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ШАНСОВЕ ЗА УВЕЛИЧАВАНЕ НА ЕКСПОРТА ОТ ПОЛША НА ПЛОДОВЕ И ЗЕЛЕНЧУЦИ И НА ТЕХНИТЕ ПРЕРАБОТКИ
OPPORTUNITIES FOR EXPORT OF POLISH FRUITS AND VEGETABLES AND THEIR DERIVATIVES

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Abstract

This article aims at presentation of the basic conditions of growth of horticultural products' export from Poland (internal and external) at the background of past foreign trends in their sale (examined in 2001-2012). The analyses held point to a dynamic growth of horticultural products' export from Poland after accession to the EU. But the persistently low level of supply concentration (fresh products), rather insignificant adjustment of domestic products to the voluntary quality control systems and insufficient use of funds for promotion on foreign markets, is still a barrier to sustained dynamic export growth. Situation on the global market points to continued, relatively significant, demand for the majority of fruit, vegetables and their products produced in Poland. This, however, does not apply to onions and frozen strawberries.

Key words: horticultural products, export, trends, external and internal conditions

INTRODUCTION

The share of horticultural products in the total value of Polish agri-food export ranges from 13 to 16%. As for export, only the share of meat and its products is higher. Thus the export level of fruit, vegetables and their products has a significant impact on the foreign trade results of the entire agri-food sector in Poland (Nosecka, Bugała, 2011). Moreover, the export volume, in the light of decreasing demand on the domestic market, preconditions the production level of most of fresh fruit and vegetables as well as affects the income of their producers in Poland (Nosecka, Bugała, Paszko, Zaremba, 2012).

Poland belongs to a group of countries characterised by a very high share in the world export of semi-processed fruit and vegetable products (mainly frozen foods and concentrated fruit juices). However, Poland's share in the global and EU export of dessert fruit and vegetables as well as highly processed fruit and vegetable products is rather slight (Nosecka, Krasowicz, Pawlak, Kita, Zaremba, 2012).

The export level of these products depends, primarily on the scale of export supply concentration, adjustment of products and market users to the EU and global quality requirements and the level of national and EU funds use for promotion and advertisement (Pawlak, Poczta, 2008). It is very important to determine the external demand volume for horticultural products, which is predetermined by the demand and supply relations in the countries of main participants of the global market (Gorynia, Łaźniewski, 2010). Export growth of all products is rather unlikely in case of no price competitiveness as compared to other participants of the global market.

The article presents and assesses the process of shaping the internal and external factors preconditioning growth of export of fruit, vegetables and their products from Poland. If we do not accelerate the process of export supply concentration, increase the use of Polish and EU support funds and if we do not support the scale of adjustment of products and producers to the quality requirements, the dynamic growth rate achieved so far in relation to products from the horticultural sector, may be stopped and the material structure of their foreign sale will not change significantly.

The research and assessments used data and information from the national and foreign statistical publications (Central Statistical Office in Poland, Comtrade and Eurostat). The assessments of external factors of export growth (excluding prices) were based on information collected by government agencies (Ministry of Agriculture and Rural Development, Agricultural Market Agency, Agency for Restructuring and Modernisation of Agriculture, Agricultural and Food Quality Inspection).

The research on export dynamics of horticultural products in Poland was conducted, primarily, by comparing the average values for 2010-2012 with average values for the last three years of Poland's functioning as a non-European Union country. The assessment of factors preconditioning further export growth was based mainly on simple methods of comparison and percentages (level of supply concentration, adjustment to the quality requirements). Moreover, the research also covered the number of projects concerning promotion of horticultural products on foreign markets. The demand on foreign markets has been defined on the basis of: production trends on the crucial export markets, changes in the level of import from Poland and from other countries, changes in the significance of supplies from Poland in the global and European export and differences (absolute and percentage) in the price level offered by the participants of the global and European markets.

