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## Poland

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### Sugar Annual Poland Spring 2016

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Sugar

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**Report Highlights:**

For Marketing Year (MY) 2015/16 estimated sugar production amounted to 1.35 million metric tons (MMT), 32 percent lower than last year. Lower acreage and unfavorable weather conditions resulted in this year's lower yields and smaller crop volume.

Sugar beet quality was good with sugar content estimated at 17.5 percent, in line with 2014/15's result. 2014/15 over-quota production translated in 2015/16 to less contracted area under cultivation. In MY 2016/17 white sugar production from sugar beets is forecast at 1.8 MMT, 33 percent higher than MY 2015/16.

Please Note: This report is to be read in conjunction with the Sugar Annual EU28 Report ([Sugar Annual Brussels USEU EU-28 4-25-2016](#)) and provides further information on Polish market of sugar.

### **Area and sugar beet production, production of sugar.**

#### **Marketing Year 2016/17**

It is forecast that in 2016 sugar beet plantings area will increase to 200,000 hectares (HA), 16 percent higher than last year. The forecast production for this year is 12.2 million MT on the condition that yields will reach on average 61 MT per HA. Sugar production in MY2016/17 will be higher by 33 percent in comparison with the previous season and should reach 1.8 million MT.

#### **Marketing Year 2015/16**

MY 2015/16 Poland's white sugar production from sugar beets is estimated at 1.35 million MT, 32 percent lower than in the last season. Lower production was the result of smaller area and much worse yields than in the previous year. MY 2015/16 sugar production is expected to be lower than Poland's production quota (1,405,600 MT) by 55,000 MT. However, 321,000 MT of sugar from the previous marketing year was added to the quota production in MY 2015/16. In total the market supply of sugar will exceed the quota ceiling.

In Poland total area of sugar beet plantings diminished to 171,600 hectares, by 12.4 percent as compared with last year. The decrease in acreage resulted from large production in MY 2014/15 and the transfer of over-quota sugar production into the next MY 2015/16. Due to this excess sugar production (above the quota for MY 2014/15), sugar refiners contracted for less volume of sugar beets for MY 2015/16.

In MY 2015/16 weather conditions were very unfavorable for sugar beets. Early spring temperatures were very unstable and led to uneven crop emergence. In July – September 2015 plantings suffered from a lack of rain and moisture. A long period of drought affected yields unfavorably. Later summer/fall growing conditions proved favorable, allowing plants to recover before harvest. The rainy and warm autumn prolonged sugar beet vegetation and helped lead to sugar beets good quality and acceptable amounts harvest. The beginning of the sugar processing season was delayed by more than three weeks. The result was a very short processing period which lasted only 90 days on average instead of 140 days as in the last year.

In October and November 2015 good weather conditions improved sugar content and increased root mass in comparison with earlier summer forecasts. The 2015/16 sugar beet crop amounted to 8.9 million MT. Given early season conditions, producers were satisfied with the average yield estimated at 52 MT per Ha. Sugar content is estimated to remain at last year's level of 17.5 percent.

The 2015/16 lower sugar output was attributed to the following factors:

- Decrease in planted area;
  - Unfavorable weather conditions during the sugar beet vegetation period, with heavy drought in late summer;
    - Much lower yields than in the previous year;
    - Downward tendency in sugar prices.

Concentration of production has been an on-going process for the last few years, driven by more efficient technologies generating better yields. Over the last ten years planted area per farmer has almost doubled. In MY 2014/15 sugar overproduction decreased the profitability of sugar beet plantings and diminished farmers' interest in farm enlargement. Uncertainty regarding policy decisions on the sugar quota release made farmers cautious with their investment decisions. Poland's sugar industry resource base remains dispersed in comparison with the other main EU sugar competitors.

### Area, yields, production of sugar beets total in Poland

Poland	Area (000) HA	Yield (MT/HA)	Total Production (000) MT
2012	193	63.6	12,268
2013	185	60.8	11,233
2014	196	68.9	13,500
2015	172	52.0	8,892
2016*	200	61.0	12,200

Source: Institute of Agricultural and Food Economics, Association of Sugar Beet Producers estimate, forecast

