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Strawberries

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Report Highlights:

Poland experienced lowest strawberry crop in nearly 20 years in 2003. Production 24 percent compared to the 2002 crop because of poor weather conditions. Total strawberry production in 2003 amounted to only 117,000 MT as compared with 153,000 MT harvested in the previous year. Frozen strawberry exports in 2003 are expected to amount to only about 70,000 MT versus 127,000 MT (includes stock from the previous year) in 2002; down 45 percent. Production in 2004 is expected to recover to recent years average of 140,000 MT. Minimal impact on the strawberry sector is expected following Poland's accession into the EU May, 2004.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
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Executive Summary

Unfavorable weather conditions resulted in the lowest strawberry crop in 20 years in CY 2003. Only 117,000 MT of strawberries were harvested this year compared with 153,000 in 2002. This situation was caused by especially unfavorable weather conditions in the winter (frost with no snow protection) and spring (drought). As a result some quality problems occurred with fruits that were available which were of smaller size. It is estimated that Poland exported 10,000 tons of fresh or chilled strawberries, primarily to the European Union (Germany, Austria). Minimal quantities of table varieties were imported from Spain and Italy.

The significant decrease in fresh strawberry output in 2003 decreased the amount available for the processing industry. Due to limited production, strawberry prices were at the highest level in over ten years. Prices offered by the processing industry for fresh strawberries this year (PLN 2.50-5.35, USD 0.62-1.30) were significantly higher than a year ago (PLN 1.40-2.50, USD 0.33-0.60). Export prices greatly varied during the summer starting quite low at the level of Euro 1,200 per ton (USD 1,400), increasing to Euro 1,600-1,700 (USD 1,887-2,000) by the end of the harvest. Polish exports of processed products (including frozen, canned, preserves and jams) were estimated at about 137,000 tons including 127,000 tons of frozen strawberries. The European Union remains Poland's biggest export market, with Germany the single largest importer of Polish frozen strawberries.

High prices received by producers in 2003 have stimulated new summer and autumn plantings of strawberries in Poland. Hence, with increased area planted over within the next two years when plantings become mature, Poland could experience a large strawberry crop up to 160,000-180,000 MT. With increased production exceptionally high 2003 prices should significantly drop after the 2004 harvest.

FRESH STRAWBERRIES

Production

Over the past ten years average area under strawberry cultivation in Poland was about 57,000 HA. The area under strawberry cultivation in 2003 was the smallest since 1994 and amounted to only 40,000 HA. New plantings were recorded in the fall of 2003 to the area of cultivation might increase in 2004 to 50,000 HA. The level of production depends greatly on weather conditions which have shifted over the last 15 years with yields fluctuating between a high of 4.21 MT/HA in 1991 to 2.92 MT/HA in 2003.

Weather conditions during the winter of 2002 were very unfavorable. Frost occurred frequently reportedly destroyed nearly fifteen percent of area planted. Lack of snow cover greatly contributed to this situation. Strawberries have the capability to regenerate during spring time but spring 2003 was very unfavorable for the strawberry crop. Starting in April through May Poland experienced drought. Average 2003 yields were lower (2.92 tons/hectare) than those of 2002 (4 tons/hectare).

According to the Polish Institute of Agricultural Economics, profitability in strawberry production this year amounted to 168 percent versus 87 percent achieved in 2002.

Purchase Prices for Strawberries:

The harvest was very short. First purchases occurred around June 9th and the last around July 4th, 2003. During early June, the purchase price offered by processors for strawberries with leaf stalk removed was PLN 2.50 (USD 0.66) per kilogram as compared with PLN 1.40 (USD 0.33) per kilogram at the same time in 2002. The decrease in supply of strawberries resulted in higher prices throughout the harvest. By the end of June, farm-gate prices increased to PLN 4.86 (USD 1.21), reaching PLN 5.35 (USD 1.34) at the beginning of July. During the 2003 harvest prices of strawberries with leaf stalk purchased by the processing industry remained at much lower level of PLN 2.70 (USD 0.67) – PLN 3.00 (USD 0.75).

Poland's most popular varieties continue to be Senga Sengana (60% of crop), Kama, Dukat, Elsanta, Selva, Kent, Korona and Marmolada. The quality of the Senga Sengana variety has been decreasing steadily in recent years due to poor farming practices. Farmers have been attempting to reduce costs by using cuttings from older fields rather than investing in new seedlings. With the use of older cuttings, any diseases present in older plants are more easily spread resulting in lower yields. Farmers reportedly prefer Dukat and Elsanta to Senga Sengana because of its resistance to diseases. However, the Polish processing industry does not like these varieties because their tolerance to cold storage has not been proven. Polish farmers tend to have different varieties on each field.

