CBI MARKET SURVEY

The spices and herbs market in Poland

Publication date: March, 2010

Report summary
This CBI market survey discusses the following highlights for the spices and herbs market in Poland:

- In 2008, Poland's apparent consumption of spices and herbs amounted to 9.4 thousand tonnes. Overall, the market for spices and herbs remained stable in the period 2004-2008, decreasing at a very modest annual average rate of 0.7%. The largest product groups in terms of apparent consumption were paprika, chillies & allspice, pepper, ginger, cinnamon and spice seeds.
- Some of the most important herbs extensively used in the Polish food sector and produced in the country are peppermint, caraway, sage, thyme and coriander. Others important herbs are cumin, garlic, angelica, basil, lovage and marjoram.
- In 2008, Poland was the tenth largest EU importer of spices and herbs. Total imports amounted to € 35 million or 15 thousand tonnes, indicating an annual average growth of 13% in terms of value and of 3.9% in terms of volume between 2004 and 2008.
- Between 2004 and 2008, imports from developing countries (DCs) decreased moderately by an annual average rate of 1.8% in value. Nevertheless, Poland remained the foremost East European buyer of DC spices and herbs. The leading DC suppliers in 2008 were Vietnam (9.0% of imports), India (6.8%) and Mexico (3.4%).

This survey provides exporters of spices and herbs with sector-specific market information related to gaining access to Poland. By focusing on a specific country, this survey provides additional information, complementary to the more general information and data provided in the CBI market survey 'The spices and herbs market in the EU', which covers the EU market in general. That survey also contains an overview and explanation of the selected products dealt with, some general remarks on the statistics used, as well as information on other available documents for this sector. It can be downloaded from http://www.cbi.eu/marketinfo

1 Market description: consumption and production

Consumption

In this chapter, data from the statistical database of the Food and Agriculture Organization of the United Nations (FAOSTAT) and the statistical office of the EU (Eurostat) are used to indicate apparent consumption (production + imports - exports). One of the limitations of this calculation is that strong fluctuations are sometimes seen between years. Please apply these data with care, as they can only be used as an indication of the market. Also see chapter 1 of the CBI survey 'The spices and herbs market in the EU'.

Total market size

In 2008, Poland's apparent consumption of spices and herbs amounted to 9.4 thousand tonnes. Overall, the market for spices and herbs remained stable in the period 2004-2008, decreasing at a very modest annual average rate of 0.7%; however, the market in Poland has developed very differently for the various product groups described here.

Industry sources indicate that there is still a lot of uncertainty on the market due to the recent economic crisis, and that traders are reluctant to build stocks. There is an overriding hesitance in making predictions on how the spices and herbs market will develop in the coming years.

Product groups
Apparent consumption of paprika, chillies & allspice, the largest product group in terms of volume, increased at an annual average rate of 1.6% between 2004 and 2008 and amounted to 3.8 thousand tonnes in 2008. The market for pepper, the second largest product group, amounted to 3.5 thousand tonnes in 2008, indicating an annual average decline of 4.3% since 2004.

Apparent consumption reveals that the market for the other product groups is much smaller. For instance, apparent consumption of ginger, the third largest product group in 2008, amounted to 515 tonnes, decreasing at an annual average rate of 1.1% since 2004. Apparent consumption of cinnamon decreased at an even larger annual average rate of 4.9%, amounting to 376 tonnes in 2008.

Turmeric, in contrast to most product groups, showed a positive development; apparent consumption increased at an annual average rate of 4.8% since 2004, amounting to 329 tonnes in 2008. The strongest decline, however, was registered by nutmeg, mace & cardamom, which had an annual average decrease of 12%, amounting to 107 tonnes in 2008.

