CBI Product Factsheet:

Natural Ingredients for Health Products in Poland
**Introduction**

The growing Polish health market, the largest in Central Europe, offers opportunities for developing countries. Herbal medicine and food supplements make up a considerable share of this market. Local demand for ingredients is focused on plants used in Western herbal medicine, but there is a growing demand for established tropical species for local consumption and exports to neighbouring countries.

**Consumer profile**

Consumption of (herbal) medicine and food supplements is growing in Poland, because of increasing spending power and a broadening product offering. Poland represents the largest market in Eastern Europe for (herbal) medicine and food supplements.

**Interest in natural health products**

Poland has a strong tradition of collecting, cultivating and using herbs for health purposes. Although knowledge among consumers and interest among collection communities has eroded in recent years, there is a strong interest in the private sector in meeting and building consumer interest in herbal health products, both in Poland and outside the country. Compared to more innovative Western European markets like the UK, Poland remains traditional, focusing on temperate species with a long-established history of use in the country.

Traditionally, health products in Poland have relatively often been combinations of herbal ingredients with minerals and (synthetic) vitamins. With the enactment of the Traditional Herbal Medicine Product Directive (THMPD), these products are now mostly marketed as food supplements (see below).

**Trends in natural health products**

- **Increasing spending power:** The Polish natural health product market continues to benefit from increasing spending power of Polish consumers.
- **Increasing market sophistication:** Growth in the health products market will be driven strongly by investment in new product developments by manufacturers trying to attract new consumers (Euromonitor). In their product introductions, Polish and international manufacturers working in Poland are looking at both local Polish traditions and popular product introductions in other EU countries, including those containing well-established (sub) tropical species.
- **Increased consumer awareness:** Consumption of natural health products is fuelled by increasing health-consciousness among Polish consumers. Not only are consumers increasingly treating minor ailments themselves with self-medication products, but also many Poles are inclined to use herbal products. These products are well known and regarded as having no side-effects.

**Market profile**

This market profile elaborates on the implementation of the EU-wide regulatory framework for herbal medicinal products and food supplements in Poland, as well as the main segments in these sectors.

**Implementation of EU Directives**

The regulatory framework for herbal medicinal products and food supplements has been harmonised throughout the European Union’s various member states. Therefore, legislative requirements are the same throughout these countries. Before the Traditional Herbal Medicinal Products Directive came into effect, many Polish producers marketed products whose composition failed to meet the definition set forth in the relevant EU directive (synthetic ingredients). Not all producers have been able to make the shift to completely herbal ones and either stopped producing some of their herbal medicinal products or now market these as food supplements. However, Polish companies have been highly active in terms of marketing authorisations since the implementation of THMPD (see below).

Compared to some other European countries, such as Germany or France, the Polish regulatory approach to food supplements is complicated as the country has not developed positive lists for food supplement ingredients, beyond the EU list of permitted minerals and vitamins. Instead, companies require a market authorisation prior to marketing their products, where health authorities check the safety and legality of the ingredients and labelling.
The market for herbal medicine is also relatively large in Poland and part of a vibrant market for self-medication products. In 2014, total (retail) sales of self-medication products, which include most herbal medicinal products, amounted to €2.1 billion, out of total pharmaceutical sales of €6.5 billion, or 33% of the market (AESGP), compared to 27% in 2007. Per capita spending on self-medication in Poland amounted to €58, almost matching spending in countries with higher purchasing power such as Germany and Switzerland (€62). By contrast, other Central European countries such as the Czech Republic (€33) and Hungary (€39) have much lower per capita spending. The main indications in terms of sales were cough and cold (24% of self-medication sales), vitamins and minerals (14%) analgesics (14%), digestive health (14%) and skin treatment (7%).

Finally, it is important to note that, particularly in Poland, part of the consumption of health products is registered as herbal teas. Herbal teas account for 14% of the €310 million Polish tea market, according to the Ministry of Treasury.

Both the herbal medicinal and the food supplement markets are dominated by products from Western herbal medicine. As such, medicinal and aromatic plants (MAPs) in highest demand are temperate species and varieties such as: peppermint (Mentha piperita), valerian (Valeriana officinalis), thyme (Thymus vulgaris), chamomile (Matricaria chamomilla), horse chestnut (Aesculus hippocastanum), lemon balm (Melissa officinalis), linden flower (Tilia cordata), chokeberry (Aronia melanocarpa), milk thistle (Silybum marianum), St. John's wort (Hypericum perforatum), dandelion (Taraxacum officinale), sage (Salvia officinalis), yarrow (Achillea millefolium), coltsfoot leaf (Tussilago farfara) and calendula (Calendula officinalis).