Tendencies in export of fruit, vegetables and their products as well as export structure of horticultural products in Poland

The average value of export of fruit, vegetables and their products in 2010-2012 was EUR 1.99 billion and was 2.4 times as high as the average between

2001 and 2003, i.e. the last three years of Poland's functioning outside the European Union structures (figure 1). In the said periods, the value and volume of export subject to re-export increased the most, i.e. of exotic fruit, tinned food produced from imported exotic fruit and ketchup, as well as tomato pastes produced from imported tomato concentrate. Thus, the growth of foreign sale of all those products resulted from the use of import, increased upon the accession, to increase export earnings by Polish producers and exporters.

Among products manufactured in Poland, the greatest increase was noted for export of apples, tomatoes cultivated in plastic tunnels and pepper, as well as cruciferous vegetables (mainly cauliflowers, savoy cabbage and Chinese cabbage). Demand for these products on foreign markets (mainly in CIS countries) had increased the most, and relatively low prices in Polish export offer, but also an increase of sales concentration created favourable conditions for the sales increase.

Only export of the majority of berries (currant and gooseberry) fails to demonstrate the increasing tendency in Poland. Demand of markets for currant and gooseberry fails to increase. Competition between Polish processing plants for the raw material fails to create favourable conditions for the increase in export of industrial raspberries and strawberries, dominating in foreign sales of this type of fruit. Little supply concentration and weak trade organisation are still the main reasons behind the little use of price advantages by Poland in the export of dessert berries. They cover only about 15% of the total export of this product group.

The export volume regarding the bases of foreign sales of horticultural products from Poland, i.e. concentrated fruit juices and frozen fruit and vegetables, increased in 2010-2012 as compared to 2001-2003 respectively by 11,23 and 46%, i.e. to a lesser extent than the majority of other fruit, vegetables and their products. The reasons being: competition for fruit from the market of dessert products and products for processing (concentrated fruit juices, frozen strawberries and raspberries), market competition between suppliers offering prices lower than Polish suppliers (frozen strawberries) and increasing demand on the internal market (frozen vegetables).The value of export of concentrated juices, frozen products and the majority of other horticultural products increased in the periods in question far more than the volume of foreign sales due to the increase of average export prices of the majority of products and their groups.