Table 1.1 Apparent consumption of selected spices and herbs in Poland, 2004-2008, in tonnes

	2004	2005	2006	2007	2008	Average annual change
Total spices & herbs	**9,685**	**10,425**	**9,602**	**10,597**	**9,403**	**-0.7%**
Paprika, chillies & allspice	3,625	3,855	3,502	3,987	3,859	1.6%
Pepper	4,191	4,770	4,430	4,417	3,515	-4.3%
Ginger	537	373	374	515	515	-1.1%
Cinnamon	460	443	431	497	376	-4.9%
Spice seeds	n.a.	n.a.	n.a.	356	376	n.a.
Turmeric	272	394	423	363	329	4.8%
Mixtures	311	298	177	104	221	-8.2%
Nutmeg mace & cardamom	176	185	138	220	107	-12%
Cloves	105	95	114	128	100	-1.2%
Vanilla	7	9	7	12	5	-7.5%
Saffron	1	4	6	n.a.	0	-24%
Other spices and herbs	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Source: own calculations based on Eurostat and FAOSTAT data (2009)

Market segmentation
Although spices and herbs can be used for the non-food market, such as the pharmaceutical and perfumery, the largest end-user group of spices and herbs is the food-processing industry. In the food market, the consumption of herbs and spices is divided into 3 sectors:
- Industrial, in which spices are used particularly in the processing of meat, fish, canned products, sauces, soups, bakery goods and other prepared and convenience food.
- Retail, where developments are usually triggered by experimental and ethnic consumers.
- Catering, which is small but growing.

For more information on market segmentation, please refer to the CBI survey 'The spices and herbs market in the EU'.

Similar to other EU countries, the Polish food industry sector is by far the largest consumer of spices and herbs, as indicated in the CBI survey covering the EU market for spices and herbs. However, the exact shares specifically for Poland are not available.

Consumption trends
Traditional Polish cuisine is a blend of Slavic and German traditions, with additional influences from Russian, Italian and Turkish influences. Recipes of Jewish origin are also integrated into Polish traditional cuisine. Typical meals in Poland consist of a large amount of meat, especially

chicken and pork. The use of spices and herbs when preparing these meals is abundant, the main ones being marjoram, dill, caraway seeds, parsley and pepper.

In spite of its traditional cuisine, Polish consumer tastes and trends follow the same path as the rest of Europe. Fast-paced lifestyles have led to growth in convenience food, packaged food and take-outs. The Polish cuisine is increasingly influenced by exotic tastes, and restaurants offering a wide range of international dishes flourish across Polish cities.

Concerns over health and wellness have led to growth in organic products, mainly due to promotion by the Polish government. Moreover, the Polish economy and consumer spending power is growing, which should result in rising consumption of spices and herbs, especially the high-value ones. However, in the case of organic spices and herbs, it is expected that consumption will be limited in the near future.

The organic food market in Poland is still in its infancy, accounting for approximately 1% of total food sales. It is expected that domestic demand will remain relatively limited in the near future, because various factors hinder development of the domestic organic market, one of t beng the still relatively low per capita income.

For more information on consumption trends, please also refer to the CBI survey covering the EU market for spices and herbs.

Production

Total production

According to Eurostat, the area destined for the cultivation of officinal herbs, aromatic plants and plants for seasoning in Poland amounted to 14 thousand hectares in 2008. In terms of volume, Poland's harvested production of aromatic plants and plants for seasoning amounted to 18 thousand tonnes in 2008, increasing at an annual average rate of 5.5% since 2004.

The statistical database of the Food and Agriculture Organization of the United Nations (FAOSTAT) does not report any production of spices and herbs in Poland.

The European Herb Growers Association (EHGA-Euopam) does not report on production of herbs in Poland either.

Although focusing on applications in herbal medicine and cosmetics, the 2004 report of the Interactive European Network for Industrial Crops and their Applications (IENICA) mentions significant herbal production in Poland. This information can be used to show tendencies, which are still valid today. Poland produces the following herbs extensively used in the food sector: peppermint, caraway, sage, thyme and coriander. Others herbs mentioned in the report are cumin, garlic, angelica, basil, lovage and marjoram.

Interesting players

- Polish Federation of Food Industry / Polska Federacja Producentów Zywnosci (PFPZ) - http://www.pfpz.pl/index **-** gives a list of associate members.

