CBI MARKET SURVEY

The natural stone and stone products market in Poland

Publication date: April, 2010

Report summary
This CBI market survey discusses the following highlights for the natural stone and stone products market in Poland:

- In 2008, Polish consumption and production of natural stone accounted for € 259 and € 122 million respectively. Poland is ranked 9th in the EU based on consumption and production. Between 2004 and 2008 consumption and production of finished stone products increased at an annual average rate of 27% and 18% per year respectively.
- In 2008, Poland imported about € 174 million of natural stone making it, with 4.8%, the 8th largest importer in the EU. Between 2004 and 2008, imports increased by 18% per year.
- Developing countries (DC) are increasingly important suppliers of low priced products. Between 2004 and 2008 their market share increased from 35% to 59%. In 2008 the most important DC suppliers were China (22%), India (16%) and South Africa (13%).
- Growth of the Polish natural stone market in coming years is expected to keep on growing however not as fast as in previous years. Poland is not as heavily affected by the economic crisis as many other members of the EU and is yet showing signs of recovery. Increased standards of living, continued EU funding (till 2014) and the Euro 2012 football tournament are creating more demand for natural stone. Price however is still an important factor. Hence, competitive prices with low margins are expected to create most off set.

This survey provides exporters of natural stone and stone products 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 natural stone and stone products 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

Note: In Chapter 1 Market description: consumption and production, the following product groups are addressed:

- blocks & slabs
- landscape design
- monumental and funeral

Monumental & funeral is an aggregate of flooring & cladding and funeral & other arts sub products groups which are disaggregated and dealt with separately in the Import/Export section. For more information about the product groupings, please refer to Appendix A in the CBI survey 'The natural stone and stone products market in the EU'.

1 Market description: consumption and production

Consumption

Poland is inhabited by 38 million people making it the 7th most populated country in Europe. In 2008, the Polish consumption of natural stone and stone products represented € 259 million, of which € 190 million consisted of finished stone products[1]. Polish consumption of finished stone products has increased at an average rate of 27% per year in value and with 15% in

[1] Finished stone products is the sum of the product groups landscape design and monumental & funeral. Due to incomplete data of other countries comparison in this section is only possible for finished stone products.

volume. Poland is ranked 9th accounting for 2.8% of total EU consumption of finished stone, above Austria (2.4%) and below The Netherlands (2.9%).

Table 1.1 Polish consumption per product group 2004 - 2008, € million / 1'000 tonnes

	2004		2006		2008		CAGR*
Product group:	**Value**	**Volume**	**Value**	**Volume**	**Value**	**Volume**	
Blocks & slabs	n.a.	n.a.	96	3' 917	70	712	13%
Landscape design	0.5	n.a.	1.3	7.2	25	n.a.	126%
Monumental & funeral	72	291	87	315	164	500	23%
Total	116	596	184	3'261	259	1'212	22%

*CAGR: Compounded annual growth rate
Source: Eurostat (2009)

With access to EU funding in 2004 Poland's economy peaked in 2007 with a growth of 6.6%. Polish consumers benefited with increased living standards and rising disposable income; hence the increase in consumption of finished products. Due to the increased wages however, the Polish natural stone processing sector has also become more expensive compared to DC. As a result, these activities are increasingly taking place in DC; this explains the decrease in consumption of blocks & slabs from 2006 to 2008 as these are now consumed as finished products.

Moreover Poland has not been severely affected by the economic crisis. Construction in Poland is the largest consumer of natural stone. In September 2009, construction output was up 40% on a year-on-year basis, however mainly due to road building made possible with EU programmes which will last until 2013. On the other hand, civil engineering was up only 25% and residential and non-residential construction were even down with successively 13% and 6.5%. These sectors are not expected to recover until growth in lending activity of financial institutions has increased which is anticipated for the end of 2010. EU funded projects, renovation and retrofitting of houses and construction activities for the Euro 2012 football tournament, however, will continue to do well providing good opportunities for natural stone suppliers. DC interested in responding to Euro 2012 football tournament tenders are advised to contact the relative municipalities and local contractors this year as tenders will be closing before 2011.

EU funding
Because Poland has recently joined the EU it is receiving many funds in the period 2007-2013 (http://www.funduszeeuropejskie.gov.pl) that are going towards improving infrastructure, medical and educational facilities etc. EU funds for example involve the constructing or renovation of airport terminals in Lodz, Bydgoszcz, Lublin, Modlin, Olsztyn, Zegre Pomorskie, Balice and Poznan. Usually these entail large quantities of flooring & cladding and landscape design. Orders for construction are allocated through tender processes. After 2013 EU funding will go down and the demand for natural stone will be strictly dependent on the actual demand of Polish consumers.

A shortage of 1.6 million (modern, high standard) dwellings, past negligence of office building, as well as the necessity to repair many buildings within city centres require various types of stone elements. Some projects however have been postponed. Yet, Polish construction companies are already preparing for new large projects for when financial means will become available. This is their time to negotiate contracts as the current low prices of building material costs (-10%) are expected to rice quickly when the market recovers. DC can therefore either embark now to obtain market share, however with low margins, or wait and embark when the prices have gone up, however with the risk of missing out on orders.

