

MINISTRY OF AGRICULTURE
AND RURAL DEVELOPMENT

AGRICULTURE AND FOOD ECONOMY IN POLAND



WARSAW 2009

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Author: TERESA JABŁOŃSKA-URBANIAK

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Dear Sirs and Madams

I have the honour of presenting another edition of the study 'Agriculture and food economy in Poland.' This publication illustrates changes which are taking place in Polish agriculture, agri-food processing, fisheries and industry branches working for food sector. The aim of the publication is to provide the interested parties with information regarding the sizes, trends and complexity of economic processes taking place in agricultural and food sectors. It may also be a source of information about programmes (and results of programmes) supporting Polish agri-food sector and fisheries. This publication also provides supplementing information on sectors and branches which will present their achievements and products during the Fair. This publication is aimed at national and foreign audience.



Since the second half of 2008, Polish economy has been suffering from the outcomes of the global recession which disrupted and hampered development processes. These turbulences have also affected the agri-food sector, especially in terms of international trade. Decreasing demand on our trade partners' markets has interrupted the dynamic pace of development of our foreign trade in agri-food products. Nevertheless, by the end of 2008, the value of export increased and the turnover balance in terms of food trade was positive. It proves that the Polish food sector is a worthy competitor on the international arena. Polish food is successfully earning recognition among customers – its biggest advantages are high health quality and consumption values. These make our products stand out on the European markets – and recently also outside Europe.

Development of food market has been my priority. The issues connected with agricultural markets are dynamic and complex. Some of them – e.g. marketing, promotion, quality of food – have already been solved (or are close to being solved); however, new problems arise. In the current economic downturn, the questions of affordability of food for all consumer groups and farmers' participation in the price creation for the offered products are becoming particularly important. There is a justified concern that the margins imposed by enterprises in the food sector are too high and that the farmers' participation in the product prices is inadequate – and Poland is not the only country concerned. The issue is so common and significant that it came to the attention of the European Commission, which ordered the Member States to investigate the problem and, at the same time, promised to undertake appropriate measures on the European level. As a result of my activity so far, an Interdepartmental Team will be created to monitor actions undertaken by the food sector entities.

Poland has joined the Union policy aimed at improving the quality of food products, among others by awarding particularly high quality products with the 'Discover Great Food' mark and by protecting unique products of specified geographic origin or produced traditionally. The richness of the Polish national cuisine and exceptional agri-food products is proved by the constantly growing number of products applying for registration with the European Commission as Protected Geographical Indication, Protected Designation of Origin or Traditional Speciality Guaranteed. Twelve Polish products have already been registered and 34 more applications have been submitted.

We want to involve farmers and food processing companies in promotion and ensuring proper quality as high quality of agricultural raw material is essential for the quality of Polish food. Rural

Development Programme for years 2007–2013 encompasses two measures supporting these trends – ‘Participation of farmers in food quality systems’ and ‘Information and promotion activities’. In 2009, Polish Sejm adopted the Act on food promotion funds, which provides solid legal basis for gathering and expending funds on promotion – which should deal with the problem of chronic lack of funds for this purpose. By choosing high quality raw materials from agriculture, obtained under the clear environment, we support the development of holdings producing traditionally. Organic farming is developing dynamically; however, in spite of a great potential, it is not yet significant. At the same time, integrated agricultural production is carried out that uses balanced technical and biological progress in the field of cultivation, protection of plants and fertilization, paying special attention to the environmental protection.

Separate part of the publication covers information on the main elements of rural areas, agriculture and fisheries policy, co-financed by the European Union and national budget. We have proved that we can fully and appropriately use the means from the EU. Concluded sectoral programmes provide a good example – more details in this publication. New programmes for rural areas, agriculture and fisheries are waiting for implementation. The most important ones are – ‘Rural Development Programme 2007–2013’ and Sectoral Operational Programme ‘Sustainable Development of the Fisheries Sector and Coastal Fishing Areas for 2007–2013’

The full use of the means from all programmes is connected with the necessity of intensive activity and resourcefulness of beneficiaries and the involvement of administration, governmental and professional organisations, advisory services and all agricultural units working for agriculture, rural areas and fisheries.