Production trends

Organic farming in Poland is increasing considerably. In 2007 organic farmers cultivated approximately 286 thousand hectares (an increase of 25% since 2004), representing approximately 2% of total Polish agricultural land. The number of farms working according to organic guidelines increased to 12 thousand in 2007 (an increase of 29% since 2004). More specifically, the area designated for the cultivation of organic herbs, aromatic plants and plants for seasoning reached 354 hectares in 2008.

A large share of the increase in the amount of organic farmland has been export-driven, through substantial volumes of organic products exported to Western Europe. The majority of these exports is primary products, because there is a lack of organic spices and herbs processing activity.

Opportunities and threats

+ Various consumption trends, such as the growth of exotic cuisines and convenience foods in Poland, and the fact that the country is one of the largest markets in Central and Eastern Europe, indicate that Poland is an increasingly interesting market for DC exporters.
+/- Total Polish consumption of spices and herbs has remained stable in recent years. Furthermore, spices and, to a lesser extent, herbs which are not produced in Poland have to be imported from abroad. This offers some opportunities to developing country exporters.
- The organic food market in Poland is still in its infancy. Furthermore, it is expected that domestic demand is likely to remain low, at least in the near future. This makes Poland not (yet) very interesting to DC exporters of organic spices and herbs.

For more information on opportunities for and threats to exporters in DCs stemming from trends and patterns in consumption and production of spices and herbs, please refer to chapter 7 of the CBI market survey, covering the EU market for spices and herbs market.

Useful sources

- Interesting sources for obtaining information on consumption and production of herbs and spices are firstly encountered in the CBI survey covering the EU. However, more information on Poland can be found in the 2004 IENICA report - http://www.ienica.net. Although somewhat outdated, it does provide interesting information.
- Information on organic production and consumption in Poland:
  - Agricultural and Food Quality Inspection (IJHARS) - http://www.ijhar-s.gov.pl
- Furthermore, Polish trade associations mentioned in chapter 6, and the Polish Central Statistical Office - http://www.stat.gov.pl - can be good sources of information.
- Of importance also is FAO's statistical database FAOSTAT - http://faostat.fao.org.

2 Trade channels for market entry

Trade channels

Most direct imports of spices and herbs from developing countries concern whole, un-ground products, while processed and packed spices only rarely come from DCs. Spices and herbs share the same trade channels, with the bulk of trade entering the EU through a small number of importers and brokers. Direct trade by processors and, to a lesser degree, food processors has become more prevalent, although processors increasingly work with companies which combine steady high quality and large volumes, instead of several small companies. However, distinctions between different trade channels are becoming increasingly blurred, with different activities now carried out within one company. In the conventional food industry, the leading distributors in Poland are Makro, Emperia Holding, Eurocash, Selgros and Lekkerland. The main trade channels for spices and herbs are shown and further explained in the CBI market survey covering the EU market for spices and herbs.

Organic

Producers and exporters of organic spices and herbs supply their organic products mostly to specialised traders/importers and/or sometimes to grinders/processors. In most markets, a few traders specialised in organics tend to be the dominant customers for foreign producers. They often have an organic specialisation, focusing on a broad range of products. Several organics traders have a European-wide focus. Direct purchases from foreign organics producers made by purchasing units of retailers, the catering sector and food processors are very rare, but might increase due to increasing organic sales and market entry by traditionally conventional players.

Retail trade
Supermarket chains account for the lion's share of the retail trade of spices and herbs in Poland. In the conventional market, Jeronimo Martins (Biedronka), Tesco, Metro and Carrefour are the largest players. The buying organisations of large supermarkets have strong buying power, and there are not many opportunities for small and medium-sized DC exporters to trade directly with them. Niche markets might provide better prospects.

Many of these players, and other large supermarket chains such as WSS Spolen and Piotr i Pawel, also sell a significant number of organic spices and herbs and have introduced a separate organic assortment in their shops. However, small and medium-sized organic chains such as Skarby Smaku and Blizej Natury continue to dominate the market for organic products, accounting for a share of 60% to 80% of the total organic market.