There is a limited role for health products based on other traditions (Chinese/Ayurvedic). This results in low domestic demand for tropical species. Nevertheless, there is demand for well-established tropical MAPs used in popular medicine products marketed outside of traditional Western medicine. For example, several companies recently started marketing products with ginger (Zingiber officinale).

In Poland, the market for organically certified health products remains small. However, traders and processors may demand organically certified raw materials for re-exports.

**Herbal medicinal products:** Poland is the largest Central European market for herbal medicinal products. According to Euromonitor, the market for products used as traditional herbal medicine will account for around €225 million in 2019, increasing by 2% annually on average. The market is based on a tradition of using domestic herbs.

Since the implementation of THMPD, market authorisations under traditional use have been relatively high in Poland (188 of the EU’s total of 1,438). Only in the UK (333) and Germany (235) have more authorisations been granted. However, under well-established use registration (20 of the EU’s total of 675) only a few products have been put on the market.

**Tips:**
- For more information, please refer to the uptake of the traditional use registration scheme as provided by the European Medicines Agency.
- Target the herbal medicinal product segment if you produce established herbal ingredients.
**Food supplements:** Figures on the size of the Polish food supplements market ranged between €393 to €694 million in 2013. This would make it among the top markets in the EU, behind Italy, Germany, France and the UK, but before Scandinavian countries. Although growth has slowed down somewhat in recent years, to around 4-6%, market research agency PMR expects sales could reach €1 billion in 2020 as consumer interest in preventive health products continues to expand. Consumer interest in natural health solutions is also a strong driver of the market. Moreover, Polish and international manufacturers perceive new product introductions as key to success on the Polish market.

Popular products include those aimed at combating (the signs of) ageing, weight loss, joint protection and general health and immune support. In the latter, there is strong interest in vitamins and minerals.

**Tips:**
- Show understanding of market realities in your promotional materials and communication.
- Target the food supplement sector if you produce innovative ingredients.

**Trade and Macro-Economic Statistics**

**Polish trade in MAPs**

Poland is a fast-growing *importer* of MAPs. From 2010 to 2014, import volume (+12% annually) and value (+14%) increased substantially. In 2014, imports amounted to 9.7 thousand tonnes worth €23 million. Imports from developing countries grew at a similar rate, reaching 39% of the Polish import volume. The share of imports from developing countries is quite low in Poland compared to other European countries, such as France (66%), the UK (55%) and Germany (55%).

![Figure 1: Main suppliers of MAPs to Poland, in 1,000 tonnes](#)

Source: Eurostat (2015)

Poland’s main suppliers are regional, as the country is a trade hub for Central and Eastern Europe and has a strong extraction industry. Regional suppliers include several East European countries, e.g. Ukraine (9.7%), Bulgaria (8.6%), Russia (6.4%) and Albania (4.1%). However, its neighbour Germany is the largest supplier of MAPs to Poland, accounting for 37%. Imports from Germany probably include a considerable amount of re-exported materials. Poland’s main East European suppliers experienced the fastest growth from 2010-2014. Growth ranged from 15% annually (Bulgaria) to 121% (Russia).

Outside of Europe, India and Egypt are Poland’s main suppliers. Eastern European countries export a relatively large volume of wild-collected, temperate MAPs. India exports a wide range of MAPs and Egypt is a large producer of, for example, German camomile (*Matricaria chamomilla*).

**Tip:**
- Beware of competition from German, Eastern European and Egyptian sources, if you produce temperate MAPs.
Poland is the second largest exporter of MAPs in Europe, topped only by Germany. Although part of this consists of re-exports, a large part stems from Polish production of MAPs. Exports were stable from 2010-2014, with a dip in export volume in 2012. They amounted to 16.4 thousand tonnes worth €54 million in 2014. Germany is the main destination of Polish exports, importing 59% of the country’s export volume. Smaller destination countries include Spain, Russia, France and Italy.

**Polish trade in botanical extracts**

Direct sourcing of extracts from developing countries is increasing. The share of developing countries in Polish imports of botanical extracts increased substantially from 2010 (8%) to 2014 (40%). Overall import volume decreased by 13% annually, but imports from developing countries increased by 32% annually, mainly from China.

**Tip:**
- Explore your potential to export botanical extracts to Poland. As the country is increasingly sourcing directly from developing countries, it offers good opportunities for extracts produced in developing countries.

