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Product Brief - Wine

Report Categories:

Wine

Product Brief

Approved By:

Michael Henney - Agricultural Attaché

Prepared By:

Brian D. Healy - International Agricultural Intern

Report Highlights:

The wine market in Poland should maintain strong growth (projected 20 percent) over the next five years and should increase its share of the alcoholic beverage market. While Polish customs import data indicates that imports of U.S. wine decreased by 11 percent from 2011 to 2012, this will not continue in 2013. In the first seven months of 2013, the U.S. has exported more wine to Poland than it did in all of 2012. As Polish consumer taste evolves, wine will increasingly become a substitute for beer and other spirits.

General Information:

I. Introduction

Wine consumption has steadily increased in recent years due to increased individual incomes, greater access to higher quality products, evolving taste sophistication, and the healthy perception of wine. Poland's accession to the EU has improved market access for wine importers, producers, distributors, and consumers by lowering tariffs and offering greater selection.

Poles prefer still red wine followed by still white wine; sweet is preferred to dry. Sparkling wine, that is not champagne, is the third most frequently consumed beverage in the wine category, distantly followed by still rosé and champagne. The market is dominated by low-priced, table wine type products, but higher quality and subsequently priced goods are making inroads. From 2007-2012, growth in spirits slightly outpaced that of wine, 28 percent compared to 27 percent, but in the next five years, growth for wine is expected to be 21 percent, whereas growth in spirits will slow to six percent between 2012 and 2017. In the ten years between 2007 and 2017, the value of wine consumption is expected to increase by 53 percent and by 2017, the alcoholic beverage market share for wine will have increased by two percent, representing 10.4 percent of the value of all alcoholic beverages consumed in the Poland.

The seasonality in still wine consumption has greatly diminished in Poland. However, it remains prevalent for sparkling wines, including champagne, during the holiday periods of Christmas, carnival in February, and First Communion in May.

Advantages	Challenges
Wine consumption will continue to increase in the future as will its market share in the alcoholic beverage category.	EU subsidies and close geographic proximity give EU winemakers a comparative advantage in accessing the low cost dominated Polish wine market.
Polish consumers are aware of country of origin and perceive imports as higher quality.	It is illegal to advertise alcoholic beverages (except beer) in general press and billboards. The population may purchase wine from outside of Poland, but not necessarily from the U.S.
Polish consumers are increasingly traveled and open to trying more wines from the New World markets.	The Polish consumer is very price oriented concerning wine consumption and may not retain brand (country) loyalty if wines of similar quality are differently priced.

II. Market Sector Opportunities and Threats

Retail & HRI Market Sector

1) Entry Strategy

Most supermarkets, hypermarkets, specialty shops, hotels, restaurants, and catering companies buy the majority of their wines through wholesalers. Wholesalers work both with large importers and independently. They have their own distribution channels and marketing contacts. U.S. wine exporters may obtain a list of current importers by contacting the Office of Agricultural Affairs at the U.S. Embassy in Warsaw (see Section V).

2) Market Size, Structure, Trends

In 2012, Polish wine imports increased by two and a half percent to 97 million liters. By country of origin import data, Italian, French, and U.S. wines had the highest import values in Poland. Many wines are not shipped directly to Poland but instead arrive through EU intermediaries like Germany, where they may arrive bottled or in barrels to be bottled. From 2011 to 2012, U.S. wine imports into Poland fell by 11 percent, however this trend will not continue in 2013; through July 2013, more U.S. wine has been exported to Poland than in all of 2012. The greatest imports of wine in containers less than two liters (HS 2204.21) came from the U.S.

Due to strict advertising rules, wine in Poland is commonly marketed through in-store promotions where supermarkets may hire sommeliers, concerts, festivals, and other events such as the "Taste of America" event held at the U.S. Ambassador's residence in September 2013. These marketing events, which are organized in association with the Wine Institute of California since 2002, have helped to make the U.S. the number one import source for wine (HS 2204.21) in Poland, by introducing Polish importers, business leaders, and consumers to different Californian wines.

Most of the larger importers distribute products through their own wholesale operations located throughout Poland. Besides utilizing their own distribution channels, importers also sell their products to independent wholesale firms, which in turn distribute wine to hypermarkets, specialty shops, and small retail stores located in larger cities. Currently, several of the largest retail stores import wines for their own distribution or obtain it from a local importer or wholesaler.