In the mean time Polish consumers are renovating and retrofitting their house rather than buying new houses. Hence, Do-It-Yourself (DIY) stores are doing well and are expected to do better in the future. In general, price dominates the decision making process and growth in expensive merchandise that targets consumers with above average incomes are slower. Fastest growing products include garden materials and tiles in the low- and middle price range.

For the Euro 2012 football tournament six stadiums are built or modernised in Warsaw, Wroclaw, Gdansk, Poznan, Krakow and Chorzow. Moreover, investors are setting up large construction projects, such as office towers, shopping and conference centres. DC interested are therefore advised to contact the relative municipalities.

In short, Polish consumption of natural stone is expected to keep on growing however not as pronounced as in previous years but with an expected sudden rise near the end of 2010.

Market segmentation
The Polish natural stone and stone products market can be divided into the following user segments:
- Building industry; by far the biggest consumer of natural stone in Poland.
- Natural stone processing industry; a traditional industry with access to extensive domestic resources which however is mainly used for road construction, show little variation and contain only a small amount of ornamentals. The sector is largely dependent on imports.
- Funeral industry; is a large retail sector that sells funerary art, such as tombstones, gravestones and urns. Natural stone for funeral art, especially tombstones, is common. The sector is largely dependent on imports.
- Consumer market; other retailers including Do-It-Yourself (DIY) outlets, garden centres and tiles specialists are selling directly to the consumer and continue to gain market share.

The segmentation is generally similar to the trade channels discussed in this survey. Therefore for more information regarding these segments in Poland please refer to chapter 2. For more information on market segmentation in the EU please refer to chapter 1 of the CBI survey 'The natural stone and stone products market in the EU'.

Consumption trends and developments
- ***Traditional and authentic taste:*** Although price is currently an important factor, the Polish and international companies in Poland are open for new ideas to differentiate themselves; a trend fuelled by the upcoming football tournament. Even so, most sought after natural stones for outdoor use are granites that are similar in colour to Polish granites (grey and light pink). For tombstones black granite is most sought after, partially to replace terrazzo tombstones that have been used in the past. Gabbro from RSA (imported in blocks) dominates the import with a market share of about 40%. Besides black, grey granite tombstones are popular. DC that can offer similar but cheaper granites in blocks or already processed may find market openings however have to compete against China that already has a considerable market share. Marble and travertine are relatively new but increasingly used for residential and none residential purposes. Besides white and earthy colours there is a market for more colourful variations (green and red). For flooring and cladding 2-3 cm thick tiles are used.
- ***House ownership rising:*** With increased prosperity and social housing giving way to home ownership, the Polish will move sooner to a place of their own rather than staying with their family for economic reasons. This will result in smaller households however increased expenditure as investments are more likely to take place in self owned houses than rentals. The natural stone and stone product market will benefit from this trend: Although households will become smaller, kitchen and bathroom areas are getting larger, which will fuel the demand for, for example, natural stone tiles and kitchen counter tops. This process however is slowed down by the economic situation however is expected to pick up before the end of 2010. Moreover, with the uncertain economic tidings there is a current increase in demand for renovations and retrofitting of existing houses rather than buying new houses.

- ***Ageing population***: Poland's population is slowly ageing; almost 13% is over 65 years. The group of the elderly (65+) will increase to 32% in 2050. In the long term there will be an increased demand for funerary art (i.e. tombstones and urns).
- ***Alternatives***: Composite materials like quartz for tiles and kitchen are growing in popularity. Advantages include a wider colour range, durability and (less) weight. The price is often similar or even higher than natural stone. Composite is processed by the same machines as natural stone and sometimes has the same trade channels. Processors in DC can therefore decide to focus on both markets.
- ***Neighbouring countries:*** Poland is the largest and most important country of Eastern Europe. Most influential neighbouring nations however are Germany and Austria. Strong business relationships exist between Polish and German companies providing good opportunities for DC exporters that want to focus on this region in particular.
- ***Sustainability***: the Polish market is increasingly interested in authentic, natural and sustainable production and sourcing. The leading theme of the Budma, Polish largest construction fair held in January 2010 was "Sustainable construction"; conscious adherence to the principles of economy, ecology and ergonomics, to optimise buildings' thermal performance while ensuring safety, comfort and usability and minimising environmental impact. In Poland sustainable construction is also called passive construction. DC exporters that take a pro-active approach to the issue sustainability might find market openings easier.

Sustainable supply chain
A sustainable natural stone supply chain demands large investments by multiple parties and is a long process. DC exporters can take a pro-active approach to the matter and map out the sustainability issues related to their own organisation and of possible suppliers. In this way it is possible to work towards a better situation and be able to respond to possible questions coming from importers and consumers in the EU.

Production

In 2008, Poland produced 690 thousand tonnes or € 121 million of natural stone, of which € 109 million consisted of finished stone products. Polish production of finished stone products increased at an average rate of 18% per year. Poland is ranked 9th accounting for 1.5% of total EU production of finished stone, above Belgium (1.5%) and below Ireland (1.8%).