In May 2009, we had our 5th anniversary in the EU. Polish food sector and fisheries have undergone a number of positive changes – mainly due to the increased inflow of means, but also due to farmers, fishers and processors taking the chances of opening to the world and free movement of goods and services.

I hope you will find it interesting to read

Marek Sawicki



Minister of Agriculture and Rural Development

GENERAL INFORMATION ABOUT POLAND

Poland is a country situated in the central part of Europe, with the territory of 312.7 thousand km² (9th in Europe and 68th in the world) and the population of 38.1 million (8th in Europe and 31st in the world). Since 1 May 2004, Poland has been a member of the European Union (EU). In terms of population, Poland ranks 7th within 27 Member States and in terms of agricultural population, it occupies the 1st position. As regards the number of agricultural holdings, Poland is in the 2nd place (after Romania). Number of persons employed in agriculture, hunting, forestry and fisheries is 2.5 times higher than the percentage share of persons employed in those sectors in EU-27 (14.7% and 5.8%, respectively). Poland covers 7.1% of the total surface area of the EU and borders 7 countries – 4 EU Member States (Germany, Czech Republic, Slovakia and Lithuania) and 3 non-EU states (Russia, Belarus and Ukraine).



Poland is characterised by a large variety of natural and environmental conditions. Special protection is provided to national parks with the surface area of over 314.5 thousand ha, 1,441 nature reserves with the surface area of over 173 thousand ha, landscape parks with the surface area of almost 2,602 thousand ha and 36 thousand monuments of nature. Forest land constitutes over 30% of the total surface area of the country. Many animal species are protected, among which the most important are: bison, chamois, bears, beavers, lynxes and wolves.

More than 75% of Poland's territory is situated lower than 200 m above sea level, and only less than 3% higher than 500 m above sea level.

2478 Number of gminas
16 Number of voivodeships

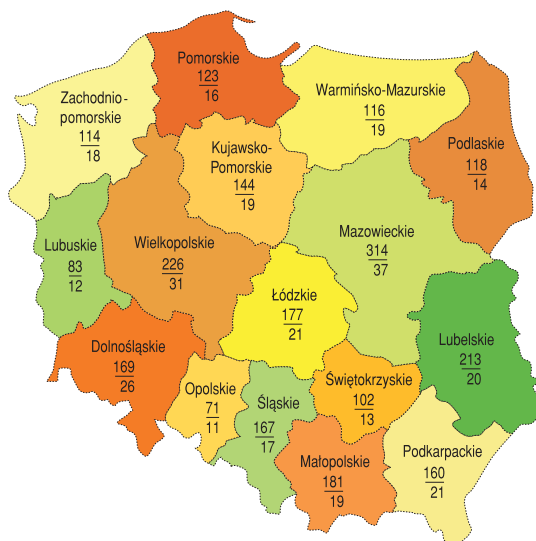


Fig. 1. Territorial division units in Poland

The climate of Poland is characterised by considerable variations in the length of seasons. Within the last four years, the average air temperature has varied between 8.3°C and 9.4°C whereas precipitation has ranged from 585 mm to 609 mm. Precipitation is the main source of water resources, and it is characterised by considerable annual, monthly and regional variations. As a result, there are drought and slightly flooded areas, with floods occurring occasionally.

Poland is divided into 16 Voivodeship, 314 poviats, 65 cities with the rights of poviats, and 2,478 gminas. Auxiliary units in gminas are, *inter alia*, solectwa, the number of which is more than 40.3 thousand.

In 2008, Poland's population was 38.1 million – out of which 23.3 million lived in cities and 14.8 million in rural areas. 24.8 million citizens were in the productive age, out of which 15.3 million lived in cities and 9.3 million in rural areas. Negative balance of external migration resulted in a real reduction of population. In comparison to the year 2000, the population decreased by 118 thousand people. However, the drop was noted only in cities (382 thousand people) as in rural areas there was an increase in the number of inhabitants (+ 264 thousand). Negative balance of internal migration from rural areas to the cities in 2008 amounted to 38.9 thousand people whereas in the previous year that number was 47.9 thousand. The birth rate continued to grow in 2008. Live births for 1,000 inhabitants amounted to 10.9 against 10.2 in 2007; as far as deaths are concerned, the rate was, respectively, 10.0 and 9.9.