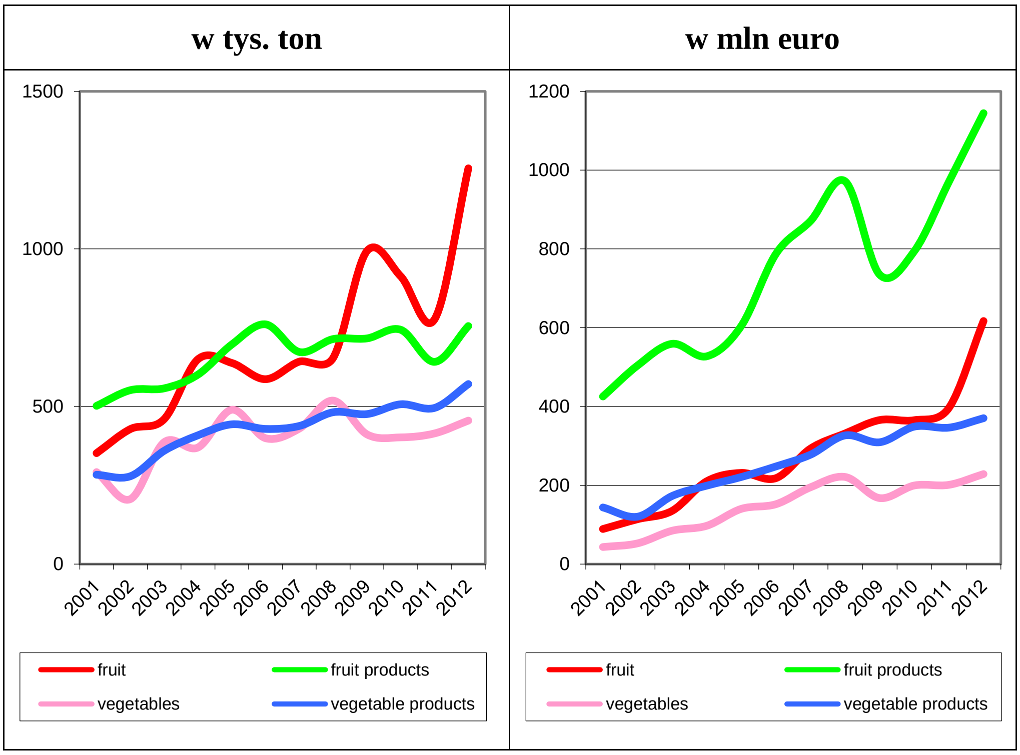

Figure 1

Export of fruit, vegetables and their products from Poland

Source: Based on data from the Foreign Trade IT Centre (CIHZ) and Analytical Centre of Customs Administration (CAAC).

The export share in the total value of commodity fruit and vegetable production (export orientation index) increased, respectively, from 15 and 9% in 2001-2003 to 33 and 17% in 2010-2012. The index for the market of processed fruit and vegetables remained on the level of about 67%.

As a result of dynamic increase of export of apples and re-export of exotic fruit, the share of fresh fruit in the total value of export of horticultural products and their products increased from 13.7% in 2001-2003 to 23% in 2010-2012. The share of fresh vegetables increased from 7.3 to 10.5%. Whereas, the share of concentrated fruit juices decreased from 22.3 to 20.2% and of frozen fruit and vegetables from 41.4 to 28.3% (figure 2).

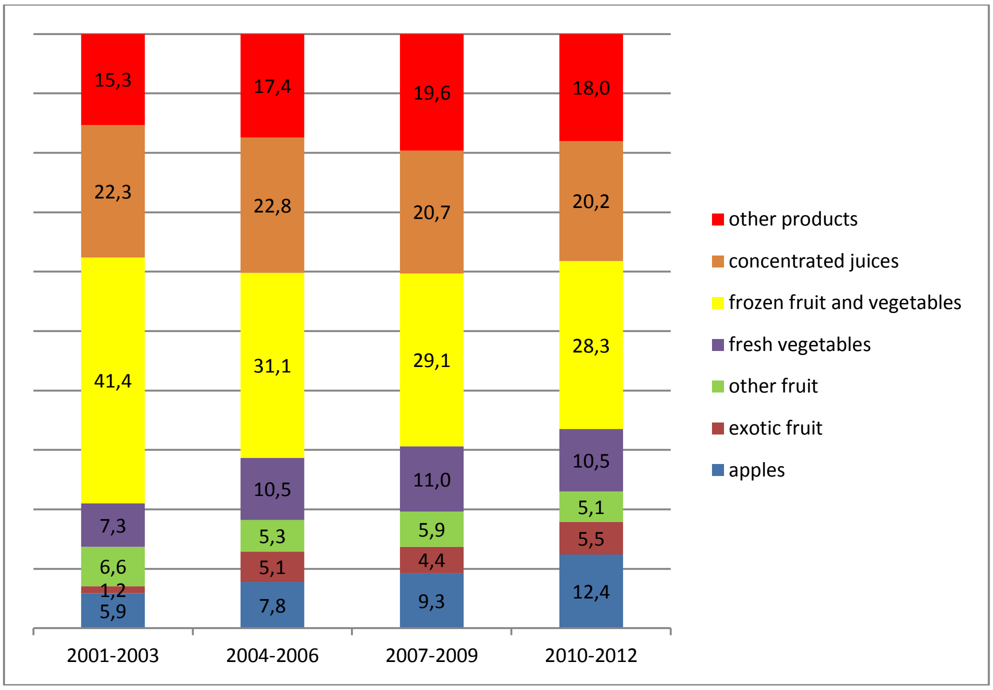

Figure 2
Commodity structure of the value of export of horticultural products from Poland in %

Source: Based on CIHZ and CAAC data.

