

CBI MARKET SURVEY

THE VEGETABLE OILS AND FATS (INCLUDING OIL SEEDS)
MARKET IN POLAND

Publication date: July, 2007

Introduction

This CBI market survey gives exporters in developing countries information on some main developments in the vegetable oils & fats and oil seeds market in Poland. The information is complementary to the information provided in the CBI market survey 'The vegetable oils and fats (including oil seeds) (including oil seeds) market in the EU', which covers the EU 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*****Vegetable oils and fats***

- Poland is a relatively small consumer of vegetable oils and fats (excluding olive oil), accounting for 2% of total EU25 consumption. Between 2001 and 2005, Polish consumption of vegetable oils and fats in showed an extraordinary annual average increase of 537%, amounting to 165 thousand tonnes in the latter year.
- Within the group of vegetable oils and fats (excluding olive oil), palm oil is, by far, the leading consumer product, accounting for 68% of total Polish consumption. Another relatively important consumer product is sunflower oil, accounting for 23% of total Polish consumption.
- According to data from the International Olive Oil Council, Poland is a negligible consumer of olive oil, with consumption amounting to 3.1 thousand tonnes in 2006. Consumption is expected to increase to 3.4 thousand tonnes for 2007.
- Trends influencing the market for vegetable oils and fats, including oil seeds, are health concerns (causing, among others, a shift away from fatty acids and hydrogenated fats towards more unsaturated fats), increasing demand for bio fuels and a growing interest in sustainably produced (i.e. organic) vegetable oils and fats. All these factors are expected to further boost future demand for the products discussed. For more information on trends in vegetable oils & fats and oil seeds, please refer to the CBI survey covering the EU market.

Oil seeds

- According to Fediol, no crushing of the selected oil seeds takes place in Poland.
- FAOstat data indicate consumption of sunflower seeds and palm kernels in Poland in 2005, amounting to 109 thousand tonnes and 397 thousand tonnes respectively.

Production***Vegetable oils and fats***

- Poland is a small producer of vegetable oils and fats (excluding olive oil), accounting for 0.5% of total EU25 production.
- Within the group of vegetable oils and fats, sunflower oil is the main product produced in Poland. In 2005, sunflower production in Poland amounted to 8 thousand tonnes, representing a decrease of 11% compared to the preceding year.
- According to the International Olive Oil Council, no data exist on the production of olive oil within Poland.

Oil seeds

- Because of climatic conditions, production of the selected oil seeds included in this survey is very limited in Poland. According to Fediol, no production of the selected oil seeds takes place in Poland.

Opportunities and threats

- Between 2001 and 2005, Polish consumption of vegetable oils and fats increased strongly from 0 to 165 thousand tonnes in the latter year. Production of vegetable oils and fats in Poland also increased but consumption, by far, outweighed production, therefore Poland could offer interesting opportunities for producers from developing countries.
- Within the group of vegetable oils and fats, Polish consumption of palm oil showed the strongest annual average increase during the review period.
- Although less strongly than palm oil, Polish consumption of oil seeds (mainly sunflower seed) also increased during the review period. Since no production of oil seeds takes place in Poland, this could be an opportunity for producers from developing countries.
- Please refer to Chapter 7 of the survey covering the EU market for general opportunities and threats in the EU.

2 Trade channels for market entry

The distribution of vegetable oils & fats and oil seeds in Poland does not differ substantially from the distribution as described in the CBI survey covering the EU market for vegetable oil and fats (including oil seeds). Please refer to the EU survey for a more comprehensive explanation of the main trade channels in the EU.

Vegetable oils and their raw materials can be traded directly from the source to the European processing industry or through one or more traders (agents, exporters, importers etc.). In general, large volumes go straight from producer to processor, while suppliers of smaller volumes may opt to use agents, brokers or importers.

The margins charged by the different intermediaries in the vegetable oil and oil seed trade are influenced by many different factors like the type of product, current and expected prices, cost of refining, availability, processing possibilities, etc. All these factors make it extremely difficult to provide information on typical margins in the trade of vegetable oils and fats and oil seeds.

Interesting companies in Poland are:

- Atlanta Poland S.A. <http://www.atlantapoland.com.pl/>
- Polish Egyptian Trade House Ltd. <http://www.peth.com.pl/>
- Delikates <http://www.delikates.pl/>
- Elstar Oils <http://www.elstaroils.pl/>
- Raisio Polska Foods http://www.raisio.pl/pl_index.html

Good sources for finding companies working in the vegetable oils and fats (including oil seeds) market are:

- Members list of the EU Oil and Protein-meal Industry (Fediol): <http://www.fediol.be/>
- Food world: <http://www.thefoodworld.com> (an extensive online food business directory, with full EU coverage. Please look under the categories: 'Oilseeds, Oilseed Products,' 'Vegetable Oils and Fats,' and 'Olives, Olive Oil')
- Europages: <http://www.europages.com> (online business directory, with full EU coverage. 'Oils and fats, edible' are a separate product group, falling under the category of 'Food & related products.')

