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# Poland

**Post:** Warsaw

# Food Processing Ingredients

**Report Categories:**
Food Processing Ingredients

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**Report Highlights:**
The Polish food processing industry was restructured and mostly privatized during recent decades. Food processing comprises about 24 percent of Poland's total industrial production, includes over 33,000 companies, and generates about six percent of its gross domestic product (GDP). With its population of nearly 40 million, Poland is the largest market for food and beverages in Central and Eastern Europe. U.S. ingredients with sales strong potential include tree nuts, fish and seafood, dried fruit, highly processed and functional ingredients.

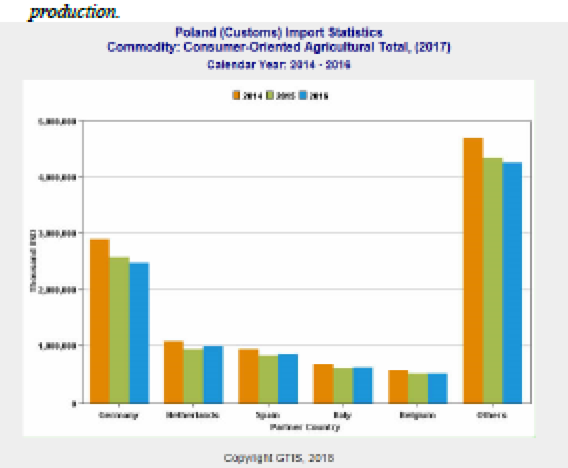
# Market Fact Sheet: Poland — Attachment A

## Executive Summary

**Poland is the largest market for food and beverages in the Central and Eastern European region. With its population of nearly 40 million people, it constitutes an attractive market for U.S. food and agricultural products. Poland's 2017 real gross domestic product (GDP) increase by 4.6 percent, driven largely by increasing domestic demand. In 2016, Poland imported upwards of $21 billion in food, agricultural, and fish and seafood products. U.S. imports of these products were $463 million. Products from the United States with strong sales potential in Poland include tree nuts, fish and seafood products, dried fruit, highly processed and functional ingredients.**

## Consumer-Oriented Products

*Total 2016 Polish imports of consumer-oriented food products were $9 billion, with U.S. imports at $136 million. Polish consumers are becoming increasingly sophisticated and value more diverse food products. Imports are rising steadily to cater to such demands and compensate for Poland's seasonal production.*




## Food Processing Industry

Poland is the largest agri-food industry producer in Central and Eastern Europe and 7th in the European Union. In 2016, over 2,600 companies operated in this sector, producing goods valued at over $64 billion. This sector is dominated by small and medium size enterprises. The most important enterprises in value terms were meat, dairy, beverage, confectionary baking industries and processed fruit and vegetables. Products from the United States with good sales potential on the Polish market include: nuts, fish and seafood, dry fruit, highly processed and functional ingredients.

## Food Retail Industry

The distribution system for consumer ready food products, as with all other branches of the Polish economy, is rapid transforming and remains one of the most dynamic areas of the Polish economy. The retail sector is diverse and ranges from small family-operated stores, through medium-sized stores to large distribution centers comparable with those found in the United States. As incomes grow, Poles are becoming more fastidious buyers, which force retailers to pay more attention to issues such as quality of product and customer service.

Foreign investors are attracted to the retail sector. The vast majority of hypermarkets are foreign owned, with traditional small-scale and predominantly Polish-owned shops facing steadily decreasing sales.

### *Quick Facts CY 2016*

**Imports of Consumer-Oriented Products** *(US $9 billion)*

**List of Top 10 Growth Products in Host Country**

1) Meat of Swine
2) Food Preparations
3) Carcasse Swine Fresh
4) Meat, Swine, Hams
5) Coffe Extracts
6) Cocoa Preparations
7) Wine
8) Bananas
9) Pet Food
10) Cocoa Paste

| POLAND Top Retailers (% retail value excluding sales tax) | 2015 | 2016 | 2017 |
|---|---|---|---|
| Jerónimo Martins SGPS SA | 10.2 | 10.6 | 11.2 |
| Schwarz Beteiligungs GmbH | 5.6 | 5.8 | 5.8 |
| Eurocash SA | 3.9 | 4.1 | 4.5 |
| Lewiatan Holding SA | 2.4 | 2.6 | 2.6 |
| Tesco Plc | 2.9 | 2.7 | 2.4 |
| Grupa Allegro Sp zoo | - | - | 2.4 |
| Auchan Group SA | 2.5 | 2.5 | 2.4 |
| PPHU Specjal Sp zoo | 1.9 | 2 | 2 |
| Dirk Rossmann KG | 1.6 | 1.7 | 1.8 |
| Carrefour SA | 1.8 | 1.8 | 1.8 |