Trends
Increasingly strict governmental regulations and the high-quality standards demanded by the food industry, especially for processed spices and herbs, make it difficult for DCs to enter these markets.

Traceability and quality are increasingly important. Large processing and importing companies have their own experts who visit the producers in the countries of origin to inspect the product and production process, also to educate the growers so that they are better able to meet Polish demand and requirements.

Along with expanding marketing under private labels, supermarkets exert downward pressure on margins of processors and further down the value-chain, because the buying organisations of large supermarkets (sometimes representing multiple chains) have such strong buying power.

Interesting players
Companies in Poland which could be of interest include:
- Edpol - http://www.edpol.net.pl – importer and processor of spices
- PPHU MIPAMA http://www.mipama.pl – importer, exporter and processor of spices, herbs, dried vegetables, grains, seeds, food concentrates and marinated and brined vegetables
- Podravka - http://www.podravka.pl – food processor
- Agro Food - http://www.aft.com.pl – producer of food flavours, including spices and herbs
- Ekom Ltd. - http://www.ekom.szczecin.pl – producer of additives for the food industry
- Ekoland Sp. z.o.o. – http://ekolandbio.pl - importer and processor of organic ingredients for the food industry

Price structure
Prices for spices and herbs can be found in the CBI market survey covering the EU market, as the indications of prices given there do not differ from those in Poland. Prices of spices and herbs are to a large degree dependent on origin, and buyer preferences regarding demanded quality, order size etc. Therefore, actual prices are dependent on negotiation with partner companies, and prices provided in the market survey covering the EU should be used as a reference point only.

Exporters need to have detailed production costs/volume price breaks for the spices and herbs they supply. This will give them a valuable reference point for any negotiations with buyers.

The margins charged by different intermediaries in the spices and herbs trade are influenced by various factors. These include the type of spice or herb, the current and expected future harvest situation, the availability or number of sources for the particular spice, the level of demand and the trend in prices.

Finding a suitable trading partner
Finding a trade partner in Poland should not deviate from the general EU method as described in the CBI market survey covering the EU market. Buyers and suppliers often find each other at trade fairs. Especially the BioFach trade fair is of importance for organic spices and herbs, whereas Anuga, SIAL, FI Europe are of principal importance for conventional products. Establishing contact through export directories or by directly contacting interesting companies you encounter can also be useful. Brokers also fulfil an important function in market linking, while websites offer another opportunity to find trade partners.

For more information on prospects for the spices and herbs market in Poland, refer to the websites below.

- FAO's statistical database FAOSTAT - http://faostat.fao.org
- Furthermore, Polish trade associations mentioned in Chapter 6 of this survey, and the Polish Central Statistical Office - http://www.stat.gov.pl - can be a source of information.
- The 2004 IENICA report is somewhat outdated but still offers relevant information. It describes the situation for the spices and herbs market in Poland and other EU member countries - http://www.ienica.net

On-line company databases for finding companies working in the spices and herbs market are:
- Food world - http://www.thefoodworld.com - an extensive on-line food business directory, with full EU coverage. Condiments, spices and herbs are a separate product group.
- Europages - http://www.europages.com – on-line business directory, with full EU coverage. Condiments, extracts and spices are a separate product group, falling under the category of 'Food & related products'.
- HerbImporters.com - http://www.herbimporters.com - provides contact information of 135 European importers of herbs and herbal medicine products at a cost of US$15 (updated in 2009).
- SpiceImporters.com - http://www.spiceimporters.com - provides contact information of 220 European importers of spices, seasoning and flavouring at a cost of US$20 (updated in 2009).

Business-to-business sources include the following;
- Agronetwork.com - http://www.agronetwork.com/global
- Organic-market.info - http://www.organic-market.info – on-line magazine for organic trade.
- Spices Trade world - http://spices.tradeworlds.com
- IngrIDnet - http://www.ingridnet.com - for ingredient suppliers.

