Voluntary Report - public distribution

**Date:** 7/16/2004

**GAIN Report Number:** PL4022

PL2004

**Poland**

**Product Brief**

**Dried Fruits and Nuts**

**2004**

**Approved by:**

Charles Rush, Acting Agricultural Counselor

U.S. Embassy

**Prepared by:**

Jolanta Figurska, Marketing Specialist

Charlene Kastanek, Agricultural Intern

**Report Highlights:**

Overall Polish imports of dried fruits and nuts increased 6.5 percent in 2003. US exporters have more opportunities to enter the market due to the May 1, 2004, accession of Poland to the EU. Demand for these products generally increased between January and May, stimulated by the Carnival Season

Includes PSD Changes: No

Includes Trade Matrix: No

Unscheduled Report

Warsaw [PL1]

[PL]

**Section I. Market Overview**

Quick snacks and foods are showing continued expansion in the Polish food industry. Polish consumers perceive dried fruit & nuts as a positive, healthy form of food "on the go." As a result, this sector shows overall growth. Total imports of dried fruit & nuts in 2003 were 77,286 MT, a 6.5 percent increase from 2002. This developing market has brought forth a variety of changes, including bulk packaging. While bulk packaging brings in a higher quantity of product, it has proven to decrease overall quality. The lack of a tariff for raw shelled and unshelled peanuts and newly decreased tariffs for walnuts, pistachios, raisins, dried prunes, and mixed nuts due to the May 1, 2004, EU accession, may offer U.S. dried fruit and nut suppliers the opportunity to capture a larger market share in Poland.

Market research shows that about 32 percent of the Polish population buys a variety of nuts and dried fruits throughout the year. Nearly 65 percent of the Polish population purchases nuts once a month, 25 percent purchases nuts once a week, and 7 percent purchases nuts more than once a week. Among the nuts available on the Polish market, the following are the most popular: peanuts, walnuts, hazelnuts, almonds, and pistachios.

No detailed data on dried fruit consumption is available. The most popular dried fruits on the Polish market are: raisins, prunes, dates, apricots, figs, apples, and pears. Dried cranbeORDINANCE NO. 11345AN ORDINANCE TO AMEND PART II, CHATTANOOGA CITY CODE, CHAPTER 18, ARTICLE VII, SECTION 18-123(h); CHAPTER 21, ARTICLE I, SECTIONS 21-1 THROUGH 21-25; CHAPTER 21, ARTICLE II, SECTIONS 21-26, 21-28, 21-30; CHAPTER 21, ARTICLE III, SECTIONS 21-36 AND 21-40; CHAPTER 21, ARTICLE VII, SECTIONS 21-101 AND 21-123; CHAPTER 24, ARTICLE X, DIV. 3, SECTIONS 24-341(c) AND 24-345(c); CHAPTER 31, ARTICLE I, SECTION 31-2(b); AND CHAPTER 32, ARTICLE VIII, SECTION 32-174, RELATIVE TO NEIGHBORHOOD SERVICES.\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_WHEREAS, T.C.A. §§13-21-101 through 13-21-208, power is conferred on municipalities to exercise their police powers to repair, close orrries are occasionally offered on the market, however; due to the implementation of an ad valorem tariff which is being applied to certain US products in retaliation for unfair trade activities by the US; the potential for expansion in this area has been limited.

Demand for these products greatly increases between January and May. This is stimulated by Carnival season, Easter holidays, and a decrease in fresh fruit consumption during this period. Polish consumers, ages 15 to 19, are the biggest consumers of dried fruit and nuts. This age group likes the health food aspect and use of nuts and dried fruit as snacks. In addition, these products are also quite popular with the 20-49 year old age group. Consumption in the age group above 50 years is very marginal. Consumption decreases at this age mainly due to low-income levels and no tradition of using nuts and dried fruit as snacks. Market research results show that these products are most popular in medium (population above 500,000 people) and larger cities among consumers with at least high school education and college degrees within the medium and high-income levels.

**Section II. Market Sector Opportunities and Threats**

1) Entry Strategy

Larger firms have traditionally distributed products in this sector through wholesalers.