**GDP/Population**

Population *(millions)*: 38.5
GDP *(billions USD)*: 471,364
GDP per capita *(USD)*: 12,372

**Sources:** Polish National Statistics, Economist Intelligence Unit, Global Trade Atlas, International Euromontor

## Strengths/Weaknesses/Opportunities/Challenges

| *Strengths* | *Weakness* |
|---|---|
| Central Europe's most populous country with a domestic consumer market of nearly 40 million people. | U.S. products face high transportation costs as compared to many European competitors. |
| A strategic location within a dense, major international market offering re-exports potential. | While the export of some U.S. goods has been encouraged by EU trade regulations, some goods, namely poultry and beef, are limited due to EU sanitary restrictions. |
| ***Opportunities*** | ***Threats*** |
| Market niches exist in food ingredient categories - i.e. dried fruit, nuts, proteins, and other innovation, functional foods with health benefits and energy function. | Foreign investment in the Polish food processing industry results in local production of many high quality products that were previously imported. |

**Data and Information Sources:** *Polish National Statistical Office, Economist Intelligence Unit, Global Trade Atlas, International Euromontor.*

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## SECTION I. MARKET SUMMARY

Poland is a modern European country with a population of nearly 40 million and is an increasingly attractive market for U.S. food and agricultural products. In 2016, total food, agricultural, and fish imports were valued at $21 billion, with U.S. imports accounting for $463 million. 2017 real GDP growth reached 4.6 percent and was driven largely by increasing domestic demand. 2018 real GDP growth is expected to decline in 2018 to 3.4 percent.