Table 1.2 Polish production per product group between 2004 – 2008, € million / 1'000 tonnes

	2004		2006		2008		CAGR*
Product group:	**Value**	**Volume**	**Value**	**Volume**	**Value**	**Volume**	
Blocks & slabs	n.a.	n.a.	54	3'724	12	434	n.a.
Landscape design	12	156	12	151	33	n.a.	29%
Monumental & funeral	45	226	52	201	76	256	14%
Total	57	382	118	4076	121	690	21%

*CAGR: Compounded annual growth rate
Source: Eurostat (2009)

Poland has large resources of sandstone, basalt and granite and less resources of diabase, dolomite and limestone. Well known sandstones are Brenna, Kosmin and Mucharz. Mining companies used to produce stone almost exclusively for road construction and tombstones. A list of the companies that have a licence to mine can be asked for at the Mining Authority (http://www.wug.gov.pl). Insight in the sector can be obtained from Global Infomine (http://www.infomine.com/countries/poland.asp). A list of resources, their origin and use can be obtained from the Geological Institute (http://www.pgi.gov.pl/mineral_resources/spis.htm).

Still more than 98% of domestic mined building and road stones is applied in road building as a crushed stone aggregate or in the form of small elements as a sett or pavements. This implies a strong and highly competitive position of the mining sector for roads, also for DC.

The remaining 2% is applied for construction purposes. Both sectors however do not meet the demand whilst the processing industry also increasingly depends on imported stone. DC will therefore compete mainly against other foreign suppliers.

Moreover block & slabs imported from DC are cheaper and better meet consumers' desire. Hence the decrease in blocks & slabs and the increased gap between production and consumption (from 193 to 278 thousand tonnes between 2006 and 2008), implies a increased dependence on import. Contrary to block & slabs, production of finished stone products has increased. This increase can be explained by the increased consumption. Also here the gap between production and consumption is widening, implying a similar increased dependence on import.

Alternatives
For an overview of natural stone extracted in Poland refer to the website of Graniteland (www.graniteland.com). The most extracted stone in Poland are sandstone and granite are extracted in Poland. You might therefore be able to offer similar stone and compete with local suppliers on price. Therefore it good to be well informed before approaching buyers.

Over time the market share of imported finished stone is therefore expected to increase especially at the expense of domestic processors. Polish produced and processed stone products are expected to become more of a niche market to supply for monumental renovations. Due to the relatively small quantities available this is not expected to severely damage the Polish stone branch.

The stone branch in Poland consists of almost 5,000 companies. The sector is represented by the Polish Employer's Association of the Stone Industry (http://www.zpbk.pl).

The outlook for the industry is therefore, at least till 2013, well for suppliers, of especially finished products, and moderately positive for the Polish stone branch.

Production trends and developments

- ***Shifting roles***: Polish processing companies are gradually changing their roles in order to withstand the intensifying competition. Already there is a shift from processing raw material themselves to sourcing semi-finished stone products from abroad. In addition there is an increased interest in contracts covering the whole process from obtaining the right stone to installing, rather than contracting third parties for these activities. This provides opportunities for DC exporters to supply semi-finished stone that are easily handled. In addition companies are increasingly contacting (DC) quarries directly rather than using exporters, importers and wholesalers.
- ***Merges, takeovers and internationalisation***: Most Polish companies are small; however as a response to the economic situation and the intensifying competition, the sector is changing quickly through merges, takeovers and coalition forming. This implies that, the Polish are increasingly open to international cooperation. DC are therefore in an increasingly better positions to gain market share and increase sales by working with local companies.
- ***Computer numerical control (CNC)***: Polish processing companies are increasingly working with slates of natural stone that have been calibrated to be processed by CNC machines. CNC machines can do labour-intensive work more accurate and fast and thereby open up new markets. DC exporters should therefore look into the possibilities of supplying calibrated slates and/or in invest CNC machines to compete with EU counterparts.
- ***Privatisation:*** The Polish government is privatising state owned land and enterprises including mines and areas rich in natural stone. This provides opportunities for DC that are interested in bidding on these enterprises and resources (as a coalition) to obtain market share however is also expected to intensify competition over time as with privatisations the enterprises are expected to become more competitive.

Listed below are some interesting players active in the production of natural stone:
- Levantina - http://www.levantina.com - the largest owner of marble quarries worldwide
- B & M Granity - http://www.granity.pl - a natural stone processor offering a wide variety of stone. Uses Polish as well as imported stone
- Granite Strzegom- http://www.granit-strzegom.com.pl -extracts granite in the Strzegom area of Poland. It offers raw material as well as finished products
- Marmurów Sławniowickich - http://www.marmur-slawniowice.pl - famous producer of finished marble products. Has decorated several ministries but also offers to individual clients including fireplaces, gallantry, sacral elements and tombstones