Table I: Poland's (Customs) Imports of Wine (HS 2204): Top 15 by Value

Commodity: 2204, Wine Of Fresh Grapes, Including Fortified Wines; Grape Must (Having An

Alcoholic Strength By Volume Exceeding 0.5% Vol.) Nesoi							
		January - December				January - July	
Partner Country	**Unit**	**2011**		**2012**		**2013**	
		USD	**Quantity**	**USD**	**Quantity**	**USD**	**Quantity**
World	L	224,602,879	94,919,648	224,300,877	97,267,229	127,390,141	52,997,758
Italy	L	31,276,737	15,902,730	33,798,837	15,604,574	17,160,152	6,112,136
France	L	29,718,587	8,434,873	29,066,296	8,922,554	16,683,379	5,025,074
United States	L	30,974,199	8,447,692	27,711,725	8,292,848	16,955,779	5,103,628
Spain	L	25,111,294	11,794,681	25,701,416	12,594,366	16,342,131	7,248,466
Germany	L	18,235,891	8,807,734	23,355,189	8,917,094	12,662,147	4,953,488
Chile	L	17,759,636	5,883,849	16,286,437	5,469,081	7,942,990	2,567,974
Portugal	L	13,031,610	4,957,957	16,124,367	6,698,310	9,440,976	3,757,442
Bulgaria	L	20,022,966	15,006,215	15,545,956	14,197,196	9,289,164	9,038,485
Moldova	L	6,831,886	3,861,255	7,633,783	4,692,640	4,783,432	2,776,288
Australia	L	5,442,662	1,687,646	4,857,745	1,635,056	2,423,529	798,711
Hungary	L	5,135,175	2,780,507	4,357,583	2,319,499	2,531,331	1,311,373
South Africa	L	4,004,185	1,410,208	3,988,374	1,552,170	1,659,655	670,511
Argentina	L	4,539,655	1,360,507	3,794,453	1,312,746	1,601,564	539,103
Georgia	L	2,268,036	653,023	2,764,219	848,019	1,683,682	515,671
United Kingdom	L	1,869,507	694,325	1,925,391	827,946	2,115,240	877,937

Source: Global Trade Atlas

Poland's Wine (Customs) Import Market Share

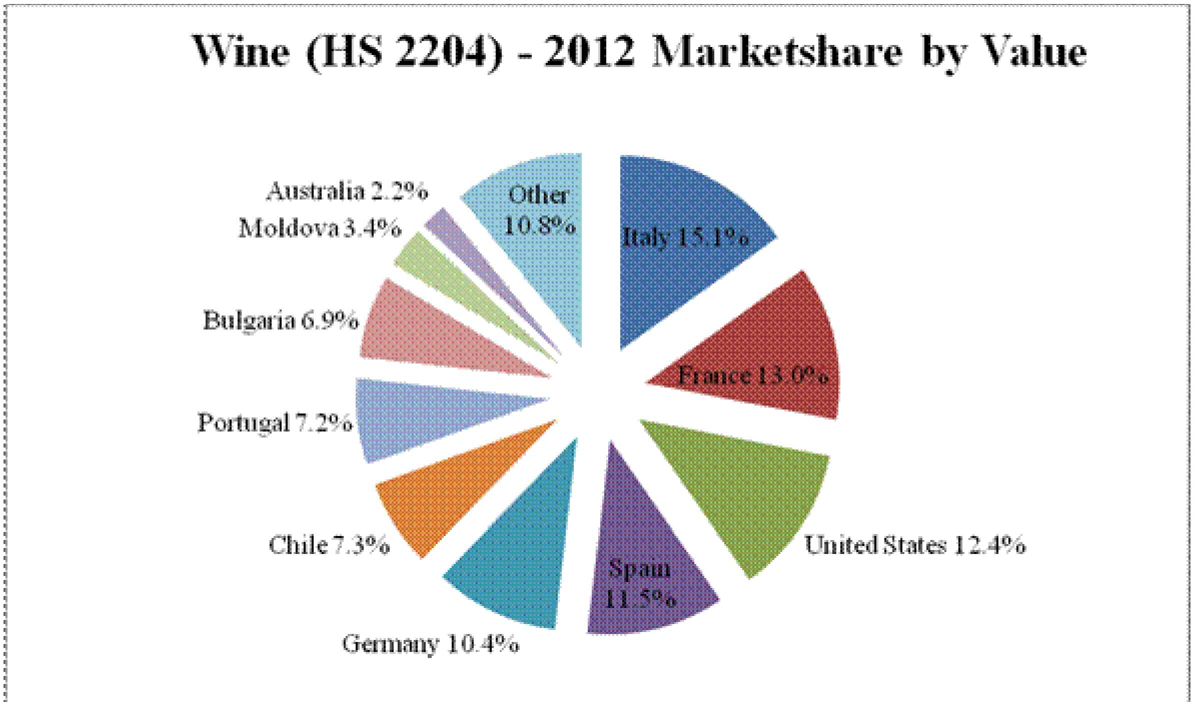

Table II: Poland (Customs) Imports of Total Wine (HS 2204): By HS Code Type

Commodity: 2204, Wine Of Fresh Grapes, Including Fortified Wines; Grape Must (Having An Alcoholic Strength By Volume Exceeding 0.5% Vol.) Nesoi					
HS Code	**Unit**	**Description**	**2011**	**2012**	**2013 (Jan-Jul)**
2204	USD	Wine, grape	224,602,879	224,300,877	127,390,141
2204.21	USD	Wine, grape, less than 2 Liters	197,482,648	193,625,126	114,498,587
2204.10	USD	Sparkling Wine, grape	15,114,374	16,079,461	4,903,741
2204.29	USD	Wine, grapes, greater than 2 Liters	11,790,591	14,465,379	7,883,263
2204.30	USD	Grape Must	215,266	130,911	104,549