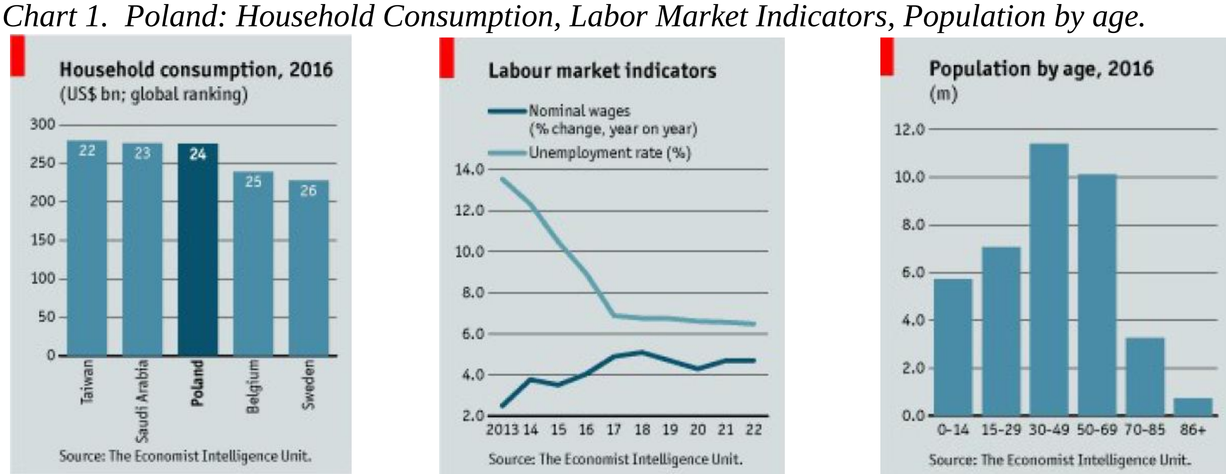
*Table 1. Basic Economic Indicators*

| | 2017[a] | 2018[b] | 2019[b] | 2020[b] | 2021[b] | 2022[b] |
|---|---|---|---|---|---|---|
| **Real GDP growth** | 4.6 | 3.4 | 3.3 | 2.6 | 3.7 | 3.4 |
| **Unemployment rate (average)** | 6.9 | 6.8 | 6.7 | 6.6 | 6.6 | 6.5 |
| **Consumer price inflation (av. National measure)** | 1.9 | 2.4 | 1.8 | 2.0 | 2.0 | 2.0 |
| **Exports of good FOB (U.S. $)** | 224.4 | 243.8 | 258.5 | 278.4 | 299.7 | 322.0 |
| **Imports of goods FOB (U.S. $)** | 223.8 | 245.9 | 265.8 | 287.0 | 311.2 | 332.8 |
| **Exchange rate Zl/U.S. $ (average)** | 3.77 | 3.62 | 3.63 | 3.55 | 3.50 | 3.35 |

*Source: Economist Intelligence Unit [a] actual and [b] forecasts.*

During 2011-2016, household incomes increased by 10 percent. In addition to economic growth and higher wages achieved during this period, the Government of Poland (GOP) social-safety net initiatives, such as the Family 500+ Program, also provided funds to millions of families. In 2017, rising consumer spending contributed toward an increase in the minimum wage, which in grew from PLN 1,850 ($544) in 2016 to PLN 2,000 ($588) in early 2017.

*Chart 1. Poland: Household Consumption, Labor Market Indicators, Population by age.*




*Source: The Economist Intelligence Unit*

Polish fish and seafood imports continue to grow and reached $2 billion in 2016, with $64 million (3.2 percent market share) originating from the United States. Although 2016 Polish imports of consumer-oriented products were $9 billion, U.S. imports accounted for only 1.5 percent, at $136 million. Polish consumers are becoming increasingly sophisticated and value more diverse food products. Although Polish importers often source from other EU countries, they regularly seek products from outside the EU, including Ukraine, Argentina, and Turkey.

*Table 2. Polish 2016 food, agricultural and fish imports* ***($ billion)***

| | |
|---|---|
| Agricultural Total, total imports | 21 |
| Agricultural Total, imports from United States | 0.4 (2.2%) |
| Intermediate Agricultural Products, total imports | 4.5 |
| Intermediate Agricultural Products, imports from United States | 0.08 (1.8%) |
| Consumer-Oriented Agricultural Products, total imports | 9 |
| Consumer-Oriented Agricultural Products, imports from Unites States. | 0.1 (1.5%) |
| Fish and Seafood Products, total imports | 2 |
| Fish and Seafood Products, imports from Unites States | 0.6 (3.2%) |

*Source: Global Trade Atlas*

Polish consumers tend to view the United States positively and U.S. products are considered to be high quality. U.S. products are often shipped to third-country EU ports of entry and are re-exported to Poland without tariffs or regulatory requirements, besides language labeling.

Food processing comprises about 24 percent of Poland's total industrial production, includes over 33,000 companies, and generates about six percent of Poland's GDP. During the last twenty years, the food processing industry was largely restructured and privatized and large multinational corporations like Coca-Cola, Nestle, Heineken, PepsiCo, Mars and others. Multinationals now account for over 70 percent of confectionery production, over 50 percent of sugar, and own the largest breweries, meat processing plants, bottling plants, and horticultural processing plants.

***Table 3. Advantages and challenges for American products in the Polish market.***

| Advantages | Challenges |
|---|---|
| Central Europe's most populous country with a consumer market of nearly 40 million people. | U.S. products face high transportation costs as compared to many European competitors. |
| A strategic location within a dense, major international market offering re-export potential. | Complicated system of product registration in some cases delaying or even preventing products from entering the Polish market that are new to the EU. |
| Transshipment from other EU countries of import now possible with Poland's EU integration. | Poland's EU Accession puts United States products at a competitive disadvantage versus EU-28 duty-free EU internally traded products. |
| Polish consumers associate United States products with good quality. | Despite rising incomes, price is still the primary factor in at least 75 percent or more of retail food purchases. |
| Market niches exist in consumer ready products - i.e. dried fruits, nuts, wine and distilled spirits, and microwavable products. | Foreign investment in the Polish food processing industry results in local production of many high quality products that were previously imported. |

