



The Future of the Polish Fruit Industry.



Changes over the last 15 years







the fresh market production:

Strength

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- Small and flexible family run fruit businesses

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- Cheap labour still available: labour has not gone up over the last few years

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- Small and flexible family run fruit businesses
- Cheap labour still available: labour has not gone up over the last few years
- Agriculture businesses including fruit farms do not pay income tax
- Situated in Central Europe gives trading opportunities in all directions



Polish Fruit Industry

Weaknesses

Yield: weakness

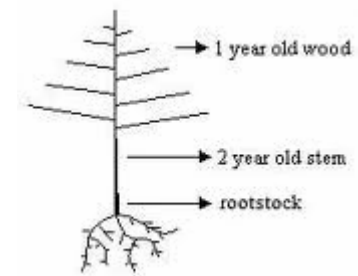
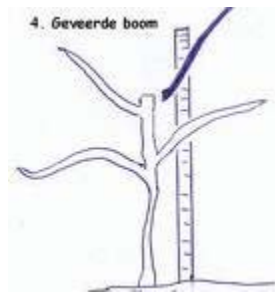


SPRINGFROST



Winter frost damage

Yield: weakness



Quality of planting Material and Establishment



Transport: weakness

- Still a very poor infra structure to the west (and the east)
- Rising transport costs (this counts for everyone)

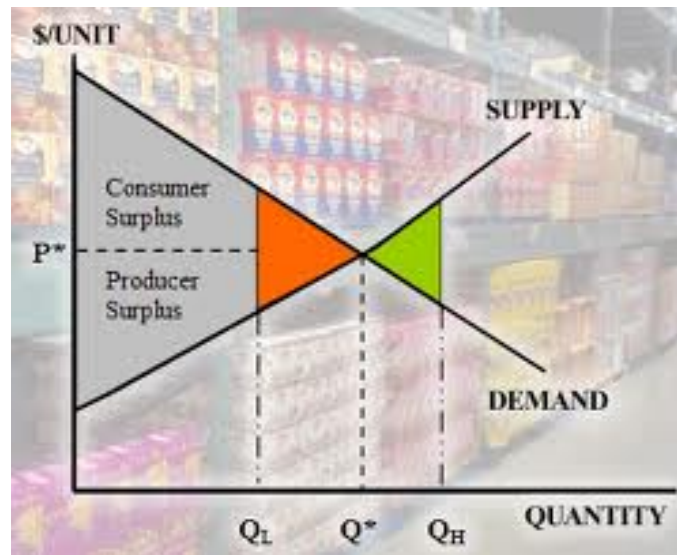


Rising oil prices (counts for everyone)

- Costs of fertilizers and agro chemicals will keep on rising
- Storage costs will keep on growing
- Energy bill will increase



Supply and Demand



Supply and Demand, weakness

- Too Many Cooperatives
- The Market is not transparent



Commodity varieties

- Szampion



Commodity Varieties

- Gala, well selected clones and uniform



Commodity Varieties

- Jonagold clones: Red Jonaprince and Jonagored (from original and trustworthy sources)



Commodity Varieties

- Ligol



Commodity Varieties

- Golden





Commodity Varieties

However.....

A further increasing demand from the grower

- residue tolerance
- shelf life
- fruit firmness
- sugar levels
- external appearance



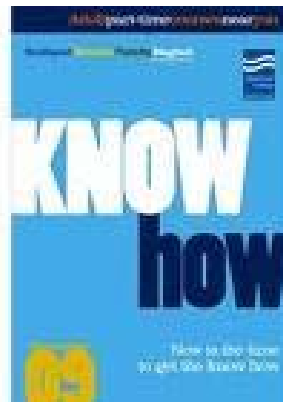
Expectations from the grower



- Different markets will and already have different needs
- the quality standards and expectations will go up. This requires more and more of the grower's management and production knowledge.
- This is more important than exclusive varieties

STATEMENT:

investment in knowledge and better quality will not be reflected in the return price but is essential to remain supplier in a market that is in oversupply!



Pear Growing in Poland

????????????????



Supplying “the old EC member states”

PRICE BASED



Labour is still relatively cheap

- cost price becomes more equal with old EC member states
- Due to further mechanisation, labour costs become less important



Mechanical Pruning



Picking Robot

Expectations on supplying old EC Member states

- an oversupply of Polish suppliers →
- there will always be a company that will substitute a Polish company that not can/wants to meet the quality/price expectations from certain buyers



Expectations on supplying old EC Member states

Resulting in:

- a further undercutting form the market
- undercutting by colleague fruit cooperatives (or by ourselves?)



This will lead to:



cooperatives going out of business
and/or forming new and bigger
cooperatives.