It is estimated that on average in 2010-2012 products intended for direct consumption in recipient countries, i.e. dessert fruit and vegetables and products of higher level of processing (tinned fruit and vegetables, marinated vegetables, jams, preserves, ketchup but also unconcentrated juices), as well as frozen fruit and vegetables intended for direct consumption covered about 45% of total earnings on export of horticultural products and their products as compared to 30% in 2001-2003.The share of re-exported products or those produced from imported fruit and vegetables of other climatic zones (with half-processed tomatoes) increased from 7.5% to 15%.

Between 2001 and 2012 export to CIS countries increased most dynamically. Between 2010 and 2012 export to countries of this area increased 6.5 times to EUR 563 million as compared to 2001-2003. Export to EU-15 MSs increased by 95% to EUR 545 million and to EU-12 by 117% to EUR 119 million. The share of EU MSs in the value of export of horticultural products decreased from 82% in 2001-2003 to 67% in 2010-2012, and increased from 10 to 28% to CIS countries. Fast increase of export to CIS countries – mainly Russia – results from systematic increase of demand in those countries for nearly all horticultural products, price competitiveness of products offered by Poland and the tradition of trade relations. To CIS countries Poland exports, mainly, products ready for direct consumption.

Whereas, the increase of sales to EU MSs, mainly the "old" Community, concerned, above all, half-processed products and fruit for processing. Greater export of products ready for direct consumption to the EU, apart from very high supply concentration, requires implementing intense promotion and marketing campaigns.

Trade balance of horticultural products with EU MSs and CIS countries is decidedly positive (figure 3). Trade balance with EU MSs in the first years upon the accession was higher than before acceding the Community, and between 2000 and 2012 was lower than between 2001 and 2003 and amounted to EUR 176 million. On the other hand, positive foreign trade balance with CIS countries has been increasing. On average in 2010-2012 it amounted to EUR 512 million and was nearly 7 times higher than average balance between 2001 and 2003, while negative trade balance with other countries – mainly exporters of products of other climatic zones to the world market and to the Polish market – has been increasing. In 2001-2002 the total positive foreign trade balance for horticultural products and their products in Poland was EUR 14 million, and in 2010-2012 it amounted to about EUR 119 million.

