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Poland Expecting Record Apple Crop of 3.5m metric tons

Report Categories:

Agricultural Situation

Fresh Deciduous Fruit

Trade Policy Monitoring

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Report Highlights:

Poland is a leading world apple exporter. In MY 2014/15 Poland's total apple product is estimated at 3.5 million metric tons, an increase of nearly 13 percent from the previous year's crop. The record 2014 apple crop and the Russian embargo on agricultural products will lead to strong fruit market distortion in Poland. Great numbers of orchards will be only partly harvested and substantial losses incurred by apple and pear producers are expected. Very low fruit prices and abundant commercial stocks force Polish stakeholders to search for new export markets. Higher promotional activity of Polish fruit producers outside the EU region is projected.

General Information:

General Information:

APPLES

Area planted and production

MY 2014/15 Poland's total apple production is estimated at 3.5 million metric tons (MT), 13 percent higher in comparison with the previous MY 2013/14. This means another record crop after the successful year in 2012. Production estimates for the years 2012/13 and 2013/14 have been revised by FAS/Warsaw higher than in the official Polish statistics and in the previous FAS report. There is a great inconsistency in statistical data between the official statistics and stakeholder data. In 2012, according to the industry, total production of apples amounted to 3.5-4.0 million metric tons (MT). According to the latest data published by The Main Statistical Office in Poland the estimate for apple production amounts to 2.9 million MT for the year 2012. The production of wild apples for processing is the most uncertain estimate in the balance sheet.

Poland's 2013/14 winter was very mild and it left orchards in very good shape. There were no losses caused by frost except some localized incidents. The vegetation period for apple trees started very early this year – three or four weeks ahead of normal weather conditions. Spring weather conditions during flowering and fruit setting were good. Favorable vegetation conditions lasted throughout the summer. The fruits are bigger than usual and a lot of them are overgrown and have diminished storage quality. The overall quality of 2014 apple crop, especially of dessert varieties, is evaluated to be lower than last year's.

Total area and production data refers to commercial and non-commercial orchards producing for both the fresh and the processing markets. Commercial orchard size varies between 5 to 20 hectares (HA) per firm, with yields averaging between 30-60 metric tons (MT) per HA. The majority of commercial orchards are oriented towards the fresh (dessert) and the export markets. The dwarf tree variety is the most common in commercial orchards. A growing tendency in the area of dessert varieties is commercial plantations. In 2014 a lot of new orchards with highly intensive production came into fruiting period. The most popular varieties are Idared, Golden, Gala and Champion. Local varieties, like Antonowka, are designated both for the fresh market and for industrial processing, because of higher levels of acidity.

Production, Supply and Demand Data Statistics

Marketing Year (MY): July/June

Apples Fresh, Poland	MY 2012/13	MY 2013/14	MY 2014/15*	
Area planted	195,000	195,000	196,000	HA
Commercial production	3,300,000	2,900,000	3,300,000	MT
Production total	3,500,000	3,100,000	3,500,000	MT
Intra EU-27 imports	37,895	37,287	8,000	MT

Extra EU-27 imports	90	2,263	60	MT
Total imports	37,985	39,550	8,060	MT
TOTAL SUPPLY	2,541,619	2,910,495	2,636,100	MT
Fresh domestic consumption	600,000	600,000	700,000	MT
Intra EU-27 exports	249,090	245,250	200,000	MT
Extra EU-27 exports	999,331	853,841	600,000	MT
Total exports	1,248,421	1,1099,091	800,000	MT
For processing	1,689,564	1,440,459	1,700,000	MT
Losses and withdrawal from the market	0	0	308,060	MT
TOTAL DISTRIBUTION	3,537,985	3,139,550	3,508,060	MT
Balance	0	0	0	

