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GAIN Report

Global Agricultural Information Network

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Fresh Deciduous Fruit Annual 2018

Report Categories:

Fresh Deciduous Fruit

Agricultural Situation

Policy and Program Announcements

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Report Highlights:

In marketing year (MY) 2018/19, Post estimates Poland's total apple crop at 4.5 million metric tons (MMT), a 61-percent increase over last year. Pest and disease-related issues declined in MY 2018/19 due to dry weather conditions. Although apple quality is good, industry stakeholders expressed concern about some Polish varieties' low suitability for long-term storage. Post forecasts that fresh apple and concentrated apple juice (CAJ) exports will increase.

General Information:

Area Planted and Production

FAS Warsaw estimates Poland's apple production in MY 2018/19 at 4.5 MMT, a 61-percent increase over MY 2017/18. MY 2018/19 production will exceed the most recent three-year average by over 40 percent. According to the Government of Poland's (GOP) Main Statistical Office, apple production in MY 2018/19 reached 3.9 MMT, up from 2.4 MMT in MY 2017/18. These figures differ from industry's production estimates, which vary from 4.5 to 5.0 MMT in MY 2018/19, and 2.9 MMT in MY 2017/18. This inconsistency vis-à-vis official and industry data has existed for several years.

Production data for wild apples, which are used for processing, remains opaque and varies from year to year. Poland is a leading apple producer in the European Union (EU) and accounts for over 30 percent of total EU production.

Poland's apple area planted decreased in MY 2018/19, mostly due to ongoing orchard modernization, as growers are actively replacing older rootstock. Some Polish apple growers have converted orchard area into other types of production following a sustained period of low apple prices. Polish apple growers generally look to increase yields instead of increasing orchard acreage.

The 2017/18 winter was mild and winterkill was low, with minor damage to young trees during a late February/early March cold snap. MY 2018/19 growing conditions were generally favorable. Higher-than-average temperatures in April accelerated tree development and shortened the flowering period. Despite drought conditions during the spring and late summer, MY 2018/19 apple productivity and quality were significantly higher over last year.

Although periods of dry weather reduced pest and disease-related challenges, many industry stakeholders are concerned that some Polish apple varieties tend to degrade during long-term storage. In 2016-17, newer dessert-varieties began to fruit, as some Polish apple growers are adjusting based on market demand and storage stability. According to industry sources, Red Delicious, Gala, and Prince are starting to replace more traditional varieties. However, official statistics indicate that these changes are occurring slowly. Older varieties, particularly Idared, are increasingly used for processing. The most popular dessert varieties include Idared, Golden, Gala, and Champion. Local varieties like Antonowka are used for fresh consumption and for processing. Polish officials and industry associations are increasingly recommending Royal Gala, Gala "Schniga", Golden Delicious Reinders, Red Jonaprince, Jonagored, Red Delicious, Red Chief, and Red Cap for future development.

Producer organizations are slowly consolidating as a means to reduce input costs and gain marketing leverage. Many producers view these organizational changes as an important step to maintain the viability of the Polish apple industry.

Table 1: Production (MY: July/June)

Apples Fresh, Poland	MY 2016/17	MY 2017/18	MY 2018/19*	
Area planted	177,200	176,400	176,200	HA
Production total	3,604,000	2,800,000	4,500,000	Metric tons (MT)

Source: The Main Statistical Office Poland

* FAS/Warsaw estimation

Table 2: Area Harvested and Apple Crops by Variety in Poland

	2013				2017			
	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	176.4	100.0	2441.4	100.0
Idared	36.9	19.1	600.3	19.4	32.0	18.2	461.4	18.9
Champion	21.7	11.2	364.7	11.8	17.7	10.1	269.1	11.0
Jonagold	18.8	9.7	303.7	9.8	16.6	9.4	220.2	9.0
Ligol	13.6	7.0	244.0	7.9	14.0	7.9	212.9	8.7
Gloster	10.5	5.4	181.9	5.9	10.0	5.7	154.7	6.3
Cortland	9.6	5.0	145.4	4.7	8.3	4.7	109.9	4.3
Gala	6.9	3.6	117.7	3.8	7.7	4.4	113.7	4.7
Golden Delicious	7.9	4.1	139.2	4.5	7.4	4.2	110.3	4.5
Lobo	8.3	4.3	122.4	3.9	6.8	3.9	92.8	3.8
Elstar	4.1	2.1	62.2	2.0	5.5	3.1	77.8	3.2
Antonowka	4.4	2.3	61.0	2.0	4.4	2.5	51.8	2.1
Jonatan	4.7	2.4	61.3	2.0	3.8	2.2	48.1	2.0
Spartan	4.1	2.1	62.1	2.0	3.5	2.0	50.9	2.1
Red Delicious	3.3	1.7	41.7	1.3	3.8	2.1	43.8	1.8
Others	38.6	20	592.4	19	34.9	19.8	429.0	17.6