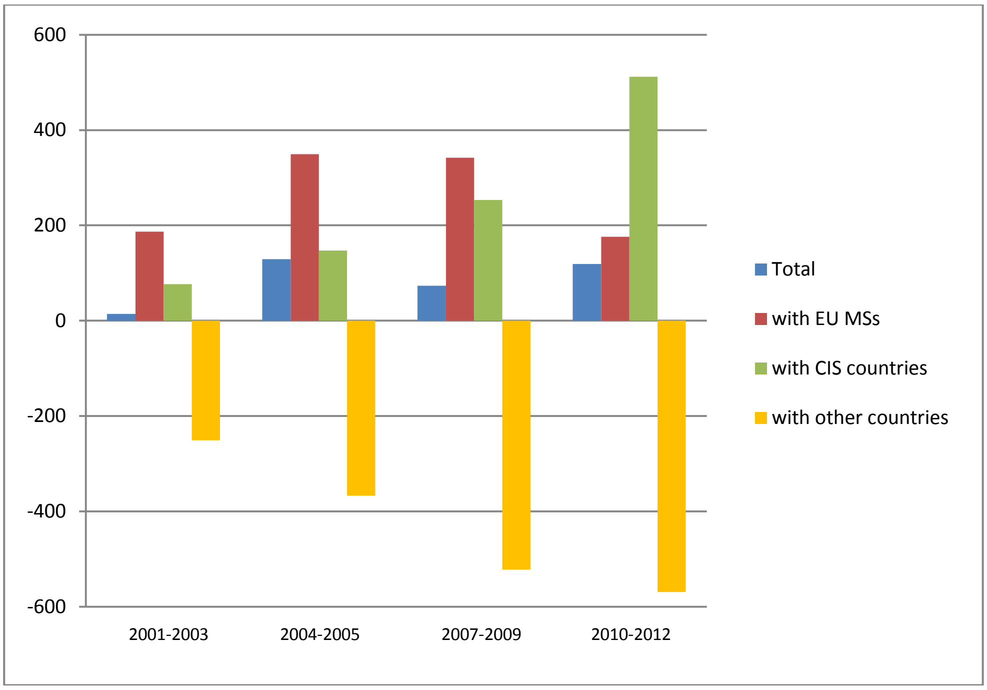

Figure 3
Foreign trade balance for fruit, vegetables and their products in Poland in EUR million

Source: Based on CIHZ and CAAC data.

Changes of position of Polish horticultural products on the world market

Poland has occupied the position of the greatest world exporter of frozen fruit, the second world exporter (after China) of concentrated apple juice and third world exporter (after Belgium and China) of frozen vegetables (in terms of volume of sales). Poland's share in world export of frozen fruit and concentrated apple juice has been decreasing and on average between 2007 and 2011 amounted to 15 and 13%, respectively, of the value of world export of these products, as compared to about 20 and 17% between 1999 and 2003.Export of concentrated apple juice from China, frozen fruit from the USA, China and South American countries grew faster than that from Poland. Poland has been systematically losing the position in the world export of frozen strawberries because of the increase of supplies from non-European countries offering lower prices – mainly from China, Morocco and Egypt. On the other hand, Poland's share in the value of world export of frozen vegetables has increased from 3 to 5%. Poland's share in world apple export also increased from 1 to 4%. Italy, France, the Netherlands, China and South Africa were greater world exporters of the fruit (in terms of the value of sales) in 2010-2012.Poland's share is on a stable level of about 5% and 6% in world export of cabbage and raspberry. Poland's share in the value of world export of onions decreased from 3% in 2001-2003 to 1.5% in 2007-2011. Supplies from Poland in world export of other fruit and vegetables, as well as their products do not exceed 1.5%. Due to the relatively low prices, as regards the Polish export offer the share of supplies of the majority of products from Poland in the value of world export is lower than in the volume of sales (not applicable to concentrated apple juice only).

The share of supplies from Poland in EU's import has increased for concentrated apple juice (about 20% of volume of import on average in 2010-2012), frozen vegetables (9%), cabbage (11%), apples (5%), cauliflowers (4%), tomatoes (2%), raspberries (35%) and decreased in the EU import of frozen fruit (19%), onions (6%) and strawberries (3%).In Russian import the significance of supplies from Poland has increased considerably in import of apples (24% of the volume of import on average in 2007-2011), cherries and sour cherries (7%), tomatoes (3%) and frozen vegetables (62%), and has decreased considerably for onions (1%), cabbage (21%), carrots (2%), cucumbers (1%) and frozen fruit (61%).Poland's share in the Russian import of concentrated apple juice does not exceed 1%.

Factors affecting further growth of export of horticultural products from Poland

Internal factors

Prices of products manufactured in Poland are still lower than of those produced in nearly all European countries, yet the differences have become levelled since prices in Poland, in the whole marketing chain, have been increasing faster than in other countries (mainly the EU-15).

The level of prices offered is of basic significance in export of fresh fruit and vegetables for processing and half-processed products. As regards export of products ready for consumption, non-price factors are at least comparable to prices, i.e. the scale of export supply, sales organisation, promotion and marketing measures and adjustment of products to obligatory and optional quality requirements.

