Summary

The Polish agricultural machinery and equipment market is currently dominated by European manufacturers but it also offers good potential to suppliers from the United States. The main factors stimulating the demand for these products are the EU agricultural policy, availability of EU funds through various programs and the need to renew the work-out equipment.

American suppliers need to consider EU regulations and requirements. The market is very competitive and demand-driven. Even though price remains the main factor, buyers increasingly make purchasing decisions based upon equipment functionality as well as the availability of technical support for said equipment.

Market Demand

The implementation of a common EU agricultural policy and the availability of EU funding have created favorable conditions for investments in agricultural machinery and equipment. Since joining the EU in 2004, Polish farmers have been learning to better channel their production according to market demand. While they greatly benefit from the availability of EU funding, they have become exposed to foreign competition. Thus, they need to modernize the technical infrastructure.

In addition to receiving EU subsidies for arable land, farmers are eligible for EU support for certain types of agricultural production. As a result, the EU policy has a great impact on the development and cost-effectiveness of these segments of the market stipulating the demand for specialized machinery and equipment. Also, farmers are forced to purchase specialized equipment in order to meet EU standards, for example food safety standards in milk production.

The Development Program for Rural Areas for 2007-2013 (PROW – Program Rozwoju Obszarow Wiejskich) has a total budget of USD 22.6 billion, including 13.2 billion (USD 17.6 billion) from the European Agriculture Fund, supplemented by Euro 4 billion (over USD 5 billion) from Polish public funds. So far, the Agency administering this program has spent some USD 5.5 billion. Under PROW’s priority program to improve effectiveness of the agriculture and forestry sectors, the amount of Euro 4,449.83 million (almost USD 6 billion) has been allocated to modernization of agricultural farms and holdings.

At the moment, most investments in agriculture equipment are financed by European funds. Farmers must first pay for their purchase (thus the importance of financing programs or leasing), and subsequently will attempt to qualify the purchase by an appropriate agency and apply for a refund.

Demand is shaped by the size of farms and dispersion of arable land as well as the changes in agricultural production. Thus, the demand for large machinery with high output is somewhat limited.

Market Data

Poland has become a major importer of U.S. agricultural machinery and equipment, mainly thanks to the availability of European funding but also because of a slow-down of sales in fully matured markets. As a result,
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many leading manufacturers have offices and sales staff in Poland. To support their sales efforts, manufacturers also offer financing programs to buyers, exhibit at trade events and facilitate training programs.

With 15.48 million hectares of arable land, Poland is the fifth largest EU country in terms of the size of agricultural land in effective use. Nearly 37% or over 14 million Poles currently live in rural areas. Despite the nominal size of the agriculture sector, it has only a 4.5 percent share in gross value added of Poland’s Gross Domestic Product.

Polish agriculture is significantly dispersed, with an average size of a farm slightly over 10 hectares. In total, there are over 2.5 million farms in Poland, more than half of them producing only or mainly for their own use.

The main crops produced in Poland include cereals, especially wheat, rye and rape, potatoes and sugar beets. The livestock population includes some 5.8 million cattle (including 2.8 million cows) and 25.4 million pigs. Poland is also a significant producer of berries and vegetables. The U.S. Foreign Agriculture Service promotes exports of U.S. agricultural products and reports on agricultural production and market developments. Their email contact to inquire about Polish export opportunities is: ag Warsaw@state.gov.

It is estimated that yearly expenditures on agricultural machinery and equipment is approximately $463 million. The gross value of machinery, technical equipment and tools in the agriculture sector is estimated at $5.9 billion.

Poland is a substantial manufacturer and exporter of agricultural machinery and equipment. The value of Polish exports in 2009 reached $253 million, 42% of which was attributed to tractors, 31% - harvesting/threshing machinery and 15% - soil preparation and cultivation machinery. Poland exports these products mainly to other EU countries, Ukraine, Belarus and Russia.