After 4 years of accelerated economic growth in Poland, second half of 2008 saw a gradual decrease of the upward trend in all sectors of the economy. As a result, the GDP rose in the last quarter of 2008 by 3.0% and in the whole year by 4.9%. Unfavourable tendencies in the economy were caused by worldwide economic downturn, which resulted from a volatile situation on the global financial market and the developing worldwide recession. Impact of the global economic crisis decreased the dynamics of internal demand, particularly in case of investment demand, and reduced the pace of growth as regards production and retail sale. In consequence, it hampered the creation of new workplaces as well as the improvement of the employment rate and work efficiency. Crisis had the biggest impact on the industry; its effects in agriculture were not that significant. Nevertheless, the growth of global agricultural production was slower than in the previous year – animal production declined in value and the costs of agricultural production – as in most parts of Europe – rose.

According to preliminary estimations, Gross Domestic Product in 2007 was higher by 4.9% (in real terms) when compared to 2007 (6.8%); in 2006, it increased by 6.2% and in 2005 – by 3.6%. Despite the undeniable economic downturn, Poland was one of the few European countries to actually increase its GDP and decrease the unemployment rate. Total number of the unemployed amounted to 1.5 million persons, which is less than in 2007 (by 0.2 million); unemployment rate for 2004 was 3 million.

AGRICULTURE

GENERAL PROFILE OF THE POLISH AGRICULTURAL SECTOR

Polish agriculture is characterised by significant dispersion, as an average size of agricultural holdings is 10.15 ha of agricultural land, and more than half of the holdings produce only or mainly for their own use, thus reducing their expenses on the purchase of food as well as other family expenses. Such agricultural holdings of a relatively small area employ traditional production methods, consisting in limited use of mineral fertilisers and chemical plant protection products, as well as of industrial feed in feeding farm animals, especially cattle. Despite these phenomena and the prevalence of soils with low usefulness for agriculture, Poland is an important European and global producer of agricultural and horticultural products, as well as products of animal origin.

TABLE 1. Share and place of Polish agriculture in the world and in the EU (27 states)

	Share		Place	
	in the world	in the EU	in the world	in the EU
Production of some agricultural products				
– wheat	1.4	6.9	16	4
– rye	19.8	37.6	3	2
– potatoes	3.7	19.0	7	1
– sugar beet	5.1	11.2	7	3
– rape	4.3	11.6	6	3
– apples	1.6	10.6	12	2
– meat	1.3	8.8	14	5
– cow's milk	2.3	8.2	10	4
Stock				
– cattle	0.4	6.4	457	7
– pigs	1.8	11.3	7	3

Source: Statistical yearbook of agriculture and rural areas 2008 Data from 2007

Poland also holds a leading position in production of berries (strawberries, raspberries and currants) and outdoor vegetables, such as: onions, cabbage and cauliflowers.

Soil and climatic conditions, as well as regional traditions, determine production specialisation.

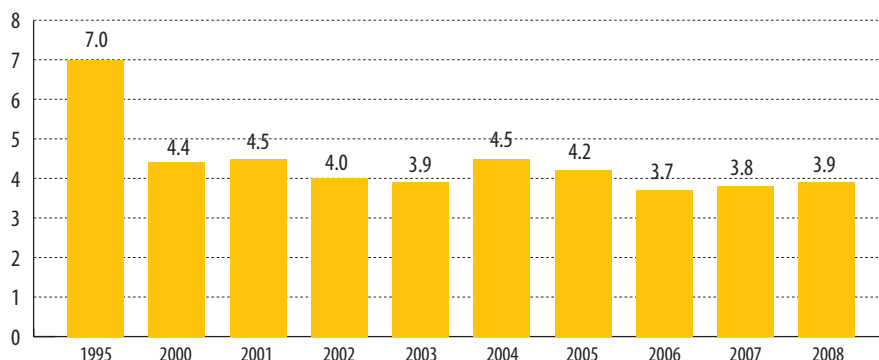
Grassland and cultivation of potatoes and rye are concentrated in central, eastern and northern Poland. Orchards and berry plantations are located mainly in Mazovia (region of Grójec), Lubelskie Voivodeship, Sandomierz region, Greater Poland and Łódzkie Voivodeship. Cultivation of plants with higher soil and climatic requirements are concentrated in the south-eastern and western part of the country, as well as in Żuławy and Warmia. Cultivation of intensive cereals, mainly wheat, as well as of sugar beet and rape, predominates.