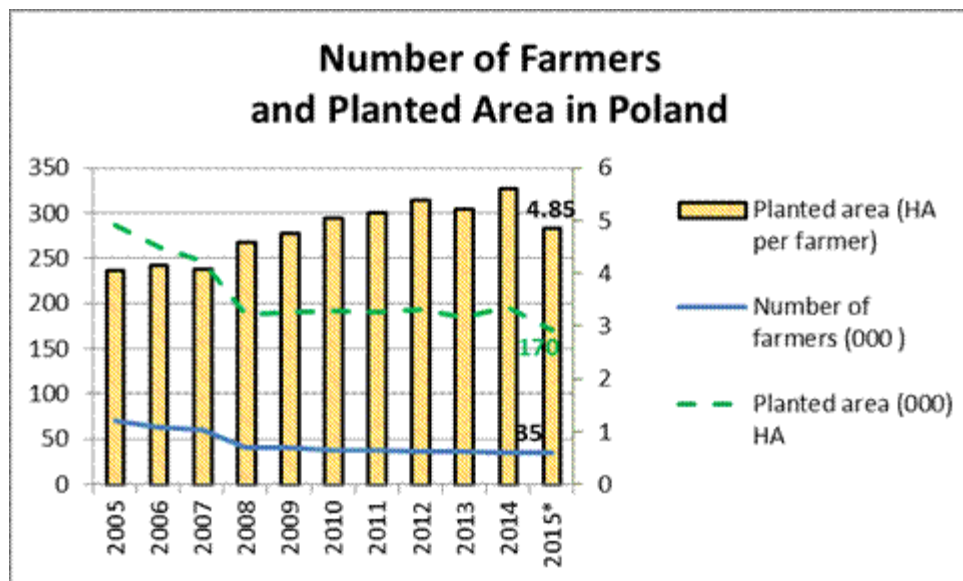
\*FAS/Warsaw forecast

### Technological indicators for sugar production

Poland	2013/14	2014/15	2015/16*
Number of sugar plants	18	18	18
Sugar beets processed (000) MT	11,233	13,500	8,892
Sugar content (%)	17.3	17.5	17.5
Sugar production (000) MT	1,713	1,983	1,350

Source: Institute of Agricultural and Food Economics

\*Association of Sugar Beet Producers estimate.



Source: Institute of Agricultural and Food Economics

Sugar beets in Poland are processed in 18 sugar plants operated by four sugar concerns: National Sugar Company, Nordzucker, Pfeifer&Langen and Südzucker.

The sugar market in Poland can be characterized by the following attributes:

- Good climate and soil conditions for sugar beet production;
- Great production capacity and export potential;
- Domestic demand highly exceeding quota production;

- Potential for further technological progress in agricultural holdings and growing performance in the sugar processing industry from restructuring and modernization;
- Growing domestic sugar consumption, driven by developments in the sweet confectionary, bakery and beverages industries.

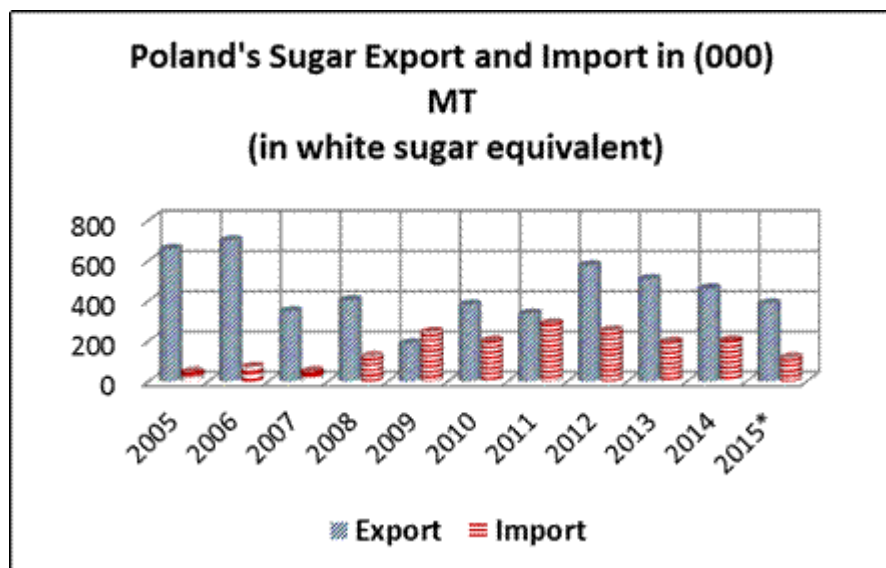
### **Consumption**

For MY 2015/16 it is estimated that domestic sugar consumption will reach a record level of 1.7 million MT. Consumption of sugar in Poland has grown in the last ten years. Sugar consumption per citizen increased from 35.2 kilograms in 2006 to a forecasted 43.5 kilograms in 2016, due to the high growth rate in the sugar processing industry. Production of chocolates, candies, sweetened beverages and sweetened fruit juices are leading sugar demand. So, expanding demand from the domestic food processing industry (bakery, confectionary industry) is the main driver for sugar processing industry developments in Poland.

### **Trade**

For MY 2015/16 over quota sugar is estimated at 270,000 MT and will be sold out of the EU. Poland's production quota (1,405,600 MT) used to be lower than the domestic demand for sugar, which is estimated at an average level of 1.6 -1.7 million MT for the last year. Poland's sugar plant production capacities are estimated at over 2 million MT per year. As a consequence, although production exceeds domestic market needs, Poland needs to import sugar in order to serve both domestic industry and consumer demands due to policy regulations.

In 2015 (January-November) sugar exports from Poland amounted to 387,000 MT, including 130,000 MT exported out of the EU. For Poland the main sugar export destinations are Germany (110,000 MT), Greece and Lithuania (20,000 MT each), Czech Republic, Hungary, Latvia (17,000 each). The main out of EU destinations are Israel (58,000 MT), Kazakhstan (24,000 MT) and Russia (18,000 MT).



Source: Institute of Agricultural and Food Economics

End of Report