3 Trade: imports and exports

Imports
In 2008, Poland was the tenth largest EU importer of spices and herbs. Total imports amounted to € 35 million or 15 thousand tonnes, indicating an annual average growth of 13% in terms of value and of 3.9% in terms of volume between 2004 and 2008.

Approximately 72% of total imports was sourced in intra-EU countries. Germany was Poland's largest supplier of spices and herbs, accounting for 29% of total imports, followed by The Netherlands (16%). Between 2004 and 2008, imports sourced in intra-EU countries increased at an annual average rate of 23% in value. The high share of intra-EU imports reveals that many spices and herbs enter the Polish market through major ports in EU counterparts.

Between 2004 and 2008, imports from DCs decreased at an annual average rate of 1.8% in value. In 2004, these imports accounted for 48% of total Polish imports, but this share declined to 27% in 2008. Nevertheless, Poland continued to be the largest East European buyer of DC spices and herbs. The primary DC suppliers in 2008 were Vietnam and India, accounting for respective shares of 9.0% and 6.8%. While the imports from Vietnam had an annual average decrease of 3.9%, those from India increased considerably, at an annual average rate of 19% between 2004 and 2008. Mexico, accounting for 3.5% of total Polish imports, and Turkey (3.2%) were also important DC suppliers to Poland.

Imports by product group

In 2008, pepper was by far the largest product group in total Polish imports, accounting for a share of 42%. Pepper imports had an annual average rate of 20% in value between 2004 and 2008. The main supplier of pepper to Poland in 2008 was Germany, accounting for a share of 40% in total imports, followed by Vietnam (21%) and India (11%). Imports sourced in Germany and India had significant increase rates in the review period, whereas imports sourced in Vietnam decreased. Overall imports of pepper sourced in DCs also experienced a slight decrease of 0.8% between 2004 and 2008.

The second largest product group, paprika, chillies & allspice, accounted for a share of 27% of total spices and herbs imports in 2008, increasing at an annual average rate of 6.0% in value between 2004 and 2008. Spain (30% of total imports), Germany (14%) and Mexico (12%) were the main suppliers of this product group in 2008. Whereas imports sourced in Spain had a slight decrease in the review period, imports sourced in Germany and Mexico increased. Overall imports sourced in DCs had a slight increase of 0.4% between 2004 and 2008.

Table 3.1 Imports of spices and herbs, € thousand / tonnes, 2004 - 2008

Product	**2004**		**2006**		**2008**		**Average annual % change**	
	value	**volume**	**Value**	**volume**	**value**	**volume**	**value**	**volume**
Total spices and herbs	**21,529**	**12,553**	**24,570**	**13,551**	**34,827**	**14,624**	**13%**	**3.9%**
Pepper	7,023	4,665	9,394	5,695	14,585	5,034	20%	1.9%
Paprika, chillies & allspice	7,501	4,042	7,608	3,999	9,457	4,678	6.0%	3.7%
Spice seeds	776	989	646	812	1,891	1,294	25%	6.9%
Mixtures	1,234	394	1,078	266	1,439	321	3.9%	-5.0%
Nutmeg, mace & cardamom	795	201	897	198	1,134	185	9.3%	-2.0%
Ginger	483	560	584	432	841	613	15%	2.3%
Cinnamon	461	549	564	569	674	581	9.9%	1.4%
Cloves	289	117	389	139	535	144	17%	5.3%
Turmeric	329	308	492	470	457	419	8.6%	8.0%
Vanilla	962	7.2	344	10	243	8.0	-29%	2.7%
Saffron	90	1.2	82	6.2	72	2.3	-5.5%	18%
Other spices and herbs	1,586	721	2,493	957	3,500	1,346	22%	17%

Source: Eurostat (2009)

Imports of spice seeds accounted for 5.4% of total imports in 2008, increasing at a strong annual average rate of 25% between 2004 and 2008. The main supplier of spice seeds to Poland in 2008 was The Netherlands, accounting for 35% of total imports. Bulgaria (14%), the Czech Republic (14%) and Germany (13%) were also leading suppliers, indicating that the lion's share of imports is sourced in intra-EU countries. DCs, on the other hand, accounted for 12% of total imports; India, Ukraine and Egypt were the largest suppliers in DCs.