**Figure 2: Main suppliers of botanical extracts to Poland, in 1,000 tonnes**

Source: Eurostat (2015)

Among Poland’s suppliers, some developing countries are growing strongly (Figure 2). Of these, imports from China and Ukraine grew the fastest. The share from other developing countries remains small. The main EU suppliers in 2014 were Germany (19% of volume), France (17%) and Spain (10%).

Polish exports of extracts increased considerably from 2010 to 2014. Import volume increased by 64% annually, amounting to 760 tonnes worth €3.4 million in 2014. However, exports in 2014 were not nearly as high as in 2012, when Poland exported 3,000 tonnes of extracts to Austria. As in exports of MAPs, Germany was the main destination for Polish extracts (70%), followed by the Czech Republic (12%).

**Tip:**
- For more trade statistics, please refer to the CBI module Trade Statistics.

**Competition**

Estimated local production is provided to indicate the competitiveness of the market. Be aware that Polish producers, traders and processors also source across the border in Belarus and Ukraine and even work with producers and collection communities in Russia. Therefore, competitive forces are not limited to local production.
Local production

Poland has traditionally been a large MAP producer. Total production is estimated at 20,000 tonnes per year, comprising only temperate plant species. Estimations are that around 20% of this is derived from the wild, while the remainder is cultivated. About 70 medicinal species are cultivated and this number has increased in recent years. It is estimated that 100 species are collected from the wild on a commercial basis. Especially in Eastern Poland, wild-collected quantities are large, as it remains an important income-generating activity. According to an article by the Institute of Natural Fibres and Medicinal Plants, approximately 70% of production of herbal raw materials is intended for the domestic market, the remainder for exports.

The Polish MAP extraction sector is growing to satisfy domestic and international demand. A substantial portion of extraction is carried out under subcontracting arrangements with West European (German) companies. Raw plant materials are largely sourced domestically or in neighbouring Eastern European countries.

In Poland, species grown on a large scale are: savory (Satureja hortensis), caraway (Carum carvi), fennel (Foeniculum vulgare), valerian (Valeriana officinalis), lovage (Levisticum officinale), marjoram (Majorana hortensis), lemon balm (Melissa officinalis), peppermint (Mentha piperita), sage (Salvia officinalis), thyme (Thymus vulgaris) and horse-chestnut (Aesculus hippocastanum).

Wild-collected species include Angelica (Angelica archangelica), Leopard’s Bane (Arnica montana), plantain (Plantago lanceolata and Plantago major), elderberry (Sambucus nigra), lingonberry (Vaccinium vitis-idaea), Bearberry (Arctostaphylos uva-ursi), silver birch (Betula pendula), common nettle (Urtica dioica), common juniper (Juniperus communis), common horsetail (Equisetum arvense), common mallow (Malva sylvestris), dandelion (Taraxacum officinale), and hyssop (Hyssopus officinalis).

Tips:
- For more information on competitive sources, please refer to the module Competition - Natural Ingredients for Health Products.
- If you are a producer of tropical MAPs, determine your potential for exporting to Poland, as these MAPs offer more opportunities than temperate species.
- Show sustainability of supply as a USP on the Polish market. Polish buyers working internationally, for Western European (German) buyers, need to conform to the requirements set by these buyers. These give priority to documentation and systems which testify that you can supply sufficient (quantity/quality) material. Options to show sustainability of supply include:
  - For wild-collected MAPs: through certification according to FairWild or with documentation of sustainable collection practices according to Biotrade Principles and Criteria.
  - For cultivated MAPs: through GACP and organic certification or certification according to Fair Trade principles.

Market-entry strategy

Main channels for market access

Overall, traders/processors are the most important group of players to consider approaching. You can approach them with temperate MAPs that are either produced outside of the European harvest season or at a lower price compared to their current supply. Personal selling backed by a high-quality offer will be important in persuading companies to change suppliers. Another option is to offer tropical and sub-tropical MAPs to Polish companies which supply German/EU players with MAPs or extracts, because it allows them to offer a more complete portfolio. Partnerships with Polish MAP producers could offer opportunities to you, especially as extraction of MAPs for German/EU buyers is increasing.

In general, however, it will be difficult to enter the Polish market with extracts. Relations between producers and traders/processors are strong in Poland and they are closely linked to local manufacturers. As such, Polish herbal medicinal products and supplements companies have easy access to domestic raw material and will be difficult to approach.

