), accounting for 14 percent of the country's total grains production. This quantity is 2.4 percent lower than last year's total. Area sown is estimated at 6.1 million hectares (HA), or 12.6 percent higher than in 2012.

Table 1: Area, yields and production of corn in Poland, thousand Metric Tons

Poland	Area (,000/Ha)	Yield (MT/Ha)	Total Production (,000 MT)
2006-2010 year average	300	5.75	1,706
2011	333	7.18	2,392
2012	544	7.35	3,996
2013	613	6.37	3,900
<i>2011=100</i>	<i>1.840</i>	<i>0.887</i>	<i>1.630</i>
<i>2012=100</i>	<i>1.126</i>	<i>0.866</i>	<i>0.975</i>

Source: Poland's Main Statistical Office

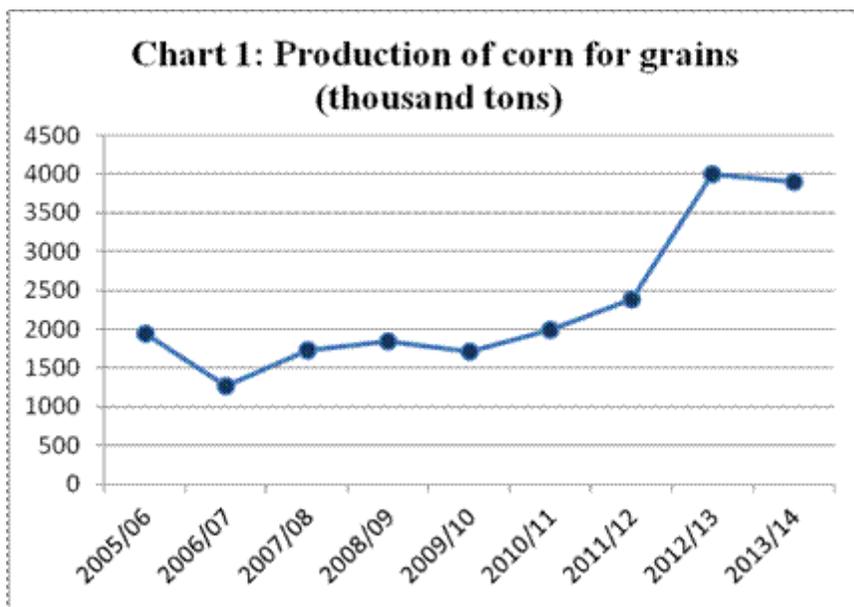
Despite a larger planted area this year's crop output is lower due to lower yields. The average yield is 6.37 MT per HA or a 13.4 percent decrease than in 2012. The spread between the minimum and maximum yield ranges from 3 to 8 MT per HA. In 2013, the corn crop was negatively affected by adverse weather patterns. A long winter delayed spring sowing in many regions up to three weeks. Late spring heavy rains and low temperatures hampered plant germination and initial plant growth. More specifically, excessive moisture in the soil led to deficiency of oxygen, difficult nutrient uptake, and flushing of nitrogen further handicapping corn development during the initial growth phase. Rain and standing water on fields in the first half of June prevented effective pest control leaving some fields invaded by the European corn borer. Damage by the bore leaves the plant more susceptible to mold and various mycotoxins on the cob. Since July meteorological conditions remained favorable for plant development. The 2013 corn quality is much lower than the previous crop. Moisture levels in corn harvested for grain registered in the 35-40 percent range, up from the drought influence 2012 crop's average moisture indicator of 27 percent. Two main reasons are given for the higher moisture level: delayed sowing and the chosen late varieties. Farmers prefer late varieties for their higher yields with recognition such type of corn is at risk to higher moisture levels at harvest. Higher moisture translates to higher energy costs to dry the grain thus reduced profitability. This year many farmers sold immediately on harvest on the spot market.

Table 2: Production of grains in Poland, thousand Metric Tons

Poland	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14*	Change Projected 2012/13 - 2013/14* (%)
Corn for grain	1,844	1,707	1,994	2,392	3,996	3,900	(-2.4)
<i>As % of</i>	<i>6.7</i>	<i>5.7</i>	<i>7.4</i>	<i>9.0</i>	<i>14.1</i>	<i>13.9</i>	X

<i>total grains</i>							
Total grains	27,582	29,727	27,084	26,647	28,408	27,986	(-1.5)