Online market places such as the below are also useful:

- Agronetwork.com: <http://www.agronetwork.com/global>
- Organic Trade Services: <http://www.organictrade.com> (also offering organic industry news)
- Ingridnet: <http://www.ingridnet.com> (for ingredient suppliers)

3 Trade: imports and exports

Imports

Vegetable oils and fats

- Poland is a medium-to-small importer of vegetable oils and fats, accountable for 2% of total EU25 imports.
- In 2005, Poland imported € 153 million / 179 thousand tonnes of vegetable oils and fats. Trade data for Poland before 2005 are only available on a limited scale.
- In the same year, developing countries supplied 30% of all Polish imports (in terms of value). Cote d'Ivoire is the leading supplier, representing a market share of 16%. Other relatively important suppliers are Malaysia (5%), Indonesia (4%) and Ukraine (4%). Total imports from developing countries increased by an annual average rate of 21% in the period reviewed, amounting to € 45 million in 2005.
- Within the group of vegetable oils and fats, cocoa butter and palm oil are the leading import products representing market shares of 39% and 35% respectively.

Oil seeds

- Poland is a small-to-medium importer of oil seeds, accountable for 3% of total EU25 imports.
- In 2005, Poland imported € 22 million / 36 thousand tonnes of oils seeds.
- In 2005, developing countries supplied 53% of all Polish imports. Important suppliers of oil seeds are India, China and Sudan representing market shares of 21%, 16% and 7% respectively.
- Within the group of oil seeds, sunflower seed is the leading import product representing a market share of 60%. Another large import product is sesame seed, representing a market share of 40%.

Exports

Vegetable oils and fats

- Poland is a small exporter of vegetable oils and fats and responsible for 0.2% of total EU25 exports.
- In 2005, Poland exported € 8.9 million / 14 thousand tonnes of vegetable oils and fats.

Oil seeds

- Poland is a relatively small exporter of oil seeds, responsible for 0.1% of total EU25 exports.
- In 2005, Polish export amounted to € 594 thousand / 1.2 thousand tonnes of oil seeds.

Opportunities and threats

- Production of vegetable oils & fats and oil seeds in Poland is very limited. Moreover, Poland is, by far, a net importer of these goods, which could offer interesting opportunities for developing country exporters.
- Developing countries supplied 43% of cocoa butter, which is well above EU average.
- Please refer to Chapter 7 of the survey covering the EU market for general opportunities and threats in the EU.

Useful sources

- EU Expanding Exports Helpdesk - <http://export-help.cec.eu.int/>
- Eurostat – official statistical office of the EU - <http://epp.eurostat.cec.eu.int>

4 Price developments

The Chicago Board of Trade is the most important market for several vegetable oils and oil seeds. Prices established at this exchange largely determine prices for these and related products all over the world.

Due to improved technology, different vegetable oil products are substitutable; this has a major impact on price settings. For example, palm oil is becoming increasingly popular in the food industry and, consequently the price rises.

Some other factors also influence prices of vegetable oils and oil seeds:

- The climatic conditions.
- Increasing demand for bio-fuels.
- Increased demand for vegetable oils and fats due to improved welfare world wide.
- Driven by health concerns, the substitution of animal fat to the advantage of vegetable oils and fats.

With regard to oil seeds, in general, the prices of large volumes of oil seeds depend on exchange rates, in which the value of the dollar is a dominant factor. Prices of most products are not fixed and may fluctuate strongly, depending on season and global yields. Furthermore, the price of the oil seeds is heavily dependent on their quality. Oil seeds are traded by standard contracts, in which the price for a particular quality is stated.

For information on prices for vegetable oils & fats and oil seeds, please refer to the CBI survey covering the EU market for vegetable oils and fats (including oil seeds).

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.

For information on legislative and non-legislative requirements, go to 'Search CBI database' at <http://www.cbi.eu/marketinfo>, select vegetable oils & fats 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/packaging/packit.htm>

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

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 http://www.pfpz.pl/index/?lang_id=2

Trade press

- Moje Gotowanie <http://gotowanie.onet.pl/>

Trade fairs

- Food Ingredients Poznan: <http://www.mtp.pl/en/menu.htm>
- Polagra Food- International Trade Fair for the Food Industry Poznan: <http://www.mtp.pl/en/menu.htm>

Other

- A possible source of business culture specifics in Poland could be <http://www.cba.uni.edu/buscomm/InternationalBusComm/world/europe/poland/poland.html>

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

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