Supply concentration and sales organisation

The increase of export of dessert fruit and vegetables to the EU market and, to an increasingly higher extent, also to the Russian market requires to continue efforts in the field of setting up and operation of producer organisations. At the end of June 2013, there were 100 organisations in Poland. The number of organisations will increase in the next years since preliminarily recognised groups in Poland have obtained the status of organisations. Simultaneously, the process of establishing new producer groups is halted due to drastic limitations in support from the EU funds for preliminarily recognised producer groups set up since April 2012 in Poland, Bulgaria, Hungary, Romania and Lithuania. Producer organisations in Poland are economically weak as compared to those in the majority of the EU-15. Cooperation of organisations in the scope of increasing sales concentration and export is still lacking. Foreign trade in fresh horticultural products in numerous West European countries is dominated by several exporting companies established by producer organisations or closely cooperating with them (Nosecka, Bugała, Paszko, Zaremba, 2012).

Export of fruit and vegetable products in Poland, similarly to West European countries, is carried out by the very processors, and at the same time small and medium-sized entities often carry out export through companies involved in the international turnover system (mainly trans-national). As regards products of higher level of processing, market entities do not carry out common trade as well as promotion and marketing policy.

Low level of organisation results in a small scale of use of promotion and marketing funds by national producers of fruit and vegetables as well as their processors utilising the EU funds. From all the programmes under the "Support for promotion and information measures" mechanism implemented by the end of 2012, only 3 projects regarded the promotion of horticultural products on foreign markets (promotion of carrot juices and nectars on the Bulgarian and Romanian market, fresh and processed fruit and vegetables in Romania and apples on the Russian and Ukrainian market). The Operational Programme Innovative Economy finances the participation of food business enterprises (e.g. fruit and vegetables) in international food fairs (e.g. World Food Moscow, SIAL Paris).Nearly all projects implemented under the Fruit and Vegetables Promotion Fund, established with fees of market members, are aimed at promoting consumption on the national market.

The scale of adjustment of fresh horticultural products to obligatory EU trade quality requirements has been increasing in Poland. About 15% of all the fruit and vegetables inspected failed to comply with these requirements in 2012.Index of adjustment of Polish fresh horticultural products to the EU requirements on the content of pollutants is also very high. Directives on the quality of fruit and vegetable products are fully observed. The majority of fruit and vegetable industry plants have the GHP and GMP systems implemented, while the HACCP system is in place in nearly all medium-sized and large plants (but to an insignificant extent in small plants). The number of horticultural holdings with Global G.A.P. certificate has been increasing systematically. This mainly relates to holdings producing apples, tomatoes, cruciferous vegetables and asparagus. However, the number of certified horticultural holdings in Poland is still smaller than in other EU-15 MSs (except for Portugal). The share of processing plants utilising optional quality management systems in the total number of plants is 8-10%, and in industrial plants (employing more than 9 persons) about 25% (Morkis, Nosecka, Seremak-Bulge, 2010).

Insignificant scope of promotional campaigns is one of the reasons of very insignificant presence of Poland on other markets, except for EU MSs and CIS. Knowledge of high taste values of Polish horticultural products and greater level of their safety for consumer health than in Western European countries is disseminated on a too small scale, which results from less intensive methods of horticultural products cultivation than in more developed countries. Quality and safety for consumer health are also non-price competitiveness factors, like sales concentration and foreign sales organisation.

External factors affecting the growth of export

Demand on basic markets

Systematic decrease of crops in the majority of EU MSs will result in maintenance of the increasing tendency as regards Community importers' demand for the majority of fresh horticultural products and their products. This does not apply only to fresh and frozen currant, sour cherry and gooseberry. Import demand of the EU MSs for raspberries and their products and the majority of fresh vegetables will increase the most. Increase of export to the EU is hindered by increasing supplies from the non-EU countries, mainly from Morocco, Turkey, Israel and Egypt (onions, tomatoes, pepper, cucumbers, carrots, strawberries), Ukraine and Moldova (concentrated apple juice) and China (frozen strawberries) as well as Serbia (apples, plums, fresh and frozen raspberries). Import demand for products of higher level of processing will not increase significantly in EU MSs.