Mixtures accounted for 4.1% of total Polish imports of spices and herbs in 2008. Between 2004 and 2008, imports of this product group increased at an annual average rate of 3.9% in value, but decreased by 5.0% in volume. A similar development was observed in the group of nutmeg, mace & cardamom, of which imports increased at an annual average rate of 9.3% in value and decreased by 2.0% in volume. Virtually all imports were sourced in intra-EU countries, where the largest suppliers were Germany, The Netherlands and Belgium.

Imports of all other product groups, with the exception of turmeric and cinnamon, are predominately supplied by intra-EU countries. Approximately 95% of nutmeg, mace & cardamom imports, for instance, is supplied by EU countries, whereas EU suppliers account for the entirety of saffron imports. Turmeric and cinnamon imports sourced in the EU account for respective shares of 66% and 38% in total imports.

Table 3.2 Imports by and leading suppliers to Poland
2004 - 2008, share in % of value, average annual growth in % of value

Product	Origin	Leading suppliers in 2008 (share in %)	Share[1]	Average annual % change
Total spices and herbs	Intra-EU	Germany (29%), The Netherlands (16%), Spain (9.0%), Austria (5.5%), Czech Republic (2.9%)	72%	15%
	Extra-EU, ex DC*	-	0.2%	-57%
	DC*	Vietnam (9.0%), India (6.8%), Mexico (3.4%), Turkey (3.2%), China (1.8%), South Africa (1.7%), Indonesia (0.7%)	28%	-9.3%
Pepper	Intra-EU	Germany (40%), The Netherlands (11%), Austria (6.0%), Czech Republic (2.7%), UK (1.9%)	66%	49%
	Extra-EU, ex DC*	-	0.3%	9.0%
	DC*	Vietnam (21%), India (11%), China (1.1%)	34%	-0.8%
Paprika chillies & allspice	Intra-EU	Spain (30%), Germany (14%), The Netherlands (12%), Hungary (6.2%), Austria (4.6%)	74%	8.4%
	Extra-EU, ex DC*	-	0.0%	-100%
	DC*	Mexico (12%), South Africa (6.1%), China (4.7%), India (1.6%)	26%	0.4%
Spice seeds	Intra-EU	The Netherlands (35%), Bulgaria (14%), Czech Republic (14%), Germany (13%)	88%	7.8%
	Extra-EU, ex DC*	-	0.0%	-100%
	DC*	India (5.6%), Ukraine (4.4%), Egypt (1.0%), Macedonia (0.5%)	12%	16%
Mixtures	Intra-EU	Germany (57%), The Netherlands (17%), Belgium (10%), Austria (3.3%), France (3.2%)	99%	3.9%
	Extra-EU, ex DC*	Norway (0.2%)	0.2%	66%
	DC*	India (0.5%), Vietnam (0.1%)	0.6%	-3.0%
Nutmeg, mace & cardamoms	Intra-EU	The Netherlands (57%), Germany (24%), Austria (8.4%), UK (1.7%), Spain (1.2%)	95%	29%
	Extra-EU, ex DC*	-	0.0%	-100%
	DC*	Indonesia (4.4%), Moldova (0.7%)	5.1%	-39%
Ginger	Intra-EU	The Netherlands (52%), Germany (18%), Spain (6.9%), Austria (4.8%), France (4.4%)	93%	36%
	Extra-EU, ex DC*	-	0.0%	-100%
	DC*	Nigeria (5.6%), China (1.0%), Thailand (0.4%), Vietnam (0.2%)	7.2%	-30%
Cinnamon	Intra-EU	The Netherlands (30%), Germany (12%), Czech Republic (7.9%), Austria (5.3%), Spain (2.8%)	62%	20%
	Extra-EU, ex DC*	-	0.0%	n.a.
	DC*	Indonesia (24%), India (13%)	38%	-0.3%
Cloves	Intra-EU	The Netherlands (50%), Germany (24%), Austria (2.6%), Czech Republic (2.0%), United Kingdom (0.2%)	80%	13%

[1] Due to rounding off, shares might not add up to exactly 100%.

