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Report Highlights:

Swine inventories are expected to grow by 3 percent in 2015 due to low prices of feed and continuing demand for pork on the domestic market. Low level of farm-gate prices for swine, outbreak of African Swine Fever and introduction of Russian import ban in 2014 are the major factors inhibiting faster recovery of the Polish swine production later in 2015 and in 2016. Production of pork in 2015 is expected to increase by 3 percent as a result of higher swine inventories and growing imports of piglets from Denmark, Germany and the Netherlands. Cattle inventories are expected to stabilize in 2015 and 2016 because of lower prices for calves destined for export and reduced farm-gate milk prices. Production of beef is expected to increase by 2 percent in 2015 and 2016 due to higher slaughter.

General Information:

Swine

Production

In December 2014 inventories of swine amounted to 11.3 million head, a 3 percent increase in comparison to the same period of the previous year. Inventories of sows in December 2014 were estimated at 956,000 head, almost unchanged in comparison to the previous year's figure. It is estimated that in the first half of 2015 Polish swine inventories continued to grow because of the low level of feed prices. In December 2015 swine inventories are expected to reach 11.5 million head, 2 percent up compared to December 2014 but the pace of increase will depend on grain crop and feed prices in the second half of 2015. In March 2015 sow inventories were 3 percent lower than a year ago, which indicates that the pace of swine inventories increase will be slower in the second half of the year and will slow down even further in 2016. Despite the outbreak of African Swine Fever (ASF) in North-Eastern Poland in early 2014 that brought export restrictions from several pork importers and the Russian ban on imports of agricultural products (including pork) introduced in August 2014, the drop of feed prices had a primary influence on the increase of swine inventories in the second half of 2014 and first half of 2015. However the inefficient structure of the industry as well as continuing strong competition from Danish and German suppliers of pork and piglets inhibits faster recovery of the Polish swine industry. It is estimated that in 2016 swine inventories will continue to increase, however the rate of increase will depend on feed prices and the recovery of farm-gate prices for swine.

Consumption

Slaughter of hogs in 2014 was 6 percent higher than a year ago because of higher inventories and growing imports of piglets from Denmark and Germany. The average slaughter weight of hogs in 2014 was 1.5 percent higher than in 2013 because of delays in procurement in the areas affected by ASF and fluctuations of farm-gate prices for swine. It is expected that slaughter will increase in 2015 by 3 percent mainly due to higher imports of piglets from elsewhere in the European Union. It is estimated that on-farm slaughter in 2015 will remain at the level of 15 percent of total slaughter. Slaughter of hogs in 2016 is forecast to remain almost flat in comparison to 2015 because higher imports of piglets will be accompanied by expected reduction of domestic production.

The average farm-gate price of hogs in the second half of 2014 amounted to PLN 4.82 (US\$1.28) and was 11 percent lower than record high price in 2013. A decrease of hog prices in 2014 stemmed from the Russian ban on imports of pork and increased domestic output. However, reduction of grain prices offset lower hog prices and maintained production profitability at the same level.

Trade

Reduction of swine inventories accompanied by continuing demand for pork stimulated further increase of imports of piglets. In 2014 Poland imported 5.5 million of piglets worth US\$ 555 million. In the first four months of 2015 imports of piglets amounted to 1.9 million head, 7 percent more than in the

same period of the previous year. Denmark is a major supplier of the piglets to Poland (70 percent) followed by Germany and the Netherlands. It is forecast that the high level of imports of piglets will continue towards the end of 2015 and into 2016.

Policy

In 2014 Polish farmers affected by the ASF outbreak received financial compensation for losses. The Agriculture Market Agency of the Ministry of Agriculture paid farmers for 49,700 hogs which could not be sold because of restrictions on movement of animals in the region affected by ASF. Total compensation paid to farmers in 2014 for ASF related losses amounted to PLN 6.9 million (US\$ 1.8 million) and was covered 50 percent from the Polish national budget and 50 percent by the European Union.

Pork

Production

It is estimated that pork output in 2014 amounted to 1.8 million MT and was 7 percent higher than in 2013. Higher pork production resulted from an increased slaughter, higher slaughter weight, as well as strong domestic and export demand. The average slaughter weight of swine in 2014 was 2 percent higher than in 2013. Production of pork is expected to increase by another 3 percent in 2015 and remain almost stable in 2016. A slower pace of output in 2015 and stagnation in 2016 is expected due to decreasing farm-gate prices for hogs.

Consumption

In 2014 domestic consumption of pork increased by an estimated 4 percent because of higher output and lower exports to third countries resulting from import restrictions (ASF and Russian ban). Preferences of Polish consumers towards pork stimulate imports and force the government to introduce measures which will help the pork industry to recover.