Opportunities and threats

\+ The size and location of Poland makes it an attractive target country in the EU to target.
\+ The Polish production and processing branch cannot meet the demand and are increasingly open for merges, takeovers and coalition.
\+ In recent years the demand for finished stone products is increasing at the expense of intermediate stone products. This trend is expected to extend into the future.
\+ With expected increase in wages, there will be more opportunities for DC to compete with the processing branch by supplying cheaper finished products.
\+ The increased living standard and with it a rising number of homeowners is creating an increased demand for natural stone (flooring & cladding and funeral & other art).
\+ Poland is one of the few countries in the EU that has not been severely influenced by the economic situation and is expected to have fully recovered within 2010.
± EU subsidies will ensure construction projects till 2014.
± The EURO 2012 football tournament will ensure increased consumption. However, most tenders are already closed.
\- The competition with other suppliers is increasingly fierce,

Note that the above-mentioned developments and trends can be an opportunity for one exporter and a threat for another. Therefore, exporters should analyse the developments and trends discussed in the previous chapters to make their own analyses. The outcome of this analysis depends on the specific situation of an exporter. For an example of such an analysis, please refer to Chapter 7 of the CBI market survey 'The natural stone and stone products market in the EU'.

Useful sources

- Polish Employer's Association of the Stone Industry - http://www.zpbk.pl
- Nowy Kamieniarz Magazine – http://nowykamieniarz.pl – magazine for stone sector specialists with information about the trade and technological news published monthly
- Swiat Kamienia - http://www.swiat-kamienia.pl – online Polish natural stone magazine interesting for stonemasons, architects designers and retailers

2 Trade channels for market entry

Trade channels

Wholesaler and importers buy their natural stone directly from supplying countries. Recently, stone wholesalers are enlarging their operation by buying new grounds (Artstone from Macierzysz near Warsaw) and opening new depositories. In addition, they are increasing efforts into marketing their company and their products. Until recently, Polish companies had a hard time competing with West European and Asian counterparts, however, this is gradually changing. For example, R&R Granity formerly an unknown warehouse is now a famous Polish natural stone company as a result of increased marketing activities. Stone companies in Poland are starting to use the Internet which gives them a chance for effective advertising and sale of products. The quality of their websites is becoming better and in some cases equivalent to those of their Western counterparts. Some importers active on the Polish are:
- Beltrami Poland - http://www.beltrami.pl – Polish importer of natural stone throughout from various developing countries including India, Brazil and South Africa that supplies Polish stone masons

- Inbra - http://www.inbra.pl – large importer of natural stone and stone products of products from India, South Africa and Brazil
- R&R Granity - http://www.rrgranity.pl – importer and wholesaler of granite slabs and marble for firms producing interiors and exterior elevations as well as tombstones and finishing touches for buildings and constructions
- Stone connection - http://www.stoneconnection.pl – one the large importers in Poland active throughout Poland
- Interstone - http://www.interstone.pl – importer and supplier of a broad range of natural stone and stone products
- INMOPOLSKA sp. z o. o - http://www.inmopolska.com - apart from leading activity connected to real estate investments Inmopolska is an exclusive importer of natural stone and other related products for Poland

Travelling importers

There are natural stone importers in Poland that have staff that travel the world in search of good priced quality natural stone and new materials. These importers are usually larger companies with a large network and resources. A lot of the business therefore takes place in DC and **not** in Poland. Therefore setting up warehouses and investing heavily in establishing yourself in Poland is not always the best way of working. It might be easier to find out what importers are active in your country and invite them to your facility. They might be able to drop by on their next visit to your country.

The natural stone processing companies in Poland buy from wholesalers/importers, quarry their own stones or, depending on the size of the company, buy directly from supplying countries. The processing industry processes raw material and/or semi-finished products supplies the retail market. Because the processing industry is important in Poland, it is often an important link between importer and retailer. In recent years however Poland is importing more finished products instead of processing raw material locally. Some specialized processing companies are:

- Kamien - http://www.kamiensosnowiec.pl – small scale producer with a broad range of products
- Eko Perfect - http://www.ekoperfect.pl – producer of high value granite and marble products as well as onyx products, mushroom slates and sandstone products
- Firma Krawczyk - htp://www.krawczyk.biz.pl - stone mason with a wide array of products including a wide range of items all made of natural stone, e.g. kitchen and bathroom tops, window sills, stairs, tables (including small ones), fireplace elements and floors.
- Impala - http://www.impala.net.pl/index.php - producer of Polish sandstone
- King Stone - http://www.king-stone.pl - producer of marble and granite stone products including kitchen and bathroom countertops, fireplaces, steps and floor and wall tiles; works together with importer R&R Granity

Retailers like DIY stores and tiles specialists buy mainly from wholesalers/importers, although the larger DIY stores are also known for buying from exporters directly. Retailers mainly focus on the consumer market but installers and contractors also get their material from retailers. Economic changes had a particular impact on the DIY sector and household structure in Poland. The positive growth in the DIY sector was caused by a strong macroeconomic situation: high economic growth, low inflation, increasing levels of employment and improving finances. The retail side of the market rapidly moved towards chain stores. Presently four international DIY chains dominate in Poland: Praktiker, OBI, Castorama and Leroy Merlin. There is a huge potential in the DIY market in Poland, also in the long-run. Some retailers active in the Polish market are:

- Pratiker – www.praktiker.pl – DIY chain with 20 stores in 17 different cities
- OBI - www.obi.pl – DIY store
- Castorama – www.castorama.pl – large DIY store with 30 stores throughout Poland
- Leroy Merlin – www.leroymerlin.pl – French DIY store active throughout Europe including Poland

- Artstone Poland - http://www.artstone.com.pl – retailer of natural stone products for in and around the house in different materials (marbles, granite, sandstone etc.)
- Wromac http://www.wromac.pl - produces and supplies products for the building sector and road construction
- Max Kam - http://www.max-kam.krakow.pl - sells natural stone products of marble, granite and sandstone products
- Kamskal - http://www.kamskal.pl - supplier of a large variety of funeral stones
- Keramik online - http://www.keramik.hybris.pl - online shop for ceramic products and natural stone

Independent buyers in Poland are major (international) companies which often buy directly from supplying countries for large building projects. An example of such a company is Warbud (http://www.warbud.pl/en) one of the biggest Polish construction companies. Other main projects are generated through the Polish government and have to undergo tender processes.

Polish partners
In response to the large demand for natural stone and the economic situation many Polish companies seek partnerships. Tenders are therefore also most often responded upon by international coalitions. Governmental tenders are listed at the websites of the relevant Ministries and municipals such as at the Polish Ministry of Construction and Warsaw municipality (http://www.mb.gov.pl) and http://www.e-warsaw.pl/inwestycje/oferty2006.html.

For additional information on trade channels please consult the CBI market survey 'The natural stone and stone products market in the EU'.

Price structure
Unfortunately the Italian companies contacted for the purpose of this survey were not willing or able to share information on their prices and margins. Most companies are careful with providing this information so therefore so it is advised to first establish a relationship with a potential buyer before discussing prices. In general margins in are now under pressure due to a surplus of natural stone on the global market. They are not expected to pick again before the end of 2010. However Poland is one of the few countries that do not seem to be affected by the economic crisis. Moreover, the increasing standard of living is making natural stone a popular material to build with. When more high quality natural stone is used in Poland margins will even increase.

Refer to the websites listed in Chapter 4 to get an idea of the prices Polish companies are asking for their natural stone products. Based on your findings you can determine whether you are able to offer a competitive price.

For more information about price structure please refer to chapter 3 of the CBI survey 'The natural stone and stone products market in the EU'.

Selecting a suitable trading partner
Selecting a suitable trading partner can be started by contacting a Chamber of Commerce (http://www.chamberofcommerce.pl) or a related business support organization. Deciding what kind of partner you want is important. The Investor's Guide – Poland How to do Business (http://www.paiz.gov.pl/files/?id_plik=11763) is a good stepping stone. More insight in the stone sector is provided in the 'The Specifics of Sale on the Polish Market' (http://www.rynekkamienia.pl/data/download/sprzedaz-w-polsce.pdf).

If you want be represented on the Polish market you can appoint a distributor. A distributorship arrangement might prove hard to arrange but the Polish associate will purchase the product which is to be sold, thus sharing the marketing risk. Please note however that under Polish law it can be difficult and costly to terminate the arrangement.

Larger importing parties might be interested in investing in a long-term relationship but will demand exclusive rights to sell the stone. The focus will be on more efficient extraction methods and quality improvement by investing in technology and know-how.

There are various ways to come into contact with importers and other possible trading partners in the Polish market. Attending trade fairs is one of the most important ways to get exposure. Visiting trade fairs in related markets is also a way to get into contact with Polish companies. You can either choose between specific trade fairs for the natural stone products or more general fairs (e.g. construction, home decoration).

In a market where competition is fierce and margins small, it is important to be a reliable partner. Delivery time, according to agreements and effective communication are crucial for your trading partner and necessary for developing a long-term business relationship.

DC exporters are often constrained by long delivery times (often 12 weeks) which might cause problems (i.e. liquidity) for their Polish buyers, especially Polish-buying new comers. In order to avoid problems later, it might be useful to know as much about the company as possible before sending off products. The local Chamber of Commerce is able to provide general information about the company as well as annual reports. There are also commercial companies specialized in company information on their credit and debtor management.

Listed below are websites where you can find possible trading partners:
- Nowy Kamieniarz Magazine – http://nowykamieniarz.pl - website includes various links to Polish importers
- Swiat Kamienia - http://www.swiat-kamienia.pl ➔ go to 'Trade exchange'
- Directory of construction companies in Poland – http://www.constructionpoland.com – have to be a paying member to use the database
- Interkamien - http://www.ctk.com.pl/index.html?k=interkamien_en&s=lista ➔ go to 'For visitor' ➔ go to 'List of exhibitors'
- Glasstone (stone section) - http://stone.mtp.pl/en ➔ go to 'Information for visitors' ➔ go to 'Exhibitors' catalogue'
- Targikamien - http://www.targikamien.pl ➔ select English ➔ go to 'Exhibitors 2008'
- Stone contact - http://www.stonecontact.com ➔ go to 'Companies' ➔ write down 'Stone' and press 'Search' ➔ go to the box that says 'All countries' and click on it to select Poland for an overview of a several natural stone companies
- Euro pages - http://www.europages.com – international directory that includes natural stone companies in Hungary ➔ fill in 'natural stone' and select Poland

3 Trade: imports and exports

Imports

Total imports
Poland imported € 174 million worth of natural stone and stone products in 2008, around 658 thousand tonnes. Polish imports increased by an annual average of 18% between 2004 and 2008. In comparison, EU imports increased at a slower pace (+4.7% per year). Poland is the 8^{th} largest importer in the EU accounting for 4.7% of total EU imports. It ranks above Austria (2.7%) and Ireland (2.6%) and below Spain (7.2%) and Belgium (8.5%). Other Eastern European countries are for various reasons (i.e. size and living standard) generally smaller importers of natural stone.