Sources: Global Trade Atlas, FAS/Warsaw

*FAS/Warsaw forecast

Area Harvested and Apple Crops by Variety in Poland

	2012				2013			
	Area (000) HA	Total =100	Crops (000) MT	Total =100	Area (000) HA	Total =100	Crops (000) MT	Total =100
TOTAL	194.70	100.00	2,877.30	100.10	193.4	100.0	3,100.0	100.0
Idared	37.7	19.4	538.9	18.7	36.9	19.1	600.3	19.4
Champion	20.3	10.4	338	11.7	21.7	11.2	364.7	11.8
Jonagold	18.1	9.3	284.3	9.9	18.8	9.7	303.7	9.8
Ligol	14.6	7.5	223.8	7.8	13.6	7.0	244.0	7.9
Gloster	10.1	5.2	165.6	5.8	10.5	5.4	181.9	5.9
Cortland	9.4	4.8	131.5	4.6	9.6	5.0	145.4	4.7
Lobo	8.1	4.2	112.7	3.9	8.3	4.3	122.4	3.9
Golden Delicious	7.8	4	132.8	4.6	7.9	4.1	139.2	4.5
Gala	6.9	3.5	113.8	4	6.9	3.6	117.7	3.8
Antonowka	5.6	2.9	59.5	2.1	4.4	2.3	61.0	2.0
Jonatan	4.7	2.4	59.3	2.1	4.7	2.4	61.3	2.0
Spartan	4.4	2.3	54	1.9	4.1	2.1	62.1	2.0
Elstar	3.5	1.8	63.1	2.2	4.1	2.1	62.2	2.0
Mc Intosh	3.2	1.6	42.8	1.5	3.1	1.6	44.5	1.4
Red Delicious	2.8	1.4	41.4	1.4	3.3	1.7	41.7	1.3
Others	37.5	19.3	515.8	17.9	35.5	18.4	547.9	17.7

Source: The Main Statistical Office Poland

Trade

Main factors affecting apple market and trade in Poland in MY 2014/15:

- forecast of a record apple crop in year 2014;
- Russian embargo closing market for 700,000 MT Polish apples;
- extremely low average price for apples, especially for processing apples, much below production costs;
- very high stocks of concentrated juice from the last year 2013/14,
- much lower demand from EU markets, especially for dessert varieties;
- little diversification in Poland's apple export destinations and too much dependency on the Russian market.

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

	MY 2010/11	MY 2011/12	MY 2012/13	MY 2013/14	MY 2013/14 Exports as Percent Share of Total Trade
World	443,237	806,024	1,248,421	1,099,091	100
Intra EU-27	49,736	82,109	256,890	245,250	22.3
Extra EU-27	393,501	723,915	991,531	853,841	77.7
Russia	248,018	442,247	733,134	526,039	47.9
Belarus	41,195	134,224	134,809	229,006	20.8
Germany	5,008	13,166	48,564	73,178	6.7
Kazakhstan	19,178	31,283	47,858	52,912	4.8
Romania	4,692	13,911	33,681	34,467	3.1
Ukraine	80,289	111,033	55,440	34,166	3.1
Others	44,857	806,024	170,043	149,323	13.6

Source: Global Trade Atlas

Poland is the largest EU producer and world exporter of apples. In MY 2014/15 Poland's export of fresh apples is expected to diminish to 800,000 MT, or by 300,000 MT in comparison with the last year because of the Russian embargo which was imposed on Poland's fruits and vegetables on August 1st, 2014. It is estimated that the Russian ban for food products will affect Poland's apple industry very strongly and stakeholders will suffer a loss of over 300,000 MT of apples, despite much higher domestic consumption, intensive promotional activity and increases in apple processing.

Russia, Belarus, Ukraine, Kazakhstan all used to be Poland's traditional apple export destinations. Russia was the main player among these countries, buying 50 percent of Polish total exports. In MY 2012/13 and 2013/14 Poland exported to Russia 733,000 and 526,000 MT of apples respectively. After the onset of the Russian embargo it is expected that exports to Kazakhstan and Belarus will increase. Poland is trying to diversify export markets now. Polish apple producers are now targeting China, India, Vietnam, Persian Gulf countries and Northern Africa countries. The Polish government has made efforts to speed up the process of entry to the U.S. On October 23 the Polish and Canadian governments completed a process of consultations on Polish apples exports to the market of Canada. According to the Polish Ministry of Agriculture, Polish apple exports will be temporarily conducted

within the trial period.

Exports to the EU were much more dispersed than to the non EU countries in past years. Among EU countries the main destinations for Polish apples have been Germany and Romania. In MY 2014/15 it is expected that the Russian ban on the EU foodstuffs will lead to a decrease in Polish fruit exports to Germany, especially for dessert apples. Polish exporters are expected to keep traditional markets like Germany for apples for processing thanks to very competitive low prices.

Imports are also anticipated to diminish drastically in comparison with last year 2013/14. It is expected that the oversupplied local market will reduce imports to 20 percent of last year's quantity.