Source: The Main Statistical Office Poland

Processing and Consumption

Domestic fresh apple consumption declined by 24 percent over the last ten years, while fresh apple production tripled. Along with the decline in fresh consumption, there is a corresponding consumer trend toward more citrus-fruit consumption. In 2017, per capita fresh apple consumption was 12.6 kilograms. Domestic fresh apple consumption tends to be higher just after harvest in October (1.35 kilograms in October 2017), and lower levels during summer months (0.50 kilograms in June 2017).

Table 3: Fresh Apples Distribution (MY: July/June)

Apples Fresh, Poland	MY 2016/17	MY 2017/18	MY 2018/19*	
For fresh domestic consumption	700,000	600,000	650,000	MT
For processing	1,743,330	1,560,770	2,650,600	MT

Source: FAS Warsaw estimation

FAS Warsaw estimates that Polish processors will use 2.7 MMT of domestic apples in MY 2018/19, up from 1.6 MMT in MY 2017/18. Each year almost 50 percent of domestic apples are processed, mostly

into CAJ. In MY 2018/19, Post forecast that 60 percent of fresh apples will be processed. Except for CAJ, Poland’s processing capacity remains relatively low. Polish stakeholders are working to develop the apple value chain and look to expand processing capacity.

Poland is the EU’s largest producer and exporter of CAJ. In MY 2017/18, production was unusually low, at 175,000 MT. Post forecasts that the larger MY 2018/19 apple crop will drive CAJ production by 90 percent over the previous year. The MY 2018/19 crop was so large that even some dessert fruits could be processed. Industry sources report concerns that some dessert crop may not be suitable for long-term storage.

Table 4: Apple Juice Production* (MY: July/June)

	MY 2016/17	MY 2017/18	MY 2018/19	
Apple Juice	300,000	175,000	330,000	MT

*Source: FAS Warsaw estimate, based on Main Statistical Office data, and Institute of Agricultural Food Economic estimates. *Includes imported CAJ, mixed with apple juice produced from local apples*

Trade

Post expects MY 2018/19 fresh apple exports will reach 1.1 MMT, about 440,000 MT more than MY 2017/18. MY 2017/18 exports decreased by 37 percent from MY 2016/17, with notably lower exports to Belarus and Egypt. Prior to 2014, Russia accounted for roughly 50 percent of Polish exports and was the main non-EU market for Polish apples. Although Belarus and Kazakhstan grew in importance following the 2014 Russian import ban, MY 2017/18 exports to these markets decreased by 60 percent from the previous year. MY 2018/19 apple exports to other EU Member States increased by four percent.

The 2014 Russian import ban motivated the GOP and apple industry to seek new markets in Southeast Asia, North Africa, and the Middle East. However, these markets remain small vis-à-vis Russia and Polish shippers struggle with quality issues in these markets, as most Polish varieties damage easily during long-distance shipping.

China is formally open to Polish apple shippers, although actual trade is limited. According to industry sources, an obstacle in MY 2016/17 was Chinese requirements vis-à-vis phytosanitary documentation. Last year’s low production and quality issues also resulted in fewer shipments to China, although the improved situation in MY 2018/19 will likely drive exports to that market. Polish shippers are also eager to take advantage of the higher Chinese tariffs imposed on U.S. apples. In September 2018, Chinese traders visited Polish orchards and storage houses seeking new suppliers, particularly for the Ligol and Gala (especially Gala Must) varieties.

Polish apple imports are not significant and mostly include organic apples and some niche varieties not grown locally. MY 2017/18 imports increased over the previous year due to supply shortages in the domestic market, especially toward the end of the year. Lower quality in MY 2017/18 will reduce domestic storage.