However, more dried fruit & nut importers are tending toward direct distribution to the retail market. Direct distribution reduces overall cost and avoids the loss of product freshness that results in declining sales. Larger firms have also introduced sales representatives in the field to process orders and to disseminate market information back to the firm. The smaller, less capital accessible firms still rely on the wholesaler link to the market. These firms do not have the capital necessary to distribute their product internally.

Exporters of U.S. dried fruit and nuts may obtain a list of current Polish importers by contacting the Office of Agricultural Affairs at the U.S. Embassy in Warsaw (see Section V).

2) Market Size, Structure, Trends

The retail centers for dried fruit & nut sales are broken into several segments. They include hypermarkets, supermarkets and discount stores, convenience stores, traditional stores, and kiosks. Hypermarkets have been growing in number throughout Poland and offer the largest variety and shelf space of any segment. Supermarkets and discount stores also offer a large variety of dried fruit & nuts and shelf space. Convenience stores are a new and growing distribution channel located at railway, bus, and gas stations throughout Poland. The number of these stores is expected to double over next few years and will likely offer the greatest potential for market growth in snack products such as dried fruit & nuts. In addition, Poland’s vehicle sales increased sharply in the 1990's. Although this trend does not continue, sales continue to increase slightly, which makes the gas stations with food stores an increasingly attractive retail outlet. Traditional stores and kiosks offer the least amount of variety and shelf space for dried fruit & nuts but make up the largest percentage of stores.

In terms of substitutes, the potato chip/snack food industry competes heavily with the dried fruit and nuts sector. Firms involved in this industry advertise heavily through TV and billboards to increase their sales of these products. Fresh fruit and vegetables compete demolish certain unfit, dilapidated, defective, unsafe or unsanitary dangerous structures in the manner therein provided; andWHEREAS, The City Council of the City of Chattanooga finds that there exists in Chattanooga structures which are unfit for human occupation or use due to dilapidation, defects increasing the hazards of fire, accident or other calamities, lack of ventilation, light or sanitary facilities, and due to other conditions rendering such structures unsafe or unsanitary, or dangerous or detrimental to the health, safety or morals, or otherwise inimical to the welfare of the residents of Chattanooga;NOW, THEREFORE,BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHATTANOOGA, TEwith dried fruit and nuts during the months of June through August. Consumption of dried fruit and nuts is the strongest during the months of September through May.

While overall imports of dried fruits and nuts have grown 6.5 percent, new trends in market development have promoted an increase in bulk packaging from grams to kilograms, which has dampened quality. In addition, foreign retail outlets in Poland often demand the same product terms and prices as occur among their Western European outlets. The following tables show a break down of the dried fruit and nuts imported to Poland.

**Table I. Dried Fruit & Nuts Import Tables**

\* Denotes information that is unavailable.

Source: World Trade Atlas

3.) Market Preferences

Flavored peanuts, almonds, and hazelnuts have recently become popular among Polish consumers. Spicy flavors tend to be most appealing. Coated peanuts, referred to as double crunch peanuts, are also rather popular among Poles, and are available salted or flavored. Energy bars produced from grains, nuts, and dried fruits are becoming more visible on the market as the society moves towards becoming more health conscious. Products from companies outside of Poland primarily dominate the energy bar market, however; Polish companies are starting to produce these bars under their own brands. Chocolate manufacturers are also starting to look for high quality ingredients to ensure longer shelf life of their products. This has led to an increased demand for hNNESSEE, as follows:SECTION 1. That Chattanooga City Code, Part II, Chapter 18, Article VII, Section 18-123(h) is amended by deleting “Better Housing Commission” and replacing in lieu thereof “Public Officer of the Department of Neighborhood Services”.SECTION 2.That Chattanooga City Code Part II, Chapter 21, Article I, Sections 21-1 through 21-25 be and is hereby amended by deleting the same in its entirety and inserting in lieu thereof the following:Sec. 21-1.Scope.The provisions of this code shall apply to all existing residential and nonresidential structures and all existing premises and constitutes minimum requirements and standards for premises, structures, equipment, and facilities figh quality nuts as raw materials. Due to increased local demand, Polish importers have become more interested in larger orders increasing the demand for direct shipments from the US.