Trade

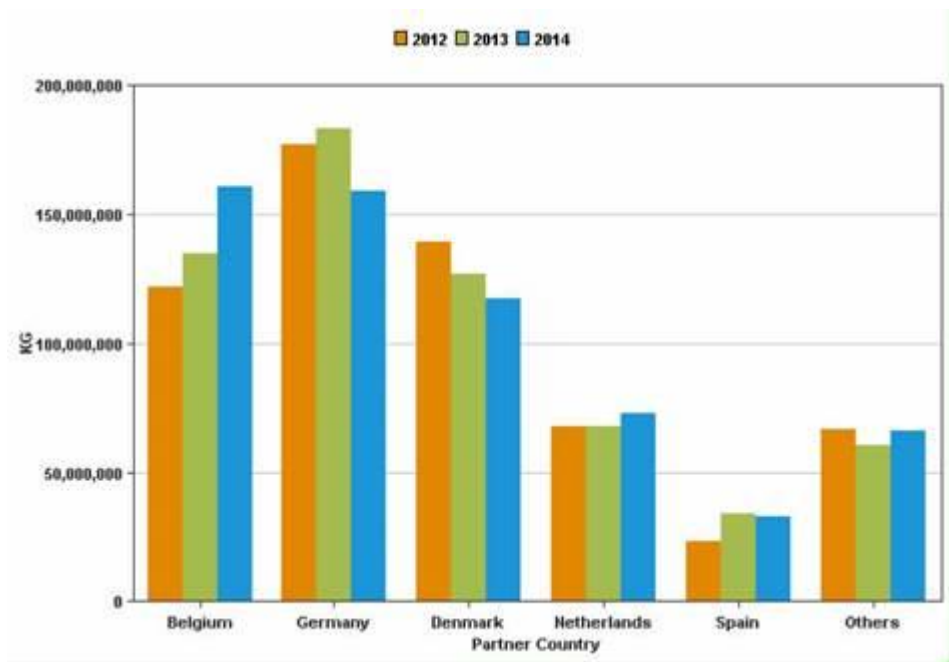
Poland remains a net importer of pork. It is estimated that shortages of pork on the domestic market will maintain imports of pork from the EU in 2015 at the previous year's level.

In 2014 overall Polish exports of pork dropped by 30 percent because of the Russian ban and ASF related restrictions. However, sales within the EU partly offset the decrease of exports to third countries.

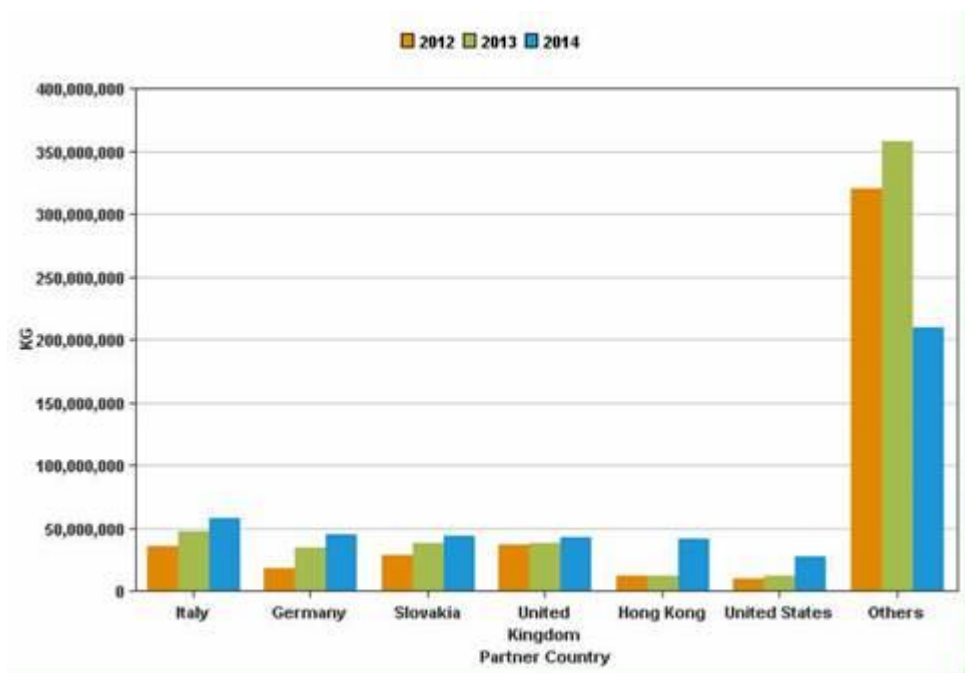
In 2014 Poland exported 480,615 MT of pork and pork products worth US\$ 1.4 billion mainly to Italy, Germany, Slovakia and United Kingdom. Major markets outside of the EU for Polish pork were Hong Kong and United States. In 2014 Poland exported 27,364 MT of pork and pork products to the U.S., 128 percent more than in 2013. In 2014 Poland imported 626,284 MT of pork mainly from Germany,

Belgium and Denmark. In the first four months of 2015 exports of pork and pork products increased by 6 percent while imports grew by 8 percent in comparison to the same period of the previous year.