Machinery for the agriculture and forestry sectors

<table>
<thead>
<tr>
<th>Domestic Production (in thousand units)</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agricultural tractors</td>
<td>6.5</td>
<td>7.4</td>
<td>6.5</td>
</tr>
<tr>
<td>Plows</td>
<td>5.2</td>
<td>7.0</td>
<td>4.9</td>
</tr>
<tr>
<td>Cultivators, scarifiers and rippers</td>
<td>2.0</td>
<td>3.9</td>
<td>5.4</td>
</tr>
<tr>
<td>Planters for potatoes</td>
<td>3.6</td>
<td>6.1</td>
<td>4.4</td>
</tr>
<tr>
<td>Field mowers</td>
<td>5.5</td>
<td>5.9</td>
<td>4.4</td>
</tr>
<tr>
<td>Combine harvester-threshers</td>
<td>1.2</td>
<td>1.0</td>
<td>1.5</td>
</tr>
<tr>
<td>Tractor field sprayers</td>
<td>8.6</td>
<td>12.2</td>
<td>10.7</td>
</tr>
</tbody>
</table>

Despite quite a large local production, Poland is also a net importer of agricultural machinery and equipment. The main sources of tractors imported into Poland are Germany, Italy, the Czech Republic and Belgium.

Polish Imports of Agricultural Machinery (in thousands US dollars)

<table>
<thead>
<tr>
<th>Product HS #</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>Imported from (main countries)</th>
</tr>
</thead>
<tbody>
<tr>
<td>8701, Tractors (Other Than Tractors Of Hd 87.09)</td>
<td>498,279</td>
<td>767,448</td>
<td>414,783</td>
<td>Germany, Italy, Czech Republic, Belgium</td>
</tr>
<tr>
<td>8433, Harvesting/Threshing Mchy, Hay Mowers; Mach For Clean Grading Eggs, Fruit, Etc</td>
<td>306,016</td>
<td>483,477</td>
<td>285,604</td>
<td>Germany, Belgium, Italy, U.S.</td>
</tr>
<tr>
<td>8436, Agricultural, Hortic, Forest, Bee Keeping Mchy; Poultry Incubators Etc, Nes</td>
<td>77,315</td>
<td>94,448</td>
<td>56,701</td>
<td>Germany, Italy, the Netherlands, U.S.</td>
</tr>
<tr>
<td>842481, Mech Appl For Proj/Disp Or Spraying Liquid Or Powders For Agr Or Horticut</td>
<td>33,122</td>
<td>42,553</td>
<td>25,488</td>
<td>Germany, Italy, France, Netherlands</td>
</tr>
<tr>
<td>8432, Agricultural, Hortic Or Forest Mchy For Soil Prep Or Cultivation; Lawn-Rollers</td>
<td>131,886</td>
<td>225,781</td>
<td>173,780</td>
<td>Germany, France, Sweden, Italy</td>
</tr>
<tr>
<td>8434, Milking Machines And Dairy Machinery</td>
<td>34,788</td>
<td>35,712</td>
<td>14,845</td>
<td>Germany, Italy, France, Sweden</td>
</tr>
</tbody>
</table>
Polish Imports from the United States

<table>
<thead>
<tr>
<th>Product by HS #</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>Imports from the US - percentage of total Polish imports</th>
</tr>
</thead>
<tbody>
<tr>
<td>8701, Tractors (Other Than Tractors Of Hd 87.09)</td>
<td>16,413</td>
<td>29,288</td>
<td>24,415</td>
<td>6%</td>
</tr>
<tr>
<td>8433, Harvesting/Threshing Mchy, Hay Mowers; Mach For Clean Grading Eggs, Fruit, Etc</td>
<td>19,615</td>
<td>22,283</td>
<td>23,610</td>
<td>8%</td>
</tr>
<tr>
<td>8436, Agricultural, Hortic, Forest, Bee Keeping Mchy; Poultry Incubators Etc, Nes</td>
<td>4,881</td>
<td>7,786</td>
<td>6,228</td>
<td>11%</td>
</tr>
<tr>
<td>842481, Mech Appl For Proj/Disp Or Spraying Liquids Or Powders For Agr Or Horticut</td>
<td>1,781</td>
<td>3,294</td>
<td>1,928</td>
<td>7.5%</td>
</tr>
<tr>
<td>8432, Agricultural, Hortic Or Forest Mchy For Soil Prep Or Cultivation; Lawn-Rollers</td>
<td>1,182</td>
<td>5,091</td>
<td>1,897</td>
<td>1%</td>
</tr>
<tr>
<td>8434, Milking Machines And Dairy Machinery</td>
<td>760</td>
<td>2,086</td>
<td>76</td>
<td>0.5%</td>
</tr>
<tr>
<td>Total of the above categories</td>
<td>44,632</td>
<td>69,828</td>
<td>58,154</td>
<td>6%</td>
</tr>
</tbody>
</table>

Source: US Export Statistics; US Exports to Poland according to HS Codes (in thousands of USD)

Using Tractors in Poland

In 2009, there were 1577.3 thousand tractors in Poland, 1 tractor for 10.2 hectare, with an average motor power of 39.9 kW. Most tractors in use in Poland are small, with motor power below 25 kW (29%) or 25-40 kW (31%). Only 2.5% of the tractors used in Poland have over 100 kW motors while 8.5% are equipped with 40-60 kW motors.