Product	Origin	Leading suppliers in 2008 (share in %)	Share[1]	Average annual % change
	Extra-EU, ex DC*	-	0.0%	-100%
	DC*	Madagascar (7.4%), Brazil (6.9%), Comoros (5.4%), Indonesia (0.6%)	20%	-9.5%
Turmeric	Intra-EU	Germany (14%), The Netherlands (14%), Austria (2.3%), Belgium (2.2%), Spain (0.8%)	34%	-2.5%
	Extra-EU, ex DC*	-	0.0%	-100%
	DC*	India (61%), Indonesia (4.1%), Vietnam (0.6%)	66%	13%
Vanilla	Intra-EU	Germany (51%), France (32%), Austria (13%), Czech Republic (0.7%)	97%	18%
	Extra-EU, ex DC*	USA (0.6%)	0.6%	-100%
	DC*	Uganda (2.3%)	2.3%	-57%
Saffron	Intra-EU	Austria (48%), Spain (40%), The Netherlands (3.5%), Italy (3.0%), Germany (2.9%)	100%	0.2%
	Extra-EU, ex DC*	-	0.0%	n.a
	DC*	India (0.1%)	0.1%	-78%
Other spices and herbs	Intra-EU	Germany (30%), Austria (8.2%), Lithuania (8.0%), The Netherlands (6.4%), Czech Republic (3.3%)	65%	33%
	Extra-EU, ex DC*	Switzerland (0.2%)	0.2%	32%
	DC*	Turkey (31%), India (2.5%), Vietnam (0.8%), Egypt (0.3%)	35%	9.3%

Source: Eurostat (2009)
*Developing Countries

The group of 'other spices and herbs' accounted for a substantial part of Polish imports of spices and herbs in 2008 (10%). Imports of this product group increased in terms of both value and volume between 2004 and 2008. Imports from DCs, which accounted for 35% of total imports, increased at an annual average rate of 9.3% in terms of value. Turkey was by far the leading DC supplier in 2008, followed by India and Vietnam.

Exports

In 2008, Poland was the ninth largest EU exporter of spices and herbs, accounting for 2.8% of total exports. Polish exports amounted to € 20 million or 5.8 thousand tonnes, increasing at an annual average rate of 21% in value and 14% in volume between 2004 and 2008.

The main destinations for Poland's exports in 2008 were Russia and the Czech Republic, which accounted for respective shares of 31% and 19%. Other leading destinations were Germany (10%), Ukraine (4.6%) and the British Virgin Islands (4.2%).

The largest product groups exported by Poland were pepper and paprika, accounting for respective shares of 35% and 14% of total exports. Exports of both product groups had a significant annual average increase, of respective rates of 45% and 26% between 2004 and 2008. Exports of 'other spices and herbs' accounted for 32% of total Polish exports, and increased at a strong annual average rate of 32%.

Opportunities and threats

\+ Poland is a relatively large EU importer of spices and herbs, and imports increased in the review period. It could, therefore, be considered as an interesting market for developing country exporters.

\- Imports from developing countries decreased in value in the review period, also declining in their share with respect to total imports.

+ Imports far exceed the level of consumption in Poland and, as production of the selected spices and herbs in Poland is limited, it is clear that the surplus of imports is (partly) used for re-exporting to other countries. This offers opportunities to DC exporters, at greater magnitude than at first sight the size of the consumption market in Poland alone seems to offer.
- Since the accession to the EU, the share of spices and herbs imports coming directly from DCs, as well as its volume, decreased in favour of intra-EU imports. The share of DCs is falling further below the average level in the EU. This trend is likely to continue, limiting the possibilities for DC exporters.