There has been increased interest in the cultivation of fresh table varieties including Elsanta, Kama, Selva, Dukat and Kent in recent years. Polish farmers are aware that fresh table varieties attract higher prices and could increase the profitability of their operations. By introducing more varieties, they are able to both prolong the strawberry harvest season and to offer a new product for Polish markets and exports. In the past few years for the first time in Poland largest Polish strawberry producer (over 143 HA) situated near Warsaw has been successful in introducing tunnel production for part of strawberry fields on his farm. This development enables this company to have continuous supply of table fruit varieties from May to November. Currently the remaining 97 percent of Polish farms are traditional open fields.

PSD Table

Country Commodity	Poland					
	Fresh Strawberries (HA)(MT)					
Market Year Begin	2001	Revised	2002	Estimate	2003	Forecast
	USDA Official [Old]	Post Estimate [New] 01/2002	USDA Official [Old]	Post Estimate [New] 01/2003	USDA Official [Old]	Post Estimate [New] 01/2004
Area Planted	44400	38000	50000	40000	0	50000
Area Harvested	44400	38000	50000	40000	0	50000
TOTAL Production	162000	153000	160000	117000	0	140000
Imports, Fresh	1400	1250	1400	1250	0	1500
TOTAL SUPPLY	163400	154250	161400	118250	0	141500
Exports, Fresh	15300	16855	15000	10500	0	14000
Domestic Fresh Market	39100	24,395	30500	27750	0	27500
For Processing	109000	113000	115900	80000	0	100000
TOTAL UTILIZATION	163400	154250	161400	118250	0	141500

Consumption

During the past several years, consumption of fresh strawberries has remained constant at about 0.5-1 kg/per capita and is expected to remain at a similar level in 2004.

Prices Table

Country

Poland

Commodity

Fresh Strawberries

Prices in

Zlotys per uom

kilogram

Year

Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec

	2001	2002	% Change
Jan			
Feb			
Mar			
Apr			
May	15.15	17	12.21%
Jun	4.63	5	7.99%
Jul	2.4	4.5	66.67%
Aug			
Sep			
Oct			
Nov			
Dec			

Exchange Rate

4.01 Local currency/US \$

Date of Quote

06/01/02 MM/DD/YYYY

Trade

Poland annually exports around 12,000-20,000 tons of fresh and/or chilled strawberries. The European Union (Germany, Austria) imports almost all of the product. Poland exported 16,855 tons of fresh and chilled strawberries in 2002. During 2003 exports were estimated at 10,500 tons and are expected to only slightly increase in 2004. Polish analysts expect exports of fresh product to increase further in the next 3-5 years as Polish farmers increase production of table varieties. Polish product is exported by small Polish private firms as well as branch offices of foreign (mostly German) firms.

During the off season, limited quantities of fresh strawberries are imported by air from Spain, Italy and Morocco. High prices (two to three times higher than that of Polish strawberries during harvest season) limit sales.

Export Trade Matrix

Country	Poland			
Commodity	Fresh Strawberries			
Time period	12 months	Units:	Tons	
Exports for:	2001		2002	
U.S.		U.S.		
Others		Others		
Germany	10788	Germany	7399	
Austria	3100	Netherlands	2787	
Netherlands	2888	Austria	3084	
Belgium	1428	Belgium	1742	
Czech Rep.	717	Czech Rep.	999	
Total for Others	18921		16011	
Others not Listed	2023		844	
Grand Total	20944		16855	

Import Trade Matrix

Country	Poland			
Commodity	Fresh Strawberries			
Time period	12 month	Units:	Tons	
Imports for:	2001		2002	
U.S.		U.S.		
Others		Others		
Spain	615	Spain	671	
Italy	404	Italy	312	
Austria	115	Morocco	58	
Germany	113	Austria	71	
Switzerland	75	Switzerland	71	
Netherlands	64	Germany	43	
Total for Others	1386		1226	
Others not Listed	41		27	
Grand Total	1427		1253	

PCN Code	Product	Preferential tariffs for:					Post EU Accession Code**	EU Tariff**
		MFN Tariff	Czech Slovak Rep.	Hungary	Lithuania	Latvia		
081010001	Strawberries, Fresh, imported Jan 1- Apr 30	20%	0	15%	10%	0%	08101001 Strawberries Fresh, intended for processing	11.2% Unit value: 131.51 EUR VU/100kg
081010003	Strawberries, Fresh, imported May1- July 31*	40%	5%	15%	10%	15%	Code will no longer exist after accession, 081010001 will be applicable for whole year.	
081010009	Strawberries, Fresh, imported Aug 1 - Dec 31	20%	0	15%	10%	0%	081010009 Strawberries Fresh, other	11.2% Unit value: 131.51 EUR VU/100kg

* Please note that a tariff rate quota for fresh strawberries is in effect between May 1 - July 31. Imports made within the quota of 19 tons are assessed a lower tariff of 20 percent. This will remain the standard until EU accession, upon Poland's accession to the EU, no such quota will be put into effect.

