

Poland : 2016 closed with growing production and limited export possibilities

2016 showed that the Polish fruit and vegetable industry (especially for apple producers) is still feeling the consequences of the loss of the Russian market. As a result, 2017 will be another year to adapt to the new market realities, after the strong growth in production, with limited export possibilities and a saturated domestic market, as stated by Jakub Olipra, economist at Credit Agricole Bank Poland SA.

He said that the ongoing Russian embargo and the limited possibility of replacing this market have brought prices down in the last months of the year. Prices of fruit and vegetables are below the levels of 2015. Economists believe that the negative dynamics of prices for fruit and vegetables could continue in the first three quarters of 2017, but in the fourth quarter of 2017, assuming average weather conditions, there may again be price growth.

Meanwhile, on the apple market, we are dealing with an increase in their production, despite persistent oversupply. In 2016, it could have increased by as much as 12-15%, mostly as a result of the rising productive potential of the Polish fruit-growing industry. At the same time, apple growers have been hit by the difficulties to quickly adjust their production to the new market conditions.

"The current production is shaped largely by decisions made several years ago, including the years of strong demand for Polish apples from Russia. We believe that as long as the Russian embargo is maintained, there will be limited possibilities to reduce the apple oversupply on the Polish market. As a result, we expect a declining profitability. At the same time, you can expect changes in the share of the various apple varieties in order to better adapt to the current needs of Polish exports," reported the analysis of Credit Agricole.

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