Table 3.1 Polish imports between 2004 - 2008, € million / 1,000 tonnes

2004		2006		2008		CAGR*
Value	Volume	Value	Volume	Value	Volume	
89	500	104	488	174	658	29%

*CAGR: Compounded annual growth rate
Source: Eurostat (2008)

When comparing figures it becomes clear that the increase in the consumption of monumental & funeral products[2] (+23%) between 2004 and 2008 mainly benefited imports (+29%) and to a lesser extent Polish production (+14%). This supports the assumption that Poland is becoming more reliant on imported natural stone at the expense of Polish processors.

41% of the total value of Polish imports comes from intra-EU countries. This comes down to € 71 million with a volume of 292 thousand tonnes. The most important intra-EU suppliers in value are: Italy (14%), Spain (8.1%) and Germany (5.5%). The market share of intra-EU countries has gone down from 64% to 41% between 2004 and 2008. In the same period the market share of the some important EU suppliers increased (Spain +1.7%, Germany +1.3%) whilst that of other suppliers decreased (Belgium -12%, Italy -5.1%).

Imports by product group
Please find below a table with imports of natural stone and stone products divided into different product groups:

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

	2004 € mln	2006 € mln	2008 € mln	Leading suppliers in 2008 Share in %	Share (%)
Total natural stone and stone products	57	45	71	Intra EU: Italy (14%); Spain (8.1%); Germany (5.5%); Sweden (4.1%); Belgium (3.2%)	41%
	1.0	0.8	1.0	Extra EU ex. DC*: Norway (0.3%); Russia (0.1%); Switzerland (0.1%); USA (0.02%); Taiwan (0.01%)	0.6%
	31	59	102	DC*: China (22%); India (16%); South Africa (13%); Brazil (2.4%); Turkey (1.6%); Ukraine (1.0%); Angola (0.5%); Zimbabwe (0.5%); Croatia (0.3%); Egypt (0.3%);	59%
Funeral & other art	19	17	31	Intra EU: Italy (14%); Spain (9.5%); Germany (4.6%); Belgium (4.3%); Czech Republic (1.0%)	34%
	0.03	0.2	0.1	Extra EU ex. DC*: Switzerland (0.1%); USA (0.03%); Norway (0.02%); Taiwan (0.01%); Canada (0.001%)	0.2%
	8.0	22	60	DC*: China (39%); India (20%); Turkey (2.3%); Brazil (2.1%); Egypt (0.6%); Croatia (0.5%); Tunisia (0.3%); South Africa (0.3%); Indonesia (0.3%); Iran (0.2%)	66%
Blocks & slabs	27	17	25	Intra EU: Sweden (10%); Italy (8.9%); Finland (4.6%); Spain (4.3%); Germany (4.1%)	39%
	0.9	0.6	0.8	Extra EU ex. DC*: Norway (0.9%); Russia (0.3%); Switzerland (0.1%); USA (0.01%); Canada (0.01%)	1.3%

[2] Because production and consumption figures of other product groups are partly missing, conclusions can only be drawn for monumental & funeral products.

	2004 € mln	2006 € mln	2008 € mln	Leading suppliers in 2008 Share in %	Share (%)
	21	33	38	DC*: South Africa (36%); India (14%); Brazil (3.3%); Ukraine (2.4%); Angola (1.5%); Zimbabwe (1.3%); China (0.9%); Turkey (0.2%); Croatia (0.1%); Belarus (0.04%)	60%
Flooring & cladding	10	10	13	Intra EU: Italy (30%); Czech Republic (17%); Spain (15%); Germany (6.2%); Sweden (2.7%)	78%
	0.04	0.02	0.03	Extra EU ex. DC*: Switzerland (0.1%); USA (0.02%); Russia (0.01%); Canada (0.01%)	0.2%
	1.9	2.7	3.8	DC*: China (12%); India (4.1%); Turkey (3.5%); Brazil (0.7%); Vietnam (0.6%); Philippines (0.5%); Egypt (0.3%); Ukraine (0.2%); Macedonia (0.05%); Croatia (0.03%)	22%
Landscape design	0.2	0.5	1.9	Intra EU: Germany (78%); Czech Republic (4.9%); Slovakia (2.8%); Italy (1.0%); Portugal (0.8%)	88%
	0	0	0	Extra EU ex. DC*: n.a.	n.a.
	0.3	0.3	0.3	DC*: Ukraine (6.9%); China (4.4%); India (0.8%)	12%

Source: Eurostat (2009)
*Developing Countries

The most imported intermediate stone products in 2008 were siliceous funeral art (40%) and siliceous blocks & slabs (33%). Imports of finished stone products mostly consisted of siliceous funeral art (40%), calcareous funeral art (11%) and calcareous flooring & cladding (3.9%).