Poland has a strong production, trading and processing industry for MAPs and extracts. Trading and processing companies are closely linked to wild-collection and cultivation in Poland and surrounding countries (Russia, Belarus and especially Ukraine).
Main players:

- Good examples of domestic producers of plant material are Runo, Herbimar and Krautex - while further down the chain MGM Pharma, GreenVit and Bart are trading and extracting materials. These companies are often not interested in buying from suppliers in developing countries, unless it is to supplement their product portfolio when they deal with manufacturers in Poland and especially in Western Europe (e.g. (sub-) tropical species). As such, their interest will mostly relate to the most established tropical species and will remain limited to raw plant material. To target international markets, Polish traders and processors might also be interested in organically certified plant materials.
- Although Poland accounts for only 1% of EU pharmaceutical production, its industry is strong in manufacturing herbal medicinal products and food supplements for domestic use. Increasingly, producers in Poland are also supplying other Central and Eastern European countries. Domestic companies lead both segments: Polski Lek in food supplements and Aflofarm in herbal medicinal products. Both segments remain highly fragmented and include smaller players such as USP Zdrowie, Hasco-Lek, Biovico, Zdrovit, Olimp Laboratories and Herbapol.
- As in the rest of Europe, the Polish herbal medicinal products industry has consolidated. Industry experts expect this consolidation to continue in the coming years. Moreover, foreign multinationals such as Ratiopharm, Axellus and Teva are increasingly active on the market.
- In most cases, the companies mentioned in the paragraphs above will source their ingredients (either raw materials or extracts) from domestic producers, or large suppliers and traders based elsewhere in Europe, especially since they have a traditional product range based on temperate species.

Tips:

- Find market information and interesting companies at PASMI (the Polish Association of the Self-Medication Industry) and Polski Komitet Zielarski (the Polish Herbal Committee, website in Polish only).
- Research whether traders/processors work with the species you produce, or with (sub-) tropical species, and whether they import themselves. Most Polish players are focused on domestic/regional raw material.
- Consider establishing a local presence in the Polish market through a reputable agent or representative, as long as price/value remains competitive. A partnership with a Polish trading company could also help you to serve the Polish market better if you can complement his product offering.
- Conduct specific market research when you produce raw plant materials. Before targeting extract producers, determine carefully whether you can supplement the processors’ product portfolio or offer another value proposition (e.g. organic certification, stable supply) that would make the supply of your plant material an interesting proposition.
- Please refer to the module Market Channels and Segments for more information.

Business culture

Pay attention to differences in business culture in Europe. Your buyers’ marketing and purchasing staff in particular will expect you to demonstrate awareness and the capacity to cope with differences in a professional manner.

Tip:

- Check Passport to Trade 2.0 for a good overview of differences in business culture in the EU. The website provides short videos with an introduction to each country’s cultural peculiarities.

Useful sources

Trade fairs

Trade fairs are excellent venues for finding companies that deal with natural ingredients for health products. The main trade fairs in the sector take place outside of Poland and Polish business will visit these. These include:
- ExpoPharm - international pharmaceutical trade fair.
- Biofach - for organic producers (in Nuremberg).
- Health Ingredients Europe - travelling trade fair.
- Vitafoods, in Geneva, Switzerland.
Of interest in Poland are:

- **Polagro-Food** – although focused on the entire food industry, this fair has a specific section on diet, health and ecological foods and self-medication.
- **Worldfood Warsaw** – includes a section on functional food as well as a section of the fair entitled "Ingredients Warsaw".

**Trade press/news**

- **Nutra Ingredients**: News on supplements and nutrition in Europe.
- **Foodnavigator**: Science and nutrition research, product news, newsletter, health and nutritional ingredients.
- **Nutraceuticals World**: News, buyers’ guide on various herbs and botanicals, knowledge centre and market, peer-reviewed and supplier research.
- **Nutraceuticals Now (spring issue)**: technical review of functional products and ingredients which are defined as disease preventing and/or health promoting in addition to nutritional value.
- **Herba Polonica** is the publication of the Institute of Natural Fibres and Medicinal Plants, covering all aspects of cultivation, breeding, phytochemical, clinical and pharmacological research on medicinals plants.

**More information**

CBI market information: Promising EU export markets.


Eurostat - [http://epp.eurostat.ec.europa.eu/newxtweb](http://epp.eurostat.ec.europa.eu/newxtweb) - statistical database of the EU. Several queries are possible. For trade, choose 'EU27 Trade Since 1995 By CN8'.

International Trade Statistics - [http://www.trademap.org](http://www.trademap.org) – you have to register
This survey was compiled for CBI by ProFound Advisers In Development in collaboration with CBI sector expert Klaus Duerbeck

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