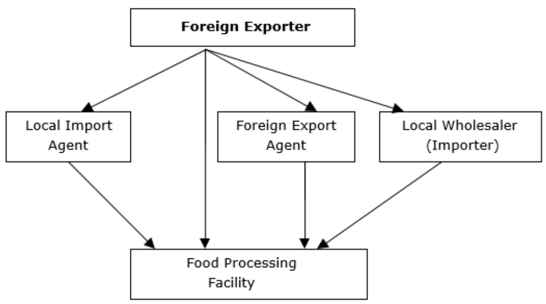
## SECTION II. ROAD MAP FOR MARKET ENTRY

## A. Entry Strategy

The Polish market can be price sensitive and therefore pose challenges to some ingredient exporters. Imported products are typically used when low-cost domestic products are unavailable.

I. Some companies in the food-processing sector purchase imported products directly from Polish importers but most buy from local wholesalers or suppliers.
II. The largest food processors have internal procurement operations and can directly import.
II. Local agents or representatives should develop personal relationships with clients. Exporters must understand current laws, cultural norms, and tax/customs regulations.

## B. Market Structure:




## C. Company Profiles

The Polish food industry consists of about 33,000 enterprises, although most (23,500) are small firms that employ fewer than nine workers.

Key Polish Food Processing Associations:

- Polish Federation of Food Producers
- Association of Milk Producers
- Union of Producers of Meat Industry
- Association Polish Meat "POLSKIE MIĘSO"

Leading food processing companies in Poland include:

ARYZTA POLSKA Sp. z o.o.
COCA COLA HBC Sp. z o.o.
COCA COLA POLAND SERVICES Sp. z o.o.
CARGILL POLAND  Sp. z o.o.
DANONE POLSKA Sp. z o.o.
DEVELEY POLSKA
FARM FRITES POLAND S.A.
FERRERO POLSKA Sp. z o.o.
FRITO LAY POLAND Sp. z o.o.
GRUPA MASPEX Sp. z o.o.. S.K.A.
HOOP POLSKA Sp. z o.o.
HERBAPOL LUBLIN S.A.
JACOBS DOUWE EGBERTS PL Sp. z o.o.
MONDELEZ POLSKA S.A.

NESTLE POLSKA S. A.
NUTRICIA POLSKA Sp. z o.o.
ORANGINA SCHWEPPES POLSKA
PEPSI-COLA GENERAL BOTTLERS POLAND Sp. z o.o.
SM GOSTYŃ
SŰDZUCKER POLSKA S.A.
UNILEVER POLSKA S.A.
WRIGLEY POLAND Sp. z o.o.
Z.T. BIELMAR Sp. z o.o.
Z.T. KRUSZWICA S.A.
ŻYWIEC ZDRÓJ S.A.

**D. Sector Trends**

Development of the food processing industry over the next 5-10 years will be driven by:

- Increased demands of domestic as well as foreign food markets
- Increased demand for processed fruit, vegetables, milk, fish, and meat
- Increased demand for convenience products (highly processed, ready to eat),
- Increased demand for semi-processed food products for home meal preparation
- Increased demand for organic foods, produced without using chemicals.
- Reduction of smaller, local processors, giving way to large plants.

Consumer demand for healthful products, the influence of western trends, and increased incomes are significant drivers of Poland's food processing industry. EU membership also created new opportunities in segments of the food processing industry where Poland has a competitive advantage (e.g. cheese and yogurt, and frozen fruit and vegetables. U.S. companies are major foreign investors and include: Coca Cola, Pepsico, Mars, Cargill, H.J. Heinz, Wrigley, and others.

## SECTION III. COMPETITION

The Polish food processing industry is increasingly interested in sourcing processed ingredients such as tree nuts, fish and seafood, dried fruit, flavors and aromas, sweeteners, food additives, colors, and enzymes. The food processing industry is actively seeking high-quality inputs.

In 2016, Polish consumer-oriented imports totaled about $9 billion, with $136 million shipped from the United States. Increasing U.S. market share is largely attributed to higher disposable incomes. Domestic products and products other EU members are the main U.S. competitors. Domestic food producers are consistently evolving, innovating, and producing high-quality products. It should also be noted that many Poles prefer Polish products over imports.