Cattle breeding is concentrated mainly in Podlaskie, Mazowieckie, Warmińsko-Mazurskie and Wielkopolskie voivodeships, whereas most pigs are bred in Wielkopolskie and Kujawsko-Pomorskie voivodeships. Sheep breeding is more intense only in mountainous regions (Małopolskie Voivodeship).

In 2008, similarly as in 2007, there was an increase in agricultural production; however, pace of growth was definitely slower than in the preceding year when very good production results were achieved. Global agricultural production rose by 3.1% till 2007, which is an outcome of increased plant production (by 6.8%) and decreased animal production (by 1.5%).

Slower GDP growth in 2008 (by 1.9% when compared to 2007), resulting from economic slowdown and a considerably better tolerance of agricultural sector to the crisis-related factors, led to an increased share of agriculture, hunting and forestry in GDP.

Fig. 2. Share of agriculture, forestry and hunting in Gross Domestic Product (in %)



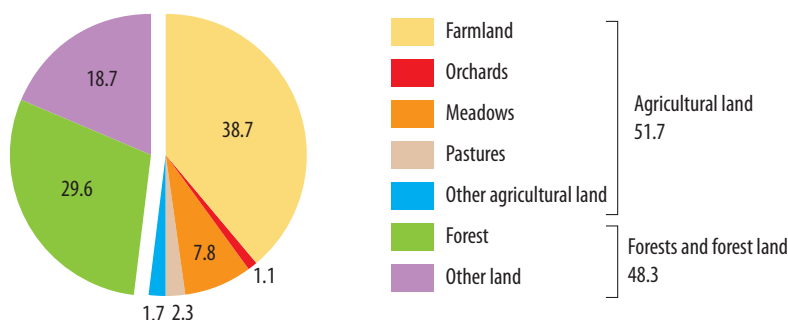
LAND RESOURCES AND THEIR UTILISATION STRUCTURE

The area of agricultural holdings in Poland amounts to 16.2 million ha, and constitutes of the total area of the country 51.7% (31.3 million ha). The total area of farmland was 12.1 million ha and constituted 74.9% of the agricultural land. Private sector encompassed 15.6 million ha, i.e. 96.7% of agricultural land, out of which 89% (14.4 million ha) was utilised by individual agricultural holdings. There were no significant changes in terms of total area or structure of utilisation of farmland belonging to agricultural holdings. A minor decrease of the total area of agricultural land, in comparison to 2007, is a result of a reduction of almost 33 thousand ha of agricultural land in the public sector and a slight increase of land in the private sector (approx 10 thousand ha).

Total area of farmland in good condition in 2008 was 12.1 million ha and constituted 74.9% of the total area of agricultural land. In comparison to 2007, total area of land in good agricultural condition rose by approx 200 thousand ha.

The quality of agricultural land in Poland is poor – also when compared to the EU average. High percentage of poor and acidified soils reduce the agricultural usefulness of agricultural land. The share of light soils, which in Poland are characterised by high sand content, is two times higher in Poland than the EU average, constituting 60.8% (in the EU – 31.8%).

Fig. 3. Structure of utilisation of land in 2008 (in %)



Source: GUS Agriculture, Warsaw 2009

Soil valuation indicator, which is a quotient of conversion hectares to physical farmland, is 0.82 in Poland. Unfavourable soil conditions, accompanied by worse climatic conditions, result in lower land productivity, as compared to the EU average. The total area of fallowed farmland has been decreasing since Poland's accession to the EU. In 2008, it amounted to approx 463 thousand ha and was three times lower than in