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**

ORDINANCE NO. 1Quick 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 ch1345AN ORDINANCanges, 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 nuE TO AMEND PARTt 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 II, CHATTANOOG 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 detA CITY CODE, CHailed data on dried fruit consumption is available. The most popular dried fruits on the Polish market are: raisins, prunes, dates, apricots, figAPTER 18, ARTICs, apples, and pears. Dried cranberries 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 stimLE VII, SECTIONulated 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 foo 18-123(h); CHAd aspect and use of nuts and dried fruit as snacks. In addition, these products arPTER 21, ARTICLe 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 aE I, SECTIONS 2ge 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 avoi1-1 THROUGH 21-ds 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 marke25; CHAPTER 21,t. 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 ARTICLE II, SE 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 storeCTIONS 21-26, 2s 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 1-28, 21-30; CHaddition, 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 outleAPTER 21, ARTICt. Traditional stores and kiosks offer the least amount of variety and shelf space for dried fruit & nuts buLE III, SECTIONt 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 with dried fruit and nuts during the months of June through August. Consumption of dried fruit and nuts is the S 21-36 AND 21-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 follo40; CHAPTER 21,wing 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 qual ARTICLE VII, Sity ingredients to ensure longer shelf life of their proECTIONS 21-101 ducts. This has led to an increased demand for high 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 AND 21-123; CHAdrastically 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 Almonds, in shell and shelled, have a quota of 900,000 tons, with a tariff quota 2%.

\*\*In addition to this tariff an ad PTER 24, ARTICLvalorem 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 numberE X, DIV. 3, SE 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 reflectCTIONS 24-341(c the new EU regulations in August 2004. Most 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 ) AND 24-345(c)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 requests 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 ; CHAPTER 31, Afrom 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 (ingredients, 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 the border until appropRTICLE I, SECTIriate 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 ON 31-2(b); ANDInformation

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 Sani CHAPTER 32, ARtary Station - SANEPID - actual tests & check ups

Mr. Krzysztof Dziubinski, TICLE VIII, SECActing 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: 4822849TION 32-174, RELATIVE TO NEIGHBORHOOD SERVIC3513, 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