Imports of pork and pork products (000MT)



Exports of pork and pork products (000MT)



Policy

Low level of farm-gate prices for hogs forced the European Union (EU) to intervene on the pork market. From March 9 to May 8, 2015, the EU opened a Private Storage Scheme for pork halves and selected pork elements. During the time when the intervention was active, Polish firms applied for allocation of 7,700 MT of pork within the PSA scheme. Within the PSA scheme companies receive from 210 to 305 Euro per ton of pork, which is stored in a cold storage for a period from 90 to 150 days.

Cattle

Production

The trend of increase in cattle inventories observed in the last decade continued in 2014. In December 2014 cattle inventories amounted to 5.7 million head and were over one percent higher than a year ago. Inventories of cattle continued to grow mainly due to production of calves for export which offset a decreasing trend in dairy cow numbers. In Poland 80 percent of fattening cattle is exported on-hoof. Cattle inventories are expected to stabilize in 2015 and 2016 because of lower prices for calves destined for export. In 2014 prices for exported calves were 5 percent lower than a year ago because of decrease of prices in the European Union and the appreciation of the Polish currency versus Euro in the second half of the previous year.

Consumption

Slaughter of cattle in 2014 was 11 percent higher than a year ago because of higher inventories and growing imports of calves from Germany and Lithuania. It is expected that slaughter of cattle will increase in 2015 by 2 percent mainly due to higher imports of calves from the European Union. It is estimated that on-farm slaughter in 2015 will remain at the level of 6 percent of total slaughter. Slaughter of cattle in 2016 is forecast to remain at the same level in comparison to 2015 because of stable domestic production of calves.

The average farm-gate price of cattle in 2014 amounted to PLN 5.96 (US\$1.58) and was 5 percent lower than in 2013 because of a decrease of prices in the EU which is a major market for Polish cattle.

Trade

In 2014 Poland exported 160,480 head of cattle mainly to Italy and the Netherlands within the EU and Bosnia and Herzegovina outside of the EU. Cattle exports were 30 percent lower than the previous year because of reduced EU prices. It is expected that exports of cattle in 2015 will continue to decline due to reduced demand from EU countries. Imports of cattle younger than 12 months doubled within the last two years and amounted to 99,292 head. Major suppliers of cattle in 2014 were Lithuania and Slovakia. Farmers are interested in buying fattening cattle because within the CAP they receive additional payments for herds up to 30 head of cattle.

Beef

Production

It is estimated that beef production in 2014 amounted to 460,000 MT and was 10 percent higher than in 2013. Higher beef output stemmed from an increased slaughter, higher slaughter weight, as well as continuing export demand. Production of beef is expected to increase by another 2 percent in 2015 and 2016. A slower pace of output in 2015 and in 2016 is expected due to lower slaughter and reduced farm-gate prices for cattle.

Consumption

In 2014 average annual beef consumption amounted to 1.7 kilogram per capita, up from the 1.3 kilogram per capita in 2013. Although domestic consumption of beef in Poland increased in 2014 it remains at a very low level due to high prices and the lack of tradition of eating beef in Poland. Polish consumers often substitute beef with cheaper, and considered healthier, poultry meat.

Trade

Poland is a net exporter of beef. In 2014 exports of beef amounted to 289,234 MT and remained at the same level as in 2013. Italy, Germany, the Netherlands, Spain and France are major importers of Polish beef within the EU, while Bosnia and Herzegovina, Hong Kong and Belarus are major buyers from outside the EU. In the first four months of 2015 beef exports increased by 21 percent mainly due to higher sales within the EU because Polish beef was prized competitively. In 2014 Poland imported 14,144 MT of beef mainly from Germany, Ireland, Slovakia, Great Britain and the Czech Republic. Beef imported from other EU member states is mainly used for processing. Imports of high quality beef are limited because of high price and lack of tradition of eating beef steaks. In 2014 imports of U.S. beef steaks amounted to 5 MT worth US\$ 169,000, a 40 percent drop from 2013. Higher prices for US beef in 2014 made it uncompetitive compared to beef from Argentina, Brazil and Uruguay. In the first four months of 2015 imports of US high quality beef increased by 16 percent.

Imports of Fresh, Chilled and Frozen Beef								
Partner Country	Unit	Quantity			% Share			% Change 2014/2013
		2012	2013	2014	2012	2013	2014	
Germany	MT	1,433	1,008	2,989	14.81	12.69	27.48	196
Ireland	MT	944	1,460	2,037	9.75	18.38	18.73	39
Argentina	MT	14	19	32	0.14	0.24	0.29	65
Brazil	MT	8	8	10	0.08	0.10	0.09	23
United States	MT	10	15	5	0.11	0.19	0.05	- 66
Uruguay	MT	1	3	3	0.01	0.03	0.03	11

Imports of Fresh, Chilled and Frozen Beef							
Partner Country	Value (000 US\$)			Price (US\$/kilogram)			% Change 2014/2013
	2012	2013	2014	2012	2013	2014	
Germany	5,280	4,668	11,250	4	5	4	141

Ireland	6,437	8,912	10,518	7	6	5	18
Argentina	377	310	751	27	16	24	142
Brazil	211	125	221	27	15	21	76
United States	296	282	169	28	19	34	- 40
Uruguay	14	51	54	19	19	18	6

End of Report.