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

	MY 2010/11	MY 2011/12	MY 2012/13	MY 2013/14	MY 2013/14 Imports as Percent Share of Total Trade
World	74,888	48,862	37,985	39,550	100.0
Intra EU-27	70,362	48,606	37,895	37,287	94.3
Extra EU- 27	4,526	256	90	2,263	5.7
Lithuania	3,149	11,847	17,478	17,478	44.2
Italy	14,339	11,764	3,791	4,503	11.4
Netherlands	16,634	9,677	3,016	3,604	9.1
Hungary	1,188	0	2,077	3,304	8.4
Germany	8,866	9,349	4,818	3,039	7.7
Others	30,712	6,225	6,805	7,622	19.3

Source: Global Trade Atlas

CAJ PRODUCTION and TRADE

Poland is the largest EU producer and exporter of apple juice concentrate (CAJ). In MY 2013/14 production amounted to 290,000 MT, down 11 percent in comparison with the previous record year. In MY 2013/14, the small crop of industrial apples led to lower production of CAJ. Despite lower production the stocks of CAJ increased significantly.

In MY2014/15 it is projected that 1.7 million MT apples will be sourced by the processing industry. This is a much higher number than last year because of this year's extremely low apple prices and emergency situation caused by the Russian ban. It is forecast that CAJ production will reach 330,000 MT in MY 2014/15.

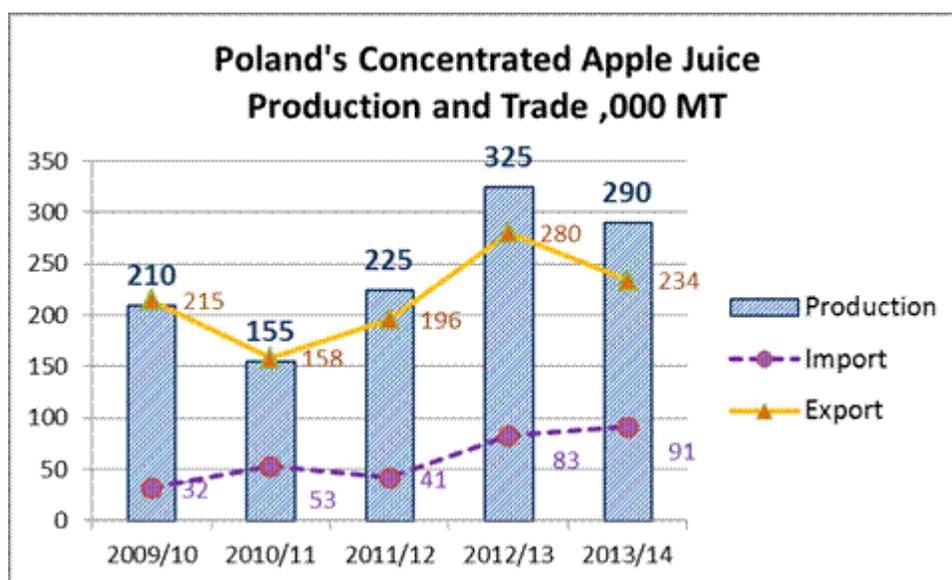
Every year 80-90 percent of CAJ production used to be exported. In 2014/15 the share of exports will diminish, because of the oversupply of apples and apple products on the European market. The main destination for Poland's CAJ has been Germany, consuming almost 60 percent of total Polish CAJ exports.

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

	MY	MY	MY	MY	MY 2013/14
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	2010/11	2011/12	2012/13	2013/14	Exports as % Share of Poland's Total Trade
World	158,438	196,092	280,088	234,115	100.0
Intra EU-27	154,795	191,600	275,214	230,528	98.5
Extra EU-27	3,643	3,064	4,874	3,587	1.5
Germany	106,268	119,582	157,648	139,806	59.7
United Kingdom	12,339	16,108	36,691	30,426	13.0
Netherlands	7,918	14,089	18,546	21,551	9.2
Austria	8,546	16,760	29,255	5,905	2.5
France	3,109	5,108	7,235	5,355	2.3
Others	20,258	24,445	30,713	31,072	13.3

Source: Global Trade Atlas



PEARS

Area planted and production

The 2014 pear crop is estimated at 75,000 MT, 1.3 percent lower in comparison with last year's. Pear orchards were in very good shape after the last winter in Poland. There were no losses caused by frost. Nevertheless 2014's very early spring, three or four weeks ahead of the average time, resulted in lower yields of pears than in the year before. Pear trees flowering and fruit setting were not as satisfactory as in year 2013. Drought affected some pear orchards locally at the beginning of summer.

Total area for pear production has not grown in the last few years in Poland. Conference is the most popular pear variety with over 60% share of total commercial pear production. Other popular varieties are Lukas and local Favorite.