Exporters should take into account that the same trend can be an opportunity for one exporter and a threat to another. Please, review these opportunities and threats according to your own situation. Chapter 7 of the CBI market survey 'The market for spices and herbs in the EU' presents an example of an analysis of whether a trend/development is an opportunity or a threat.

Useful sources

- EU Expanding Exports Helpdesk
  ➔ http://exporthelp.europa.eu
  ➔ go to: trade statistics
- Eurostat – official statistical office of the EU
  ➔ http://epp.eurostat.ec.europa.eu
  ➔ go to 'themes' on the left side of the home page
  ➔ go to 'external trade'
  ➔ go to 'data – full view'
  ➔ go to 'external trade - detailed data'
- Understanding Eurostat: quick guide to easy Comext
  ➔
  http://epp.eurostat.ec.europa.eu/newxtweb/assets/User_guide_Easy_Comext_20090513.pdf

4 Price developments

There are no specific indications of recent price developments for the spices and herbs market in Poland. Useful sources for price information are:

- ITC Market News Service (MNS) - http://www.intracen.org/mas/mns.htm
- Public Ledger - http://www.agra-net.com
- International Pepper Community - http://www.ipcnet.org
- Indian Spices Board - http://www.indianspices.com

5 Market access requirements

As a manufacturer/ supplier in a DC preparing to access Poland, you should be aware of the market access requirements of your trading partners and the Polish government.
For information on legislative and non-legislative requirements, go to 'Search CBI database' at http://www.cbi.eu/marketinfo, select spices and herbs and Poland in the category search, click on the search button and click on market access requirements.

Detailed information on packaging can be found at the website of ITC on export packaging: http://www.intracen.org/ep/packit.htm

Information on tariffs and quota can be found at http://exporthelp.europa.eu

The standard VAT rate in Poland is 22%. The VAT rate applied to foodstuffs is 3%, 7%, or 22% depending on the product.

More information on taxes can be found at:

- Taric Homepage - http://ec.europa.eu/taxation_customs/dds/cgi-bin/tarchap?Lang=EN

- Directorate General XXI - http://ec.europa.eu/taxation_customs/common/publications/info_docs/taxation/index_en.htm

6 Doing business

Information on doing business like approaching potential business partners, building up a relationship, drawing up an offer, handling the contract (methods of payment, and terms of delivery) and cultural differences can be found in CBI's export manuals 'Export Planner', 'Your image builder' and 'Exporting to the EU'. These can be downloaded from http://www.cbi.eu/marketinfo - go to search publications. For more information on doing business in Poland, visit the following websites:

Trade associations
- Polish Federation of Food Industry / Polska Federacja Producentów Zywnosci (PFPZ) - http://www.pfpz.pl/index
- Association of Ecological Food Producers EKOLAND / Stowarzyszenie Producentów Żywności Metodami Ekologicznymi EKOLAND - http://www.ekoland.org.pl

Trade press
- Food from Poland – http://www.foodfrompoland.pl
- Poradnik Handlowca - http://www.poradnikhandlowca.com.pl
- Przeglad Piekarski i Cukierniczy - http://www.ppic.pl
- Polish Food Info – http://www.polishfoodinfo.com

Trade fairs
- Organic 2010 – http://www.targi.com/index_eng.php?idp=13&id_imp=mtsorg1 – Healthy Food and Natural Products Fair. The next event will be held 24-25 April 2010 in Szczecin, Poland.
- IFE Poland 2011 - http://www.eventseye.com/fairs/f-ife-poland-5870-1.html – International Food, Drink and Hospitality Exhibition. The event will be held in May 2011 in Warsaw, Poland.
- Polagra-food - http://www.polagra-food.pl/en - largest food processing fair in Central and Eastern Europe. The next event will be held 13-16 September 2010 in Poznan, Poland.
- Food Ingredients Central Eastern Europe – http://cee2008.fi-events.com/content/default.aspx - The next event will be held 18-20 May 2010 in Warsaw, Poland.

This survey was compiled for CBI by ProFound – Advisers In Development