**The tariff included in this column will only become applicable when Poland becomes a member of the EU May 1, 2004.

PCN Code	Product	Preferential tariffs for:			Post EU** accession
	Frozen Strawberries	MFN Tariff	Czech, Slovak Reps Hungary Slovenia Romania Bulgaria	Latvia	
0811 10	Strawberries containing added sugar or other sweetening matter:				
0811 10 11	Strawberries boiled/frozen with sugar content of more than 13%	30%	9%	0%	20.8% + 8.4 EUR/100 kg
0811 10 19	Other	30%	9%	0%	20.8%
0811 10 90	Other	25%	9%	0%	4.4%
0812 90 9930	Preserved strawberries not for immediate consumption	25%	0	0	8.8%

**The tariff included in this column will only become applicable when Poland becomes a member of the EU May 1, 2004.

Policy

The Government of Poland (GOP) through the Ministry of Agriculture and Rural Development's Agency For Restructuring and Modernizing of Agriculture offers the following preferential agricultural credits:

Basic investment credit (utilized primarily for the construction of new buildings, food processing activities): GOP subsidizes loans to farmers at less than half the commercial agricultural credit rate which can be as high as 35 percent. Loans under this program average 13 percent interest rate.

Credits for new farmers below age 40 (utilized for land purchase as well as construction of new farm buildings): Farmers meeting the program criteria receive loans with 5 percent interest rate.

Credits for purchase of additional land: Farmers can obtain loans at 5 percent interest rate.

Credit for development of new agricultural production (includes purchase of seedlings) at 5.-13 percent interest rate.

Loans for creation of agricultural farms approved by the Minister of Agriculture at 5 -13 percent interest rate.

Marketing

During the harvest season, vendors traditionally sell fresh strawberries in wooden baskets containing 2 kg of fruit from the back of trucks or from temporary stands. The dynamic growth of the supermarket/hypermarket retail outlets has resulted in a consolidation of wholesale suppliers. Hypermarkets tend to contract with individuals or supplier groups.

Polish exports of fresh and chilled strawberries are carried out by private Polish firms as well as foreign companies seasonally operating in Poland. Foreign companies (mostly German) either set up purchasing points or pre-contract with Polish farmers. Product is purchased directly from farms and either pre-cooled before transport or transported in temperature-controlled trucks to Germany for further processing. Polish traders and representatives of local freezers also purchase fresh product from farmers. However, lacking financial resources, Polish companies often find it difficult to compete with the foreign firms. Limited quantities of imported fresh strawberries, which appear during the off season, are mostly sold in supermarkets and on vegetable stands in larger cities.

FROZEN STRAWBERRIES

Production

Sixty to seventy percent of strawberry production is annually sold as frozen product. Of the 80,000 MT of fresh strawberries delivered to processors in 2003, about 77,000 MT of frozen product was produced. In 2003, in many cases fresh fruit processors complained about the unusually small size of the fruit.

PSD Table

Country Commodity	Poland Frozen Strawberries (MT)					
	2001 USDA Official [Old]	Revised Post Estimate [New] 01/2002	2002 USDA Official [Old]	Estimate Post Estimate [New] 01/2003	2003 USDA Official [Old]	Forecast Post Estimate [New] 01/2004
Market Year Begin						
Deliv. To Processors	109000	113000	115000	80000	0	100000
Beginning Stocks	0	25800	0	0	500	2500
Production	103000	109000	105000	77000	0	90000
Imports	1000	1500	1000	1000	0	1000
TOTAL SUPPLY	104000	136300	106000	78000	500	93500
Exports	90000	127300	90000	68500	0	85500
Domestic Consumption	14000	9000	15500	7000	0	8000
Ending Stocks	0	0	500	2500	0	0
TOTAL DISTRIBUTION	104000	136300	106000	78000	0	93500

Consumption

Consumption of frozen strawberries in Poland is only about 0.2 kg per capita. Poles prefer purchasing fresh product during the harvest season as well as consuming products processed at home (jams, compotes etc.).