Production, Supply and Demand Data Statistics

Marketing Year (MY): July/June

Apples Fresh, Poland	MY 2012/13	MY 2013/14	MY 2014/15*	
Area harvested	10,800	10,700	10,700	HA
Commercial production	57,200	68,500	66,000	MT
Production total	64,700	76,000	75,000	MT
Intra EU-27 imports	22,181	33,711	23,700	MT
Extra EU-27 imports	76	266	266	MT
Total imports	22,257	33,977	23,966	MT
TOTAL SUPPLY	86,957	109,977	98,966	MT
Fresh domestic consumption	26,000	29,000	29,000	MT
Intra EU-27 exports	2,555	2,258	2,000	MT
Extra EU-27 exports	33,749	44,946	25,000	MT
Total exports	36,304	47,204	27,000	MT
For processing	24,653	33,773	32,966	MT
Losses and withdrawal from the market	0	0	10,000	MT
TOTAL DISTRIBUTION	2,541,619	2,910,495	2,636,100	MT
Balance	0	0	0	

Sources: Global Trade Atlas, the Main Statistical Office Poland, FAS/Warsaw

*FAS/Warsaw forecast

Trade

Poland's export of pears is forecast at 27,000 MT for 2014/15, or 60 percent less than last year. Russia, Belarus, Ukraine and Kazakhstan used to buy over 90 percent of Polish exports of pears. Russia was the main destination among these countries, buying 60 percent of total Polish pear exports. It is expected that the Russian ban will strongly affect Polish pear producers and will diminish sales of pears sourced from Netherlands and Belgium which were sold on Russian market. About 10,000 MT of pears is forecasted to be lost or withdrawn from the Poland's market in MY 2014/15 as a result of the Russian embargo.

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

	MY 2011/12	MY 2012/13	MY 2013/14	MY 2013/14 Exports as Percent Share of Total Trade
World	14,816	36,304	47,204	100.0
Intra EU-27	150	2,555	2,258	4.8
Extra EU-27	14,666	33,749	44,946	95.2
Russia	9,835	24,097	27,866	59.0
Belarus	2,160	5,159	12,245	25.9
Ukraine	2,522	3,348	3,705	7.8

Germany	11	164	1,235	2.6
Kazakhstan	137	1,044	1,072	2.3
Belgium	0	109	348	0.7
Others	151	2383	733	1.6

Source: Global Trade Atlas

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

	MY 2011/12	MY 2012/13	MY 2013/14	MY 2012/13 Imports as Percent Share of Total Trade
World	19,633	22,257	33,977	100.0
Intra EU-27	19,622	22,181	33,711	99.2
Extra EU- 27	11	76	266	0.8
Netherlands	11,044	11,946	17,275	50.8
Belgium	3,034	2,716	5,948	17.5
Portugal	2,545	1,524	5,832	17.2
Spain	622	2,755	1,619	4.8
Germany	1,070	2,082	1,558	4.6
Others	1318	1234	1745	5.1

Source: Global Trade Atlas

Policy

Russian Embargo on EU Fruits and Vegetables.

Russia imposed a temporary, one year embargo on Polish fruits and horticulture on August 1, 2014. In order to prevent market distortions the European Commission announced a first tranche of emergency market measures, worth up to 125 million EUR for withdrawals from the market, for free distribution for the poor, green harvesting and non-harvesting of perishable fruit and vegetable. A ceiling of 82 million EUR for apples and pears was settled on and made applicable for all EU member states. The financial ceiling was reached soon after the announcement of the measure due to disproportionate claims from member states, with Poland applying for the largest claim and this resulted in suspension of the scheme. Applications for financial support from Polish producers are being verified now for compliance with the revised EU regulations. At the end of September 2014 another tranche of support was announced by EU Commission. In the new support measure, tonnage ceilings for member states have been specified individually. The quota for Poland amounts to 18,750 MT of apples and pears together. According to the Poland's Ministry of Agriculture the financial support for fruit producers is very insufficient and will not prevent market distortions in Poland.

School Fruit Scheme

Poland is the fourth largest recipient of EU funds for the School Fruit Scheme after Italy, Germany, and Romania.

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

June 2014 marked the fifth year of the EU School Fruit Scheme in Poland. The program is co-financed by the EU (75 percent) and by The Polish state budget (25 percent). During the 2009/10 to April 2014 period Poland received 144.1 million PLN (34 million EUR) from the European Union budget and matched this amount with 48.0 million PLN (11.4 million EUR) from its state budget. The Polish authority administering the School Fruit Scheme is the Agricultural Market Agency.

The European Commission divides funds among Member States which have signed up for the program. For the August 1, 2014 - July 31, 2015 school year the share of EU funds will increase in the total Poland's budget of the program. Poland will receive 20.5 million EUR from the EU (88 percent of the total program budget) and it will match it with 2.8 million EUR from state financial sources.

DISCLAIMER:

The PS&D numbers in this report are not official USDA numbers.