***Table 4. Examples of import of consumer food products and ingredients to Poland in 2016***

| Product Category (in USD million) | Total Polish Imports 2016 | Polish Imports from U.S. | U.S. Import Growth (2011-2016) | Market Potential for US Shippers |
|---|---|---|---|---|
| Fish and | 2,059 | 64 | 63% | Polish market offers excellent |

| | | | | |
|---|---|---|---|---|
| Seafood Products | | | | opportunities for fish and seafood products. Best prospects for U.S seafood exports are pollock, salmon, cod, and scallops. |
| Tree Nuts | 157 | 23 | +16% | The United States is the second top supplier of tree nuts to Poland. Almond sales are the largest in this category. |

***Table 5. Polish Imports of U.S. Agricultural, Fish and Forestry products 2014-2016***.

| Poland (Customs) Import Statistics From United States<br>Commodity: ALL Ag, Fish, Forestry (HS4), BICO + WTO<br>Calendar Year: 2014 - 2016 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Commodity** | **Description** | **Thousands United States Dollars** | | | **% Share** | | | **% Change** |
| | | **2014** | **2015** | **2016** | **2014** | **2015** | **2016** | **2016/2015** |
| ALL Ag, Fish, Forestry (HS4) | BICO + WTO | 456311 | 470589 | 463490 | 100 | 100 | 100 | -1.51 |
| 3302 | Odoriferous Mixture; Raw Mat'L For Indus & Bev Mfg | 60746 | 54382 | 80267 | 13.31 | 11.56 | 17.32 | 47.6 |
| 0304 | Fish Fillets & Oth Fish Meat, Fresh, Chill Or Froz | 45268 | 55011 | 49653 | 9.92 | 11.69 | 10.71 | -9.74 |
| 2204 | Wine Of Fresh Grapes; Grape Must Nesoi | 35679 | 32500 | 39760 | 7.82 | 6.91 | 8.58 | 22.34 |
| 2208 | Ethyl Alcohol, Undenat, Und80% Alc; Spirit Beverag | 29600 | 31285 | 27570 | 6.49 | 6.65 | 5.95 | -11.88 |
| 0802 | Nuts Nesoi, Fresh Or Dried | 31899 | 29931 | 23566 | 6.99 | 6.36 | 5.08 | -21.27 |
| 0303 | Fish, Frozen (No | 4119 | 3675 | 21614 | 0.9 | 0.78 | 4.66 | 488.09 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Fish Fillets Or Other Fish Meat) | | | | | | | |
| 2008 | Fruit, Nuts Etc Prepared Or Preserved Nesoi | 13333 | 13163 | 14099 | 2.92 | 2.8 | 3.04 | 7.11 |
| 1202 | Peanuts (Ground-Nuts), Raw | 7327 | 4924 | 4255 | 1.61 | 1.05 | 0.92 | -13.58 |
| 1302 | Veg Saps & Extracts; Pectates Etc; Agar-Agar Etc. | 8042 | 3723 | 3902 | 1.76 | 0.79 | 0.84 | 4.82 |
| 0813 | Fruit Dried Nesoi; Mixtures Of Nuts Or Dried Fruit | 4990 | 7326 | 3440 | 1.09 | 1.56 | 0.74 | -53.04 |
| 3507 | Enzymes; Prepared Enzymes Nesoi | 1569 | 3137 | 3269 | 0.34 | 0.67 | 0.71 | 4.21 |

*Source: Global Trade Atlas*

## **SECTION IV.** BEST HIGH-VALUE PRODUCT PROSPECTS

**Products in the market that have good sales potential**

- Fish and Seafood: salmon, cod, pollock, lobster and other miscellaneous fish products
- Nuts: almonds, peanuts, pecans, pistachios, walnuts
- Wine and distilled spirits
- Highly processed ingredients: protein concentrates dextrin, peptones, enzymes, lecithin
- Dried & Processed Fruit: cranberries, prunes
- Fruit juice concentrates: Cranberry, prune
- Organic products

**Products not present in significant quantities, but which have good sales potential**

- High quality spices and mixes (Tex-Mex)
- Hormone-free beef
- Ingredients for the natural and healthy foods industry
- Vegetable fats for bakery industry

**Products not present because they face significant boundaries**

- Food additives not approved by the European Commission

**SECTION V. KEY CONTACTS AND FURTHER INFORMATION**

For additional information regarding the Polish market please contact:

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