Source: Poland's Main Statistical Office

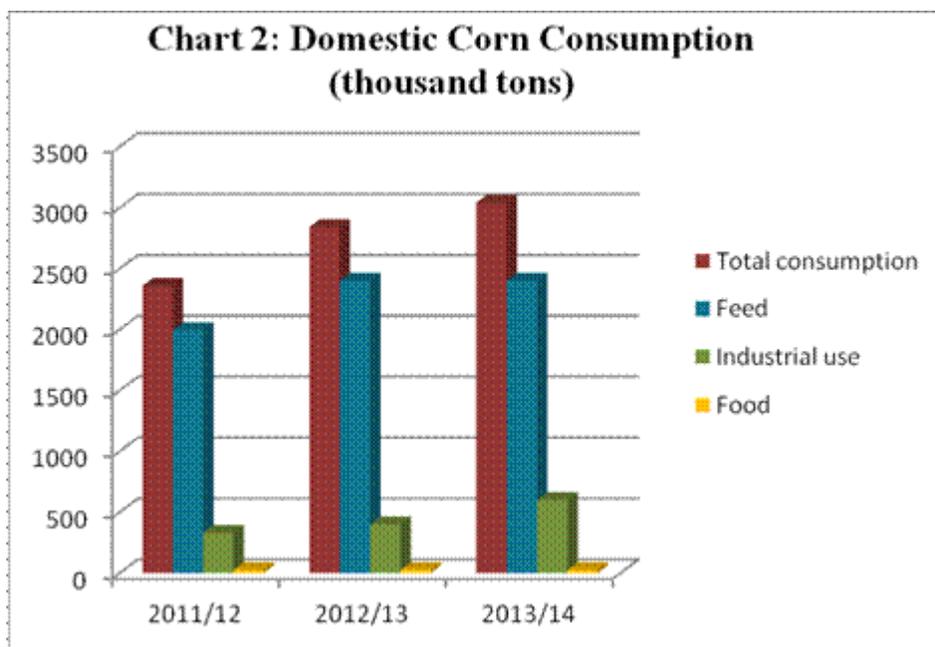


Production of corn for grains has been increasing since 2007. Increasing demand by the bio-ethanol industry has been driving this trend. Over the past two years, corn acreage has expanded rapidly. In crop year 2012, corn acreage increased by 63 percent, to 544 thousand hectares, with a yield of four million tons. Total cereal production has been increasing as a result of higher grain yields and of changes in cropping patterns. Winter damage in 2012, to mainly the wheat crop, resulted in a majority of spring crop plantings to corn, in the process establishing a new record for that commodity. High profits from corn production in 2012 encouraged farmers to plant more acreage to this crop in 2013. Demand from the alcohol and bio-fuel industry is consuming the additional corn production.

Domestic consumption

The main users of corn are the feed industry, farms using corn for feed, the spirits, and bio-fuel industry. In Marketing Year (MY) 2013/14 almost 80 percent of domestic corn use will be directed to animal feed purposes, in part to service an expanding poultry sector. The emerging bio-fuels sector is the main factor behind industrial corn processing demand.

In the first half of 2013 bio-ethanol's production for energy purposes amounted to 89,000 thousand MT (13 percent more than at the same time last year). In MY 2012/13 production of bio-ethanol reached 178,300 MT (23 percent more than in MY 2011/12). In Poland over 80 percent of bio-ethanol is produced from corn. Sweet corn for human consumption is a very niche product and amounts less than one percent of total domestic corn consumption.



Trade

MY 2013/14 corn export is forecasted at 920,000 MT, representing 17 percent of total corn for grain production. Almost 95 percent of sale is directed to EU countries. For many years Germany has been the main purchaser of Polish corn (40-50 percent of total export). Rapid growth in production in MY 2012/13 resulted in the large increase in exports in comparison to previous years, in part fueled by higher demand from EU countries affected by crop production shortfalls. In MY 2013/14, despite a large crop, exports are forecast to be lower due to diminished demand from European countries coupled with lower quality corn available from Poland.

Cereals and cereal product imports are subject to tariff rates fixed in the Common Customs Tariff.

Corn, like sorghum, durum wheat, and some types of soft wheat, is covered by other regulations - customs duties are determined on the basis of an intervention price and the monitored import price CIF.

The MY 2013/14 customs duty on corn, established by the European Commission, remains at zero level due to world prices (including transport costs) being higher than EU prices. Large corn crops in 2012 and 2013 have led to a decline in corn import demand. In MY 2013/14 total import is forecasted at 250,000 MT or 47 percent more than last year, of which 40 percent will be of EU origin. In 2012/13 the main source of imported corn was the Ukraine and Argentina, with sales of 78,000 MT (during the first 10 months of the year).