Table 5: Fresh Apple Exports/MT (HS: 080810), (MY: July/June)

Partner	Quantity	% Share	%
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Country							Change 2018/2017
	MY 2015/16	MY 2016/17	MY 2017/18	MY 2015/16	MY 2016/17	MY 2017/18	
World	982,870	1,113,830	700,130	100.00	100.00	100.00	- 37.14
Belarus	422,841	504,192	188,924	43.02	45.27	26.98	- 62.53
Germany	57,664	60,989	97,826	5.87	5.48	13.97	60.40
Romania	63,744	64,276	51,228	6.49	5.77	7.32	- 20.30
Kazakhstan	54,868	78,317	46,538	5.58	7.03	6.65	- 40.58
Netherlands	10,471	16,348	31,377	1.07	1.47	4.48	91.94
Czech Republic	38,615	37,471	28,271	3.93	3.36	4.04	- 24.55
Serbia	37,546	45,883	21,617	3.82	4.12	3.09	- 52.89
Lithuania	44,769	31,831	19,530	4.55	2.86	2.79	- 38.65
Sweden	10,128	12,618	16,493	1.03	1.13	2.36	30.71
Egypt	25,622	22,184	16,168	2.61	1.99	2.31	- 27.12

Source: Global Trade Atlas

Table 6: Fresh Apple Imports by Volume/MT (HS: 080810), (MY: July/June)

Partner Country	Quantity			% Share			% Change 2018/2017
	MY 2015/16	MY 2016/17	MY 2017/18	MY 2015/16	MY 2016/17	MY 2017/18	
World	20,427	11,398	26,505	100.00	100.00	100.00	132.54
Lithuania	3,824	88	8,929	18.72	0.77	33.69	∞
Hungary	-	-	5,910	0.00	0.00	22.30	0.00
Italy	6,059	3,830	4,109	29.66	33.60	15.50	7.29
Netherlands	4,491	2,575	1,626	21.99	22.60	6.13	- 36.88
Germany	2,465	1,409	1,208	12.07	12.36	4.56	- 14.23
Portugal	1,380	1,750	1,096	6.75	15.35	4.13	- 37.38

Source: Global Trade Atlas

Table 7: Fresh Apple Imports and Exports by Value/\$(000) (HS: 080810), (MY: July/June)

	MY 2015/16	MY 2016/17	MY 2017/18	% Change 2018/2017
Export	329,999	371,422	382,776	3.06
Import	13,449	10,159	17,103	68.35

Source: Global Trade Atlas

Post forecasts that larger MY 2018/19 apple stocks and lower prices will drive apple juice production and exports. Reduced competition from China will also create opportunities for Polish CAJ on the international market. Polish processors also see new opportunities on the U.S. market following new U.S. tariffs on Chinese food products. Post forecasts that MY 2018/19 CAJ exports will reach 300,000 MT, a 60-percent increase over the 185,417 MT of CAJ exported last year. Poland's primary

international CAJ markets were Germany and other EU Member States. Russia (3,000 MT) and the United States (5,000 MT) were Poland's most important non-EU CAJ markets. Post forecasts that MY 2018/19 CAJ exports to the United States and Russia will increase due to weakened competition from China.

In MY 2017/18, Poland imported 74,724 MT of CAJ to augment low domestic stocks. Although Ukraine and Moldova are traditional CAJ suppliers, last year Poland also imported Chinese CAJ.

Table 8: Major Export Markets, CAJ, (HS 200979) (MY: July/June)