The total imported value increased by 29% per year between 2004 and 2008. The imports of the finished stone products increased (+29% per year). All product groups within the product category finished grew significantly: landscape design (+45% per year), funeral and other art (+36% per year) and flooring & cladding (+8.7%). The share of blocks & slabs in Polish is declining but still high (36%) in comparison to the EU average (28%). DC are supplying the market with finished stone products at the expense of Polish producers and processors.

Import from DC

In 2008, more than € 102 million (59%) originated in DC with a volume of 361 thousand tonnes (55%). The overall market share of DC has grown from 35% to 59% in the period 2004 to 2008. The market share of DC in Poland is higher than the DC share in the EU (53%). China (21%), India (16%) and South Africa (13%) are the most important DC suppliers to Polish market. Most of the important DC supplying to Poland have increased their imports substantially between 2004 and 2008: China (+64% per year), India (+55%), Turkey (+16%) and South Africa (+12%). Table 3.2 shows the growth of DC imports per product group between 2004 and 2008. Identified is the average growth per year between 2004 and 2008:

- Funeral and other art (+66% per year)
- Flooring & cladding (+20% per year)
- Blocks & slabs (+15%)
- Landscape design (+0.9%)

The future for imports from DC is looking positive. DC imports are expected to develop better in comparison to imports from other countries.

Exports

In 2008, Poland exported a total of 177 thousand tonnes of natural stone products which represented a value of € 37 million. This makes Poland the 10th largest exporter in the EU with a market share of 1.0%. It ranks above Austria (0.8%) and below Finland (2.1%). The EU market knows just two large exporters namely Italy (45%) and Spain (22%). In general the contribution of other new EU Member States[3] is still relatively small; after Poland the Czech Republic is second with only 0.8% market share.

Table 3.3 Polish export of natural stone between 2004 - 2008, € million / 1'000 tonnes

2004		2006		2008		CAGR*
Value	Volume	Value	Volume	Value	Volume	
30	297	39	325	37	177	5.4%

*CAGR: Compounded annual growth rate
Source: Eurostat (2009)

Poland is situated strategically bordering seven countries (Germany, the Czech Republic, Lithuania, Belarus, Russia, Ukraine and Slovakia). This makes Poland an interesting trading post in the region. Although Polish (re-)exports are not very large yet this might change in the future as surrounding countries will increasingly develop and obtain a higher standard of living.

Future growth will be depended on the development of foreign markets. Since almost 71% of Polish exports go to other EU countries expectations are that exports will go down due to the negative economic situation in most important EU markets and the increased market share from DC.

Opportunities and threats

+ Polish imports have increased in recent years making Poland the 8th largest importer in the EU. Prospects for Polish imports remain positive as demand is expected to keep growing.
+ The market share of DC has increased in all product groups, most notably in the finished stone products categories. This development is expected to extend into the future.
+ Poland is becoming more reliant on imports from DC.
± The average price of imported natural stone has risen in contrast to most other EU countries. Moreover, DC are suppliers of products with high value/low volume in Poland. However, prices of products imported from DC increased the least when compared to that of other regions (intra-EU and extra-EU).

Note that the above-mentioned developments and trends can be an opportunity for one exporter and a threat for another. Therefore, exporters should analyse the developments and trends discussed in the previous chapters to make their own analyses. The outcome of this analysis depends on the specific situation of an exporter. For an example of such an analysis, please refer to Chapter 7 of the CBI market survey 'The natural stone and stone products market in the EU'.

Useful sources

- EU Expanding Exports Helpdesk - http://export-help.cec.eu.int ➔ go to: trade statistics
- Eurostat – http://epp.eurostat.cec.eu.int - official statistical office of the 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://fd.comext.eurostat.cec.eu.int/xtweb/assets/guide.pdf

4 Price developments

Import figures show that the average price of natural stone and stone products increased by 10% per year. In comparison, prices in the EU increased by 6.3% per year. Prices of blocks &

[3] The twelve new Member States are: Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Slovakia, Slovenia, Bulgaria and Romania.

slabs increased (+10% per year). However, prices of finished stone products dropped or showed little difference: landscape design (-19%), funeral & other art (-2.3%) and flooring & cladding (+0.3%). In general, prices of natural stone imported from DC matched the average increase of +10%; 3.1% above the intra-EU average and 59% under the extra-EU average.

This supports the assumption that the Polish natural stone and stone products market is under pressure by increased competition from DC suppliers. In recent years technology and know-how have slowly transferred to low-wage countries. Some manufacturers of raw material in important supplying countries like China and India are now able to produce according to the quality demands of the Polish market. These countries are also in the comfortable position of having the first pick of raw material giving them an important competitive advantage. As a result Poland will increasingly import cheap but quality stone.