Table 3: Corn trade, thousand Metric Tons (MY begins October 1st)

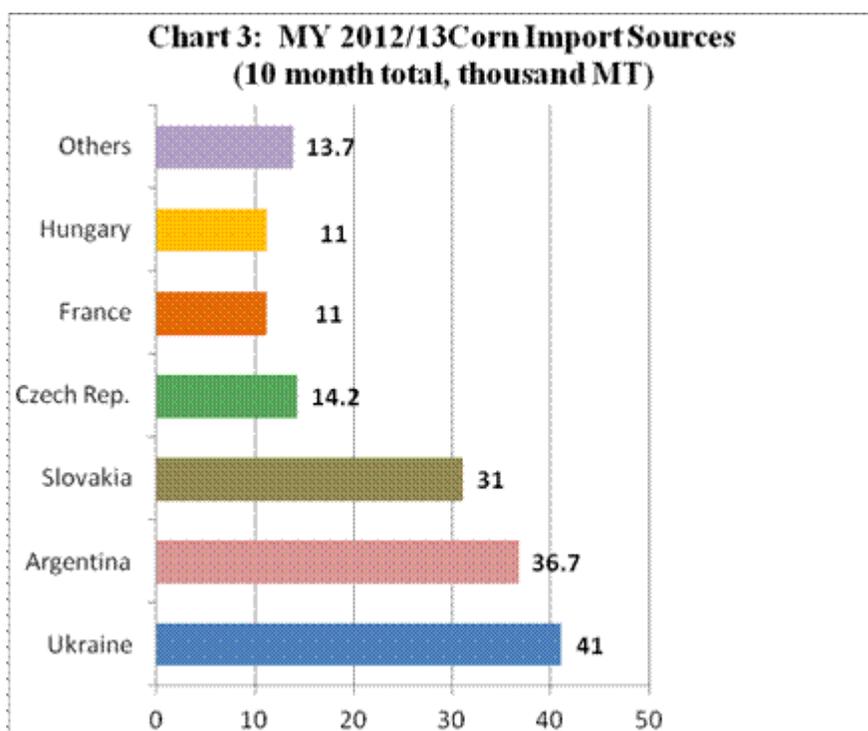
Poland	2009/10	2010/11	2011/12	2012/13*	2013/14**	Change Projected 2012/13 – 2013/14* (%)
Corn import	278	516	475	170	250	(47)
<i>Intra EU 27</i>	253	401	391	90	150	(67)
<i>Extra EU 27</i>	25	115	84	80	100	(25)

Corn export	214	103	636	1350	920	(-32)
<i>Intra EU 27</i>	209	102	630	1320	870	(-34)
<i>Extra EU 27</i>	5	1	6	30	50	(66)

Corn saldo	-64	-413	161	1180	670	x
<i>Intra EU 27</i>	-44	-299	239	1230	720	x
<i>Extra EU 27</i>	-20	-114	-78	-50	-50	x

Source: Poland's Main Statistical Office

* FAS estimate, **FAS forecast



**Chart 4: MY 2012/13 Corn Export Destinations
(10 month total, thousand MT)**

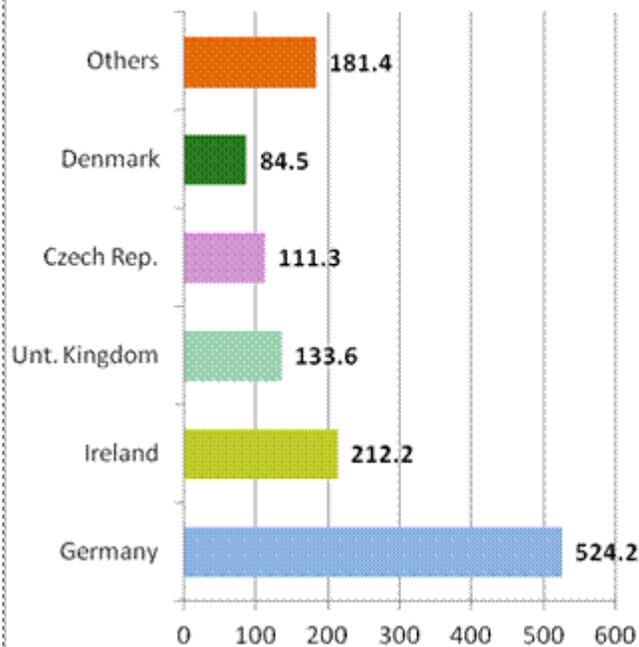


Chart 5: U.S. Origin Corn Import Totals