Partner Country	MT			% Share			% Change 2018/17
	MY 2015/16	MY 2016/17	MY 2017/18	MY 2015/16	MY 2016/17	MY 2017/18	
World	270,343	278,967	185,417	100.00	100.00	100.00	- 33.53
Germany	146,606	117,003	92,441	54.23	41.94	49.86	- 20.99
United Kingdom	27,148	25,986	23,972	10.04	9.32	12.93	- 7.75
Netherlands	22,757	26,724	16,543	8.42	9.58	8.92	- 38.10
Denmark	4,768	6,873	6,338	1.76	2.46	3.42	- 7.79
France	8,140	10,183	6,162	3.01	3.65	3.32	- 39.49
<i>United States</i>	<i>3,485</i>	<i>12,489</i>	<i>5,226</i>	<i>1.29</i>	<i>4.48</i>	<i>2.82</i>	<i>- 58.16</i>
Austria	18,295	23,360	4,711	6.77	8.37	2.54	- 79.83
Sweden	5,533	5,298	3,708	2.05	1.90	2.00	- 30.01
Japan	956	2,847	3,513	0.35	1.02	1.89	23.38
Norway	4,017	4,163	3,369	1.49	1.49	1.82	- 19.08
Russia	9,441	11,973	2,874	3.49	4.29	1.55	- 76.00
Slovakia	589	4,435	2,802	0.22	1.59	1.51	- 36.82
Finland	1,179	1,432	2,338	0.44	0.51	1.26	63.32
Belgium	1,736	1,912	1,966	0.64	0.69	1.06	2.83
Czech Republic	1,129	1,409	1,551	0.42	0.51	0.84	10.09

Source: Global Trade Atlas

Table 9: Major International Suppliers, CAJ, (HS 200979) (MY: July/June)

Partner Country	MT			% Share			% Change 2017/2016
	MY 2015/16	MY 2016/17	MY 2017/18	MY 2015/16	MY 2016/17	MY 2017/18	
World	52,170	54,758	74,724	100.00	100.00	100.00	36.46
Ukraine	29,222	23,284	23,223	56.01	42.52	31.08	- 0.26
Moldova	10,665	20,585	18,831	20.44	37.59	25.20	- 8.52
China	-	-	12,310	0.00	0.00	16.47	0.00
Netherlands	667	1,003	4,937	1.28	1.83	6.61	392.43

Source: Global Trade Atlas

Table 10: Import and Export Data, CAJ by Value/(000)\$, (HS: 080810), (MY: July/June)

	MY 2015/16	MY 2016/17	MY 2017/18	% Change 2018/2017
Export	321,024	300,843	320,500	6.53
Import	52,935	44,764	109,121	143.77

Source: Global Trade Atlas

PEARS

Area Planted and Production

Post estimates Poland's MY 2018/19 pear crop at 85,000 MT, a 54-percent increase over MY 2017/18.

The GOP's Main Statistical Office also forecasts MY 2018/19 pear production at 85,000 MT.

According to industry data, MY 2018/19 pear production achieved over 70,000 MT.

Pear orchards were in a good shape after 2017/18 winter in Poland, with no reported frost damage. Flowering was abundant in spring 2018 and tree development was early due to warm weather through the spring and summer. Despite the drought conditions during the spring and late summer of 2018, pear trees were less affected and drought-related losses did not occur.

Area planted declined as many orchards are being revitalized and older trees were taken out of production. Production losses due to lower acreage are offset by increasing production intensification.

Post expects that some apple producers will convert their orchards from apples to pear trees, largely due to ongoing market issues stemming from the Russian import ban. Many orchard owners continue to

face labor shortage problems, particularly during harvest season. Conference is Poland's most popular pear variety and accounts for over 60 percent of production. Other popular varieties are Lukas and Local Favorite.

Table 11: Production (MY: July/June)

Pears Fresh, Poland	MY 2016/17	MY 2017/18	MY 2018/19*	
Area harvested	7,800	7,800	7,800	HA
Production total	81,500	55,100	85,000	MT

Source: The Main Statistical Office Poland * FAS/Warsaw estimate

Processing and Consumption

Post expects domestic consumption in MY 2018/19 to increase over the previous MY due to larger stocks and lower prices. Higher stocks will also spur increased processing.

Table 12: Fresh Pears Distribution (MY: July/June)

Pears Fresh, Poland	MY 2016/17	MY 2017/18	MY 2018/19*	
Fresh domestic consumption	30,000	30,000	32,000	MT
For processing	40,659	38,808	45,000	MT

Source: Warsaw FAS estimate

Trade

MY 2018/19 pear exports are forecast to decrease by 27 percent to 48,000 MT, following a bumper harvest. Prior to 2014, Russia accounted for 60 percent of Poland's total pears exports. Following the 2014 Russian import ban, Polish exporters increased sales to Belarus, Kazakhstan, Ukraine, Lithuania, and Latvia. In MY 2017/16 pear exports to these countries declined by 64 percent to 34,728 MT.