Source: Global Trade Atlas

Table III: Poland (Customs) Imports of Wine (HS 2204.21)

Commodity: 220421, Wine Of Fresh Grapes (Other Than Sparkling Wine) And Grape Must With Fermentation Prevented, Etc. By Adding Alcohol, Containers Of Not Over 2 Liters				
Country	**Unit**	**2011**	**2012**	**2013 (Jan-Jul)**
World	USD	197,482,648	193,625,126	114,498,587
United States	USD	30,708,484	27,619,582	16,922,392
Spain	USD	22,472,999	23,747,316	15,428,298
Italy	USD	21,156,747	23,346,166	13,806,918
France	USD	24,659,362	22,860,216	14,076,995
Germany	USD	16,412,522	20,593,409	11,785,549
Chile	USD	17,429,438	15,857,484	7,728,733
Portugal	USD	10,726,809	13,849,911	8,407,622

Bulgaria	USD	18,296,151	12,221,254	7,039,443
Moldova	USD	6,578,119	7,309,864	4,539,308
Australia	USD	4,684,837	4,004,362	2,097,812
Hungary	USD	4,577,922	3,991,256	2,415,985
Argentina	USD	4,508,085	3,587,712	1,544,751
South Africa	USD	3,824,135	3,571,164	1,557,373
Georgia	USD	2,261,260	2,759,990	1,682,453
United Kingdom	USD	1,763,575	1,919,453	2,106,267

Source: Global Trade Atlas

3) Company Profiles

Currently, there are 30 formal direct and indirect importers of wine operating in the Polish market. These firms vary greatly in volume of imports. Please obtain a list of current importers by contacting the Office of Agricultural Affairs at the U.S. Embassy in Warsaw (see Section V). Some estimates hold that as many as 700 importers exist in Poland, but these are largely small, informal one person operations that pick up several cases of wine on a trip to a neighboring EU member state to split up once returning to Poland. Unfortunately, no reliable data exists for this informal market. **4) Market Promotion Constraints**

While direct promotion of alcoholic beverages in hypermarkets and specialty shops is prohibited, importers and wholesalers actively promote their products at restaurants, hotels, or at wine tastings, and through professional periodicals available only through subscriptions.

III. Costs & Prices

Most wine consumed in Poland is that of cheaper more economical brands and formats. The price bounds of these categories are slowly increasing as consumer exposure and sophistication to wine improves. However, most households are unwilling to spend more than 10 USD on a bottle of wine purchased from a hyper/supermarket for home consumption, and are more likely to spend in the 3 to 8 USD range. Only a minute percentage of the Polish population is willing or able to purchase high quality, and higher priced wines.

Cost in USD	**% of Market by Value**
$0.00 - $9.00	45%
$9.01 - $15.00	30%
$15.01 - $30.00	15%
$30.01 +	10%

(1 USD = 3.04 PLN; Oct 30, 2013)
Source: FAS Warsaw Estimates

Retail prices for wine are a function of the type of wine (red, white, rosé, sparkling), grape variety, region and country of origin, and perceived quality, which is correlated with the other price determining factors. Store formatting can also determine the retail price commanded by a bottle of wine. Specialty wine stores offer customers greater knowledge about wine and are able to charge a premium for similar or the same wine found in hyper/supermarkets. The changing popularity of wine is greatly due to accession to the EU, where freedom to travel between member states has enhanced exposure to wine, further spread through word of mouth, and increased consumer interest in nontraditional Polish foodstuffs. Wine has also gained popularity through foreign television competitive cooking shows and film.

Section IV. Market Access

-Tariffs

All wine products entering Poland are charged an excise tax. Prior to importing bottled wine, Polish importers must provide the U.S. firm with excise bands. These excise bands need to be applied to all bottles prior to arriving in Poland and constitute partial payment of the excise tax. The value-added tax (VAT) for wine products in Poland is 22 percent.

Poland's EU accession in May 2004 significantly reduced import duties for non-EU suppliers. Now that Poland has adopted EU external duty rates, U.S. exporters face lower duties, which should stimulate higher exports of wine from the United States. However, Poland's membership in the EU-28 has given European wine an increased comparative advantage in the Polish market due to the internal duty free market. European suppliers are also no longer subject to third country import paperwork required for entry from non-EU supplying countries.

Detailed information on wine tariffs can be found in the official EU Journal in pages 175-182.

http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:304:0001:0915:EN:PDF

V. Key Contacts and Further Information

For additional information concerning market entry and a current importer list, U.S. exporters of wine contact:

Embassy of the United States of America
Office of Agricultural Affairs, Warsaw, Poland
Ms. Jolanta Figurska
e-mail: agwarsaw@usda.gov
Tel: (48-22) 504 2336
Fax: (48-22) 504 2320