The current economic slowdown, especially in the EU and US, is also affecting the natural stone market. It has lead to a large surplus of natural stone that now is being dumped on the EU market. This is true for low as well high quality stone. Polish consumers and contractors benefit from this development.

Find listed below some websites for price information:
- Interstone - http://www.interstone.pl ➔ go to 'Pricelist'
- Stone contact - http://www.stonecontact.com ➔ go to 'Pricelist' ➔ write down 'Stone' and press 'Search' ➔ go to the box that says 'All countries' and click on it to select Poland for an overview of a several Poland natural stone companies that display there prices online
- Stone source - http://www.stoneource.com go to 'stone selector' in the left side ➔ make a selection per material, price range or other criteria

5 Market access requirements

As a manufacturer in a developing country preparing to access Poland, you should be aware of the market access requirements of your trading partners and the Polish government. Requirements are demanded through legislation and through labels, codes and management systems. These requirements are based on environmental, consumer health and safety and social concerns. You need to comply with EU legislation and have to be aware of the additional non-legislative requirements that your trading partners in the EU might request.

For information on legislative and non-legislative requirements, go to 'Search CBI database' at http://www.cbi.eu/marketinfo, select your market sector and Poland in the category search, click on the search button and click on market access requirements.

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

Tariffs and quota

In general, products entering the EU are subject to import duties. For beneficiary countries under the Generalised System of Preferences (GSP), however, reduced tariffs, or no tariffs, are applied. The list of beneficiary countries is regularly updated. For natural stone and stone products, a zero-tariff applies for exports from beneficiary countries of the GSP. Information on the required value added tax (VAT), please consult the following website: http://ec.europa.eu/taxation_customs/common/about/welcome/index_en.htm.

Information on tariffs and quota can be found at http://export-help.cec.eu.int

6 Doing business

The Polish Stone Review 2009 has provided insight in the specificities of sales on the Polish market (http://www.rynekkamienia.pl/data/download/firma.pdf) and a guide how to set up a business in Poland (http://www.rynekkamienia.pl/data/download/sprzedaz-w-polsce.pdf).

General 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) can be found in CBI's export manuals 'Export Planner' and 'Your image builder'. Furthermore cultural awareness is a critical skill in securing success as an exporter. Information on cultural differences in the EU can be found in chapter 3 of CBI's export manual 'Exporting to the EU'. These manuals can be downloaded from http://www.cbi.eu/marketinfo - go to search publications.

Trade promotions
Agents, importers and wholesalers promote the products of their clientele at trade shows. Producers can also participate in these trade shows. There are a couple of important trade fairs in Poland. Targikamien is the largest and most established trade fair. Another important fair is Kamien. Large companies also often organise open days where they invite their business relations. Check for events on the website of Ryne Kamienia (http://www.rynekkamienia.pl ➔ go to 'Kalendarium').

Surrounding markets
The German market is related to several surrounding markets. Importers and other parties interested in looking for new suppliers also often visit trade fairs abroad. Stonetec in Germany for example is important because of the close links between the stone market in Poland and Germany.

There are several magazines and online portals targeted at professionals and people interested in trends and developments. The most important magazine is Novy Kamieniarz. The online web portal Rynekkamienia.pl is an initiative of the magazine. Swiat Kamienia and Twokamieniarz are important online magazines. Here you might also be able to find possible trading partners.

Trade associations
- Polish Employer's Association of the Stone Industry - http://www.zpbk.pl

Trade fairs
- Targikamien - http://www.targikamien.pl – largest and oldest trade fair for natural stone in Poland organised every year in Wroclaw: next edition 10-13 November 2010
- Interkamien - http://www.ctk.com.pl/index.html?k=interkamien_en&s=index – stone expo for the Central and Eastern Europe held annually in Kielce: next fair held April 9-11 2010
- Budma http://www.budma.pl/en - annual Polish construction fair held in Poznań: next edition 11-14 January 2011
- DOM - http://www.targikielce.pl/index.html?k=dom_en&s=index – annual fair for residential materials and interior fitments held in Kielce: next edition April 9-11 2010
- Sibex - http://www.exposilesia.pl/targi.php?targi_id=sibex – Polish building expo held yearly in Sosnowiec: next edition 26-28 August 2010
- Stone Tec - http://www.stone-tec.com – largest European trade fair held biennially in Nuremberg, Germany: next edition 22-25 June 2011

Trade press
- Nowy Kamieniarz Magazine – http://nowykamieniarz.pl – magazine for stone sector specialists with information about the trade and technological news published monthly
- Swiat Kamienia - http://www.swiat-kamienia.pl – online Polish natural stone magazine interesting for stonemasons, architects designers and retailers
- Gazeta Kamieniarska - http://www.swiat-kamienia.pl/pl/index.php?option=com_content&task=view&id=113&Itemid=65 - advertising newspaper for the stone sector sent and distributed free of charge
- Rynekkamienia.pl - http://www.rynekkamienia.pl - web portal where professionals in the stone branch and persons interested in the use of natural stone meet
- Twojkamieniarz - http://www.twojkamieniarz.pl – online portal for the stone sector

This survey was compiled for CBI by CREM BV