MY 2018/19 pear imports are forecast to decrease by 24 percent, reaching 40,000 MT. In MY 2017/18 most pear imports were sourced from the Netherlands (28,378 MT), and Spain (7,944 MT). Together, these countries accounted for 73 percent of Poland's imported pears.

Table 13: Major Export Markets, Pears Fresh, MT, (HS 080830) (MY: July/June)

Partner Country	Quantity			% Share			% Change 2018/17
	MY 2015/16	MY 2016/17	MY 2017/18	MY 2015/16	MY 2016/17	MY 2017/18	
World	39,189	51,374	37,922	100.00	100.00	100.00	- 26.19
Belarus	20,747	38,420	31,221	52.94	74.78	82.33	- 18.74
Kazakhstan	1,815	1,928	1,471	4.63	3.75	3.88	- 23.71
Ukraine	1,074	1,475	1,131	2.74	2.87	2.98	- 23.30
Lithuania	2,480	2,731	905	6.33	5.32	2.39	- 66.85
United Kingdom	187	186	790	0.48	0.36	2.08	324.44
KingdomKingdom							
Estonia	36	355	553	0.09	0.69	1.46	55.97
Bulgaria	1,008	407	440	2.57	0.79	1.16	7.96

Source: Global Trade Atlas

Table 14: Major International Suppliers, Pears Fresh, MT, (HS 080830) (MY: July/ June)

Partner Country	Quantity			% Share			% Change 2018/17
	MY 2015/16	MY 2016/17	MY 2017/18	MY 2015/16	MY 2016/17	MY 2017/18	
World	46,708	40,926	51,290	100.00	100.00	100.00	25.32
Netherlands	28,307	24,872	28,378	60.60	60.77	55.33	14.10
Spain	4,008	2,833	7,944	8.58	6.92	15.49	180.39
Belgium	7,834	5,423	4,965	16.77	13.25	9.68	- 8.45
Portugal	3,047	3,284	4,054	6.52	8.02	7.90	23.44
Italy	2,117	2,378	2,858	4.53	5.81	5.57	20.15
Germany	815	1,798	2,323	1.74	4.39	4.53	29.15

Source: Global Trade Atlas

Policy

In 2017, the Ministry of Agriculture and Rural Development (MinAg) developed a ‘Food Promotion Strategy’ to raise the profile of Polish food products. The National Center for Agricultural Support was charged with implementing the strategy and promoting Polish products, including horticulture. Poland is using the ‘Poland Tastes Good’ logo, as noted below:



Polish apple growers do not receive direct-subsidy payments, although MinAg supports horticultural producer-marketing organizations. As of May 2017, Poland registered 269 fruit and vegetable producer groups, 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 funds. From May 2004 to June 2018, Poland received €28.3 million (\$32.3) for nine fruit, vegetable, and juice promotional activities.

School Fruit Program

In 2017/18, the EU’s established a new [school feeding program](#) to promote healthful eating among school children and support dairy, fruit, and vegetables consumption among students. In terms of the allocated budget, Poland ranks fourth among EU program users, following Germany, France, and Italy and will receive €25.4 million (\$29.0) under the program in 2018/19. The Polish fruit and vegetable component will account for €14.5 million (\$16.6 million). In 2017/18, Poland received €26 million

(\$30.8) from the EU's 2017/18 budget of €250 million (\$295.7 million). The Polish fruit and vegetable component amounted at €15 million (\$17.7 million) in 2017/18. Additionally in 2017/18 MinAg co-financed the Program with PLN 64,000 (\$16,904) from the national budget.

Market Intervention

In response to low apple prices, MinAg launched a market-intervention plan to remove 500,000 MT of apples from the domestic market to stabilize farm-gate prices. A private-owned fruit processing company offered to purchase the apples at double the current market price for processing, although with the GOP support guarantees. MinAg allocated PLN 90 million (\$24 million) from the national budget for this purpose. Purchased apples will be processed for CAJ. The MinAg announced that if some CAJ cannot be exported, it will be purchased by the GOP's Material Reserves Agency for strategic reserves. Public apple procurements purchases started on October 8, 2018.