Price frozen

Prices Table

Country

Poland

Commodity

Frozen Strawberries

Prices in

Zlotys

per uom

kilogram

Year

	2001	2002	% Change
Jan	9.64	10.5	8.92%
Feb	9.62	9.77	1.56%
Mar	9.64	10	3.73%
Apr	9.6	9.8	2.08%
May	9.58	10	4.38%
Jun	9.52	10.5	10.29%
Jul	9.44	10.3	9.11%
Aug	9.4	10.6	12.77%
Sep	9.32	10.6	13.73%
Oct	9.32	10.6	13.73%
Nov	9.32	10.6	13.73%
Dec	9.24	10.8	16.88%

Exchange Rate

4.01

Local currency/US

\$

Date of Quote

06/01/02

MM/DD/YYYY

Trade

Poland continues to be the major supplier of frozen strawberries to the European Union. Germany is Poland's largest market. At the beginning of the harvest in June 2003 export prices were at Euro 1,200 (USD 1,415) per ton. During harvest as limited production became more visible prices increased to the level of Euro 1,600 (USD 1,886) per ton, and at the end of the season reached Euro 1,700 (USD 2,000) per ton.

In the past, Hortex (currently a private firm, formerly one of the state owned Polish export-import enterprises) was responsible for most of the Polish exports. This company is currently responsible for nearly sixty percent of the trade. Other export companies include: Agros, Hortino, Freezing House Olsztyn, Gomar and Elsner.

Polish medium and small size companies also experienced a very difficult trade year during 2003. Extremely high purchasing prices resulted in limited purchases. Those firms which were purchasing product at the end of harvest in early July when prices had escalated to Euro 1,700 per ton (USD 2,000). The lack of government financial support for purchases as

well as the lack of preferential credits for trading companies are limiting development of this sector in Poland.

Many “seasonal” companies with foreign investment (mostly German) purchase fresh product locally. They contract with Polish freezers for processing fruits and then transport frozen strawberries to destination markets.

Limited imports of frozen strawberries enter Poland from countries such as Spain, China and Germany.

Effects of Poland’s U.E. Accession on Trade:

According to trade sources, Poland’s accession to the E.U. will not have any major effects on the strawberry trade or industry. Attempts are being made to organize Polish growers into associations (as required by the EU) in order to obtain financial assistance, but are not very successful. Many of the E.U. trading firms dealing with purchasing/processing of strawberries already have either permanent or seasonal representation on the Polish market.

Export Trade Matrix

Country	Poland			
Commodity	Frozen Strawberries			
Time period	12 months	Units:	Tons	
Exports for:	2001		2002	
U.S.	1993	U.S.		
Others		Others		
Germany	53658	Germany	53831	
Netherlands	15337	Netherlands	17220	
France	10218	Denmark	9331	
Denmark	8504	Sweden	6186	
Belgium	5640	France	6235	
Great Britain	4871	United Kingdom	4111	
Sweden	4726	Belgium	3950	
Austria	4273	Austria	3420	
Norway	2914	China	2664	
Finland	2392	Norway	2683	
Total for Others	112533		109631	
Others not Listed	12092		17687	
Grand Total	126618		127318	

Import Trade Matrix

Country	Poland		Frozen Strawberries	
Commodity				
Time period	12 months	Units:	Tons	
Imports for:	2001		2002	
U.S.		U.S.		
Others		Others		
Germany	796	Germany	949	
Netherlands	110	Ukraine	163	
Sweden	82	Norway	87	
Belgium	66	Morocco	81	
Austria	63	Czech Rep.	65	
Switzerland	44	Switzerland	54	
Czech Rep.	42			
Finland	22			
Italy	22			
France	22			
Total for Others	1269		1399	
Others not Listed	49		175	
Grand Total	1318		1574	

Stocks

No official data on stocks are available. Post uses estimates obtained from the Institute of Agricultural Economy and the Polish Ministry of Agriculture and Rural Development. Carryover stocks of frozen strawberries depend on the total supply and price in any given year. The lower the price and the higher the quantity, the more likely some frozen product will be stored. Stocks are held in cold storage facilities throughout Poland. In 2002 exports of strawberries were greatly increased by stocks from 2001 which were still in the cold storage. According to Polish experts in 2003, many of these companies were caught in a high prices situation at the end of the season. Consequently, some stocks from the 2003 crop are still being stored in Poland.

Policy

There is no special Government policy being applied to purchasing or trade of frozen strawberries in Poland.

Marketing

Over the past several years changes occurred in methods of distribution of frozen products, including strawberries, in Poland. The appearance of new retail outlets throughout Poland has created a demand for national distribution of frozen products. In the past, Hortex was the only company capable of delivering their products at the national level. Currently, two

distribution groups have established themselves on the Polish market - Frozen Food Group and KFD.

Both of these associations are composed of several large distribution firms which work closely with individual freezing companies and frozen food producers. Transportation is conducted by a specialized fleet of freezer trucks contracted from transportation companies. Both organizations often provide smaller shops with storage freezers used for storage of many different frozen products, including strawberries. Some of the recently privatized freezing companies are trying to serve local markets with their products. Often, they also provide their own transportation.