In the mid-term perspective, as a result of crop stabilisation and consumption growth, high import capacity will be maintained as regards nearly all fresh fruit and vegetables, concentrated fruit juices, frozen fruit and vegetables as well as numerous products of higher level of processing (mainly tomato and sour cherry products) in Russia.

Growth of export to this country is threatened by increasing supplies from CIS countries (mainly onions, cucumbers, cabbage), China (cauliflowers, carrots, pepper, pears, strawberries, onions, cabbage, tomatoes) and Serbia, Turkey, Egypt and Morocco (frozen and fresh strawberries, sour cherry products).

As regards other markets, import demand increase has been clear in the Middle East countries (mainly Saudi Arabia). Mainly, these countries have been increasing import of apples, tomatoes, lettuce, onions and frozen products as well as concentrated fruit juices. Import demand for horticultural products is relatively stable in EFTA countries as well as North American countries (mainly the USA and Canada)."Polish community markets" are the main markets for Polish products in North American countries.

Increase of export to the “native” market of the USA and Canada is very difficult due to very elaborate legal regulations on sanitary and quality provisions. Position on those markets may only be gained by powerful enterprises and trade companies. Market of the EFTA countries, especially Switzerland, is also very hard to access by horticultural products due to the extended system of varying customs tariffs, handling charges, phytosanitary taxes and other charges applied in import. Export to CIS countries (mainly Ukraine and Belarus) also requires deep flexibility of exporters in adjustment to changing trade conditions in terms of qualitative, phytosanitary requirements and those regarding the institutional environment of foreign trade in agricultural products, including horticultural products in those countries.

Undoubtedly, export growth and foreign trade liberalisation after 2013 will be facilitated by support for all agricultural holdings, including horticultural ones in the scope of introducing innovative solutions in the activity of agricultural entities, development of an IT system and an advisory system. This will increase chances for locating Polish (and EU) products on markets - mainly in countries of high level of economic development. Export growth will also be facilitated by greater outlays from the EU funds for the promotion of agricultural products produced in the EU on the internal Community market and on third country markets.

The volume of export will not be strongly affected by the already introduced limitations of payments for the establishment and functioning of new groups of fruit and vegetables producers. Possible withdrawal of payments for raspberries and strawberries for processing may result in the increase of their export. Alleviating payments for tomato cultivation for processing (applicable since 2008) will not result in halting the increasing tendency in ketchup export.

Possible further liberalisation of world trade discussed on the WTO forum as part of the Doha round may significantly affect the level of export. Limitation or elimination of customs tariffs in import would result in the decrease of demand on markets for Polish concentrated apple juice (increase of competitive supplies from China and CIS countries), fruit products (increase of supplies from Serbia), frozen strawberries (China) and numerous fruit and vegetables (mainly those to which EU import applies the so-called entry prices) – (Revised draft of modalities for agriculture 2008).

CONCLUSIONS

Export of horticultural products from Poland demonstrates fast increasing tendency. Export to CIS countries has been increasing the most. Increase of Poland’s share in satisfying the increasing demand of those countries (mainly Russia) was largely facilitated by Poland’s accession to the EU (greater re-export, increase of supply concentration, adjustment to the EU requirements). Maintenance of the increasing tendency of export requires increasing the pace of export supply concentration, greater adjustment of national products to optional quality assurance systems and greater utilisation of the EU and national systems for the promotion of national products on outlet markets. The supply and demand situation on the world market points to the possibility of further decrease of export of frozen strawberries and increase of demand for Polish fresh fruit and vegetables and concentrated apple juice. Forecast increase of support from the EU budget for promotional actions and to improve innovation and quality of the agri-food sector products of the Community provides a chance for the increase of export of agricultural and food products, including horticultural products from Poland and other EU MSs.

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