The impact on the overall profitability (turnover) of an orchard over its lifetime:



- 10% increase in **yield**
- 10% improvement in **class 1** grade out
- 10% increase in **price**
- 10% reduction in **harvesting** costs
- 10% reduction in **fertilizer and protection** costs
- 10% reduction in **grading and packing**
- 10% reduction in **establishment** costs

Arranged in the order of their effect
on turnover:

- 10% increase in **price**



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Change on profitability



- 10% increase in **price**: 13.93
- 10% improvement in **class 1** grade out
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Change on profitability



- 10% increase in **price**: 13.93
- 10% improvement in **class 1** grade out: 10.72
- 10% reduction in **grading and packing**
- 10% increase in **yield**
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Change on profitability



- 10% increase in **price**: 13.93
- 10% improvement in **class 1** grade out: 10.72
- 10% reduction in **grading and packing**: 8.62
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Change on profitability



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Change on profitability



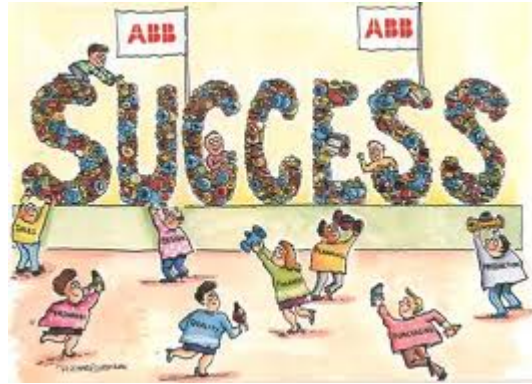
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Threat or Opportunities in the East:

new Mega Farms arising!



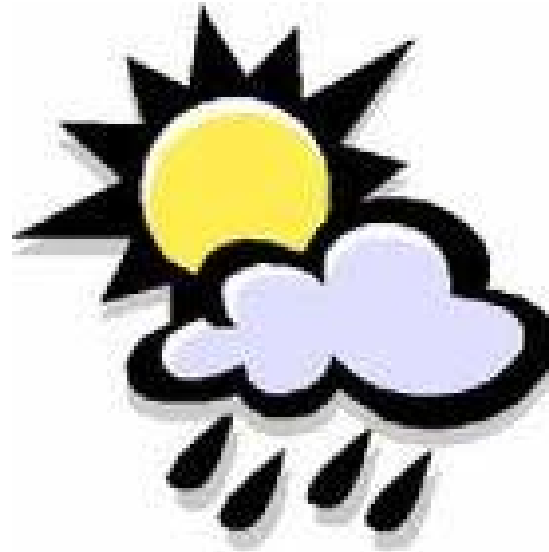


Management

?

Climate?

- Weather
- Political



Climate: *weather and political*

- Both have an influence on imports (from Poland)
- Both have an influence on home production in the East



Increasing wheat prices?

- Bio fuels
- Changing from rice to wheat diets
- Crop failing



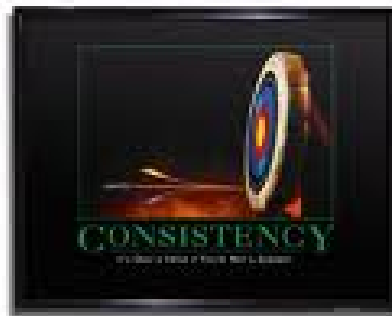
THE PROCESSING INDUSTRY

The processing Industry is in need of serious professionalization



THE PROCESSING INDUSTRY

- More consistent in what can be supplied: tonnage
- become more consistent in price (contracts)
- Consistent in quality when it comes to spray residues



Main Players in the Fresh Juice and Cider Industry (UK)



Main Players in the Fresh Juice Industry (UK)

- The right variety mix
- Produced to their quality standards
- The minimum quantities required on binding contracts



The “Free Market” of Processing Apples

- Will not disappear but will lose importance
- Only in years of undersupply, they play a role
- For that reason, many so called abandoned orchards (Grojec) will disappear





Conclusions

Fresh FRUIT

CONCLUSIONS

- Oversupply of fruit and too many suppliers (cooperatives)



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- Oversupply of fruit and too many suppliers (cooperatives and trading companies)
- Cooperatives will disappear or form new joint ventures



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- Pears will keep a minor role in Polish fruit production



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- Oversupply of fruit and too many suppliers (cooperatives)
- Cooperatives will disappear or form new joint ventures
- Pears will keep a minor role in Polish fruit production
- The focus will be on commodity apple varieties



Further



- The processing market will become more professional
- Invest in technical(growing the right product) knowledge
- The advantage of cheaper labour will lose importance
- The acreage and the amount of growers will certainly decrease.
- The market in the east certainly offers more opportunities than the west

Thank You Very Much



Leon Jahae