**Section III. Costs & Prices**

Costs of dried fruits and nuts vary by the market in which they are sold (upper, middle, lower income), in addition to the brand they carry. However, overall price fluctuation is moderate. The following depicts retail prices for dried fruit and nuts in July 2004.

**Table II. Retail Prices**

Source: FAS Warsaw Field Research

Poland’s import tariffs on dried fruit and nuts are drastically reduced due to the May 1, 2004, EU accession. As a result of the accession, EU member states receive duty free market access.

**Table III. Dried Fruits and Nut Tariffs**

\*Other or light, ventilation, space, heating, sanitation, protection from the elements, life safety, safety from fire and other hazards, and for safe and sanitary maintenance; the responsibility of owners, operators and occupants; the occupancy of existing structures and premises, and for administration, enforcement and penalties.This code shall be construed to secure its expressed intent, which is to ensure public health, safety and welfare insofar as they are affected by the continued occupancy and maintenance of structures and premises. Existing structures and premises that do not comply with these provisions shall be altered or repaired to provide a minimum level of health and safety required hAlmonds, in shell and shelled, have a quota of 900,000 tons, with a tariff quota 2%.

\*\*In addition to this tariff an ad valorem tariff is being applied to this product. The additional tariff for the month of July 2004, is 9%, and will increase by 1% each month until it reaches 17% in March 2005. On March 1,2005, this additional tariff is subject to revision.

**Section IV. Market Access**

The Polish government works to ensure the safety and quality of food for Polish consumers through a number of regulatory means. Information specifically pertaining to Poland may be obtained from FAS’s Food and Agricultural Import Regulations and Standards (FAIRS) report for Poland, which will be updated to reflect the new EU regulations in August 2004. Merein.Sec. 21-2.Effect of provisions on other ordinances, power of city.Nothing in this Article shall be construed to impair or limit in any way the power of the City to define and declare nuisances and to their removal or abatement by summary procedures or otherwise. The measures and procedures provided in this Article do not supersede and the Article does not repeal any other measures or procedures which are provided by this Code for the elimination, repair or correction of the conditions referred to in this Article, but the measures and procedure herein provided for shall be in addition to all other powers and authority of the City or inspector.Sec. 21-3.General.Any requirement not specifost of the newer measures are the same as those observed in the European Union. The most important EU regulations can be found in FAS’s FAIRS report for the European Union, which can be found at the following address http://www.useu.be/agri/usda.html.

**- Registration of a new imported product:**

All imported products must be approved for sale or use on the Polish market. Registration and approval of imported products is much simpler if the product has already received approval for sale in another EU nation. In order to test or register a new product or start procedures for receiving approval of a new additive, (not specified in the approved additives list), the following procedure should be followed:

Appropriate Voivod Sanitary Station should be contacted. In Warsaw - the Wojewodzka Stacja Sanitarna (SANEPID) is the appropriate contact.

An appropriate local sanitary station must be supplied with a product sample for testing. The tests can take between 2 weeks and 2 months. The cost is difficult to estimate but may amount to $250.00 per product. An estimate of the cost can be obtained from the SANEPID station when it is presented with product details. The lab tests for product ingredients determine whether they are permitted on the Polish market.

If it is determined that all the ingredients are allowed on the Polish market, SANEPID test results are sufficient for the product to be sold in Poland. However, should some ingredients be questioned, additional requeically covered by this Code, found necessary for the safety, health and general welfare of the occupants of any dwelling and of the public, shall be determined by the Code Official subject to a hearing before the public officer.Sec. 21-4.Definitions.For the purpose of this Article, the following words and phrases shall have the meanings respectively ascribed to them by this section.Accessory Structure means all structures including detached garages, storage buildings, fences and walls and other similar type structures.Alter or Alteration means change or modification in construction or occupancy.Approved shall mean approved by the building official.Basement shall mean a portion of a building lsts must be submitted to State Hygiene Office (Panstwowy Zaklad Higieny).

Please note that product testing in SANEPID can only be ordered by a firm **registered in Poland** (eg. potential importer). Each region in Poland has appropriate sanitary stations (a list is available from Warsaw SANEPID)- eg. Only firms registered in Warsaw or neighboring areas can conduct product testing in the Warsaw Sanitary Station).