Best Prospects

The best prospects include the following groups of products:

HS# 8433, Harvesting/Threshing Machinery, Hay Mowers; Machinery for Clean Grading Eggs, Fruit, Etc

HS# 8436, Agricultural, Horticulture, Forest, Bee Keeping Machinery; Poultry Incubators Etc,

These prospects mentioned above refer to both new and used machinery (not older than 5 years), which meets EU standards and requirements. These good prospects exist mainly for specialized equipment used in the...
segments of agricultural production currently experiencing growth, which are directly linked to EU agricultural policy.

Key Suppliers
In 2008, there were 77 companies manufacturing agricultural and forestry machinery (compared to 74 entities in 2005). Leading local manufacturers of tractors are Pronar (http://www.pronar.pl/), Farmtrac (http://www.farmtrac.pl/), Crystal Traktor (http://www.traktor.pl/index.php) and Ursus (www.ursus.com.pl). In addition, local manufacturers supply a variety of equipment such as cultivators, field mowers, plows and parts for machinery. Local suppliers include Agromix, Dozamech, Expom, Metaltech, Miroslawiec, Unia Group and many others.

The market is dominated by international brand suppliers from the European Union. In all product categories, the dominant suppliers continue to be from Germany, Italy, Belgium, France and the Netherlands. The most popular international brands include Claas, CNH (Case and New Holland), Valtra, Grimme, Fendt and other brands which are leaders in their segments of production.

The key U.S. supplier of agricultural machinery is John Deere, which has recently celebrated their tenth anniversary in Poland. In addition to having an office in Poland and maintaining 20 dealers throughout the country, the company facilitates sales of used John Deere equipment and related manufacturers through its localized “machinefinder” website http://www.machinefinder.com/ww/pl-PL/mf. Machinefinder is available to all John Deere authorized dealers.

Prospective Buyers
The Polish agriculture sector is significantly dispersed, with the average size of a farm slightly over 10 hectares. There are over 2.5 million farms in total, more than half of them producing only or mainly for their own use.

Almost 30% of farms are smaller than 1 hectare, approximately 17% have between 1 and 2 hectares of arable land, 23.5% - 2-5 hectares, 25.5% 10-20 hectares, 3.8% - 20-50 hectares and only 1% larger than 50 hectares. In total, there are over 2.5 million farms in Poland, more than half of them producing only or mainly for their own use. With some minor exceptions, all farms are privately-owned.
around the 35% level. Some of those groups successfully optimize capital investments and the use of machinery by their members.

There are many public organizations advising farmers, universities of life sciences, and a wide variety of sub-industry associations which might educate buyers and play a role in their purchasing decisions. These organizations might be useful contacts in reaching out to end users.

**Market Entry**

The Polish market has changed substantially since Poland’s joining the EU in terms of technical requirements and general expectations for service and maintenance and availability of spare parts. Potential buyers expect communication in Polish language. The market is very competitive and not easy to break into.

Pricing remains the most critical factor in positioning a product or service for sale in Poland. We would recommend viewing publicly available websites that trade and sell agricultural equipment for pricing information on currently offered products which might help US exporters to position themselves on the market. There are plenty of such services to choose from. Some of the websites are combined with industry publications or sectoral information portals, to name just a few: AgroInfo - [http://www.agroinfo.pl/](http://www.agroinfo.pl/), Agritrader – [www.agritrader.pl](http://www.agritrader.pl), Agrotoday – [www.agrotrader.pl](http://www.agrotrader.pl), Farmer – [www.farmer.pl](http://www.farmer.pl), Rolnicy – [www.rolnicy.com](http://www.rolnicy.com). There are also many trading websites, for example Agroogloszenia – [www.agroogloszenia.pl](http://www.agroogloszenia.pl), Tabor24 – [www.tabor24.pl](http://www.tabor24.pl), and Autoline - [http://autoline.com.pl/](http://autoline.com.pl/).

