

POLAND

Market Overview

Based on feedback received from the Foreign Agricultural Service (FAS) based in the U.S. Embassy in Warsaw (following referred to as “Post”), the Polish market remains the most promising trading destination in the Eastern European region. As the strongest economy in the area, the market is not only important because of its domestic consumption but also as home to one of the most productive processing industries in Europe, making it an interesting target for American raw material as well as processed food suppliers. In the past trade year, direct food imports from the U.S. to Poland were valued at US\$566 million. Looking at this figure, it is important to keep in mind that a significant percentage of American goods exported to Europe are entering the EU through traditional gateway markets like the Netherlands, Belgium, or Germany. From these trading hubs, products are trucked across the continent ending up in their destination markets like Poland. These items do not show in the external trading figures between the country and the U.S. but make up a considerable volume. Therefore, the overall value of food and beverage products from the U.S. that are consumed and handled within Poland exceeds the mentioned value.

As briefly addressed, Poland is a processing powerhouse in the EU, especially for fish and seafood, as well as private label products meant for other EU countries that are of high importance for American producers. Therefore, fish and seafood as well as tree nuts, dried fruits and ingredients for the baking industry can be considered promising commodities.

Economic performance in the past year was solid and the market reported a GDP growth of 5.9%, reflecting the overall upswing after the pandemic. Currently, Poland is directly affected by the war in Ukraine resulting in high numbers of refugees crossing the border. At the same time, the general energy crisis is putting pressure on many processors and high inflation is limiting household spending. However, these are considered temporary challenges; overall, the country is one of the fastest evolving markets in Europe.

Market Opportunities and Challenges for U.S. Exporters in Poland

Opportunities:

- One of the fastest growing economies in Europe with consistently increasing average income and household spending.
- Young Polish consumers are internationally oriented, following global food and lifestyle choices with the U.S. being one of the key origins for popular trends.
- Strong processing sector supplying the whole European Union with consumer-ready products.
- Retail landscape is dominated by multinational chains offering international assortments.
- Gateway market to other, smaller Eastern EU countries like the Baltic states, Romania, and Hungary.
- Positive connotation of USA food and beverage products.
- Polish households spend over 26% of disposable income on food and beverage purchases.

Challenges:

- Record high inflation for consumer products, which is negatively affecting private consumption and overall food and beverage sales.
- Boost for private label and discounters, which works against more expensive imported brand products.
- Certain EU sanitary and phytosanitary barriers affect American goods such as poultry, beef, fresh horticultural products, and others.
- Movement to choose regional or domestic products above foreign goods is fueled by pricing situation.
- Long shipping routes to the market driving up costs for exporters and impacting the CO2 balance of U.S. products entering Poland.

Retail Sector

After two years of overperformance during the pandemic, the retail sector took a hit in 2022 due to rising consumer prices and, resulting from that, more cautious spending of shoppers. This is a development that could be observed in all European markets. However, there were also some sectors that benefited. While full-assortment retailers saw declining sales, discounters and e-commerce came out stronger. In 2022, the number of e-commerce operations increased by 10.7%. In the scope of a strong year in the discount sector, private label products and home brands recorded increased demand. It is expected that this trend will continue in 2023 until inflation calms down and prices decline again.

Top product prospects include wine and spirits, processed seafood (mainly in the convenience segment), breakfast cereals, healthy snacks including nuts and dried fruits, as well as condiments, confectionery, and vegetables. The market for American products in Polish retail is not at all saturated and consumer trends will contribute to new opportunities.

Foodservice Sector

With the pandemic control measures coming to an end, the foodservice sector recovered quickly and is expected to continue to grow in the next five years by a compound annual growth rate (CAGR) of around 2.5%. This positive trend is supported by the increasing average income and out-of-home food spending of Polish customers, especially in the urban areas. Healthy quick service restaurants have gained popularity, while successful concepts for regular restaurants include vegan and vegetarian foods, fusion cuisine, and organic and local.

Top product prospects include fish and seafood, wine, and fruits and vegetables.

Food Processing Sector

As one of the core drivers of the country's economy, the processing industry accounts for more than 9% of the market's GDP. Key sectors are meat, dairy, baked goods, fresh produce, and seafood, as well as beverages. Companies active in Poland produce goods for markets across the EU. Therefore, potential of the Polish processing sector for American suppliers by far exceeds the domestic consumption. While labor shortages limited production capacities in past years, refugees from Ukraine are welcomed employees in the industry helping to increase its output.

Top product prospects include finfish, tree nuts and dried fruits, and certain fats and oils.