Effective July 15, 1994 per Journal of Law no. 86 chapter 402, all package/canned food products are required to have Polish language labels. Multi-language labels are acceptable as long as they include Polish. The label must contain: name of the product, name and address of the producer, date - to be consumed before - the Polish phrase “nalezy spozyc do XXX” is commonly used, net content (weight/capacity), and content of the product (ingredieocated partly underground but having less than one-half (1/2) or more of its clear floor-to-ceiling height below the average grade of the adjoining ground.Building shall mean any structure or part thereof not a dwelling as defined in this Section.Building Code shall mean the building code officially adopted by the legislative body of this jurisdiction, or such other code as may be officially designated by the legislative body of the jurisdiction for the regulation of construction, alteration, repair, removal, demolition, use, location, occupancy and maintenance of buildings and structures.Building Official shall mean the officer, or other person, charged with the administration and enforcemennts, chemical additives, etc.)

Labeling must be applied in the form of a whole label or a permanent sticker before the product can enter Poland. Products arriving in Poland without appropriate labels will be detained at tht of Municipal Building Codes or his duly authorized representative.Cellar shall mean a portion of a building located partly or wholly underground, having one-half (1/2) or more of its clear floor-to-ceiling height below the average grade of the adjoining ground.Code Official shall mean the officer, or other person, charged with the administration and enforcement of this code or any duly appointed representative.Condemn shall mean to adjudge unfit for use or occupancy.Dwelling shall mean any building or structure, or part thereof, used and occupied for human habitation or intended to be so used, and including any accessory structure, outhouse and appurtenances belonging thereto or usually enje border until appropriate labels are applied.

Poland’s Ministry of Health and Social Welfare published a new regulation (Journal of Law no. 87 dtd. May 19, 2003) on food additives on June 3, 2003. Poland uses a positive-additives list, which identifies additives that are permitted for use in foodstuffs. This particular regulation has been one of the most difficult obstacles facing imported products. The new list is in line with the current EU regulations. **Please note:** As each EU member state has a different list of allowable food additives it is vital for all U.S. exporters to check with the potential Polish importers about whether the product intended for the Polish market meets all the ingredient requirements.

If you would like to contact authorities directly involved in preparing regulations on food additives and inspection of additive levels in imported products, please contact the National Food and Nutrition Institute.

Section V. Key Contacts and Further Information

Embassy of the United States of America

Office of Agricultural Affairs, Warsaw, Poland

Wayne Molstad

e-mail: agwarsaw@usda.gov or agwarsaw@poczta.onet.pl

tel: 48 22 504 2336, fax: 48 22 504 2320

Mazowiecka Sanitary Station - SANEPID - actual tests & check ups

Mr. Krzysztof Dziubinski, Acting Voividship Sanitary Inspector

ul. Zelazna 79

00-875 Warsaw

ph: 4822-6201656, 6209001 ext. 42

fax: 4822-6248209

www.wsse-wawa@supermedia.pl

Institute of Food and Nutrition

*-*Dr. Lucjan Szponar, Director

or

Ms. Katarzyna Stos

Section for Food and Nutrition Manager

ul. Powsinska 61/63

02-903 Warsaw

ph: 4822-5509677, 8420571, 8422171

fax: 4822-8421103

fax: 4822-423742

**For aflatoxin information please contact:**

State Hygiene Office (Panstwowy Zaklad Higieny) PZH Prof. Jan Krzysztof Ludwicki, Director, ph: 48228497084

Ms. Katarzyna Czaja, chemical residue lab, ph: 48228493332 Ms. Krystyna Rybinska, Food Testing Unit

ul. Chocimska 24

Warsaw

ph: 48228494051 ext. 359, 339

fax: 48228493513, 8497441

Main Sanitary Inspection (Glowny Inspektor Sanitarny GIS) Mr. Andrzej Trybusz

ul. Dluga 38/40

00238 Warsaw

ph: 48226351559

fax: 48226356194

Polish Center for Research and Certification Ms. Ewa Slowinska

Manager Food Department

ul. Klobucka 23A

02699 Warsaw

ph: 48226470722, 8579916

fax: 48226471109

email: cert.wyr@pcbc.gov.pl

www.pcbc.gov.pl