As the market for agriculture machinery is demand-driven, access to potential buyers is the key element in securing sales. Thus, companies not ready to set up their own operations in Poland are advised to establish contacts with reliable distributors or dealers. Please Note: Commercial Service Warsaw offers services to locate qualified partners and/or screen Polish companies already selected by US suppliers (for more details, please see [www.buyusa/poland](http://www.buyusa/poland)).

**Market Issues & Obstacles**

Upon its accession to the European Union on May 1, 2004, Poland became part of the EU customs union. This means that the same import duty rates are applicable in all member states. Tariff rates are contained in the European Union’s Common External Tariff. Information on the customs duty rates is available from the Electronic Integrated Community Tariff (TARIC) and can be found at [http://ec.europa.eu/taxation_customs/customs/customs_duties/tariff_aspects/customs_tariff/index_en.htm](http://ec.europa.eu/taxation_customs/customs/customs_duties/tariff_aspects/customs_tariff/index_en.htm)

A customs duty of 1.7% is levied on products imported under HS# 8435, HS# 8436 and HS# 8437, and 7% duty is applied on tractors imported under HS# 87019090. In other cases, there are no customs duties on American agriculture machinery and equipment imported into Poland.

A standard 22% Value Added Tax (VAT) is applied on all products and services and is the responsibility of the importer.

Poland's legislation and regulations, including technical, safety and labeling standards for agricultural machinery, are fully harmonized with the EU. While common EU requirements facilitate access to all EU countries as a single market, one should keep in mind that they differ from US standards and need to be considered by US exporters at the early stage of assessing market potential.

In Poland, tractors are registered as vehicles and receive license plates. License plates from the country the used tractor is imported from are expected to be turned in upon registration in Poland. Providing an official confirmation of the status of license plates for the tractor from the state transportation officials would facilitate the transaction.
Trade Events

Agro Show, September 24-27, 2010, Bednary near Poznan
http://www.agroshow.pl/

Agrotech, March, March 11-13, 2011, Kielce, Poland
www.agrotech.pl

Polagra Premiery, February 9-12, 2012, Poznan, Poland
http://www.polagra-premiery.pl/en

Resources & Contacts

Ministerstwo Rolnictwa i Rozwoju Wsi
Ministry of Agriculture and Rural Development
Tel. +48 22 623 10 00
Fax +48 22 623 27 50
Email: kancelaria@minrol.gov.pl
www.minrol.gov.pl

Agencja Restrukturyzacji i Modernizacji Rolnictwa
(Agency for Restructuring and Modernization of Agriculture)
Tel. +48 22 860 29 23
Fax +48 22 860 29 80
Email: info@arimr.gov.pl
www.arimr.gov.pl

This State office was created to support the development of agriculture and rural areas. The Agency offers financial support for investments in agriculture, development of food industry and agricultural education.

Przemyslowy Instytut Maszyn Rolniczych
(Industrial Institute for Agriculture Engineering)
tel. +48 61 87 12 228
fax +48 61 87 93 262
Email: office@pimr.poznan.pl
Website: www.pimr.poznan.pl

The Institute tests agricultural machinery and equipment. Results of their research is implemented and tested at the Institute. This organization also offers a number of services for agricultural machine manufacturers. The Institute is a member of is a member of European Network for Testing of Agricultural Machines (ENTAM).

Instytut Budownictwa, Mechanizacji i Elektryfikacji Rolnictwa
(Institute for Building, Mechanization and Electrification of Agriculture)
Tel. +48 22 848 25 39
Fax +48 22 849 32 31 ext. 230
Email: ibmer@ibmer.waw.pl
Website: www.ibmer.waw.pl
The Institute organizes seminars, exhibitions and training to promote agricultural machinery. They also publish catalogs of agricultural machinery and other publications serving as educational aids for agricultural machinery users.

For More Information [NOTE: only use this format, do not change it.]
The U.S. Commercial Service in Warsaw, Poland can be contacted via e-mail at: Maria.Kowalska@trade.gov; Phone: +48 22 625 4374; Fax: +48 22 621 6327; or visit our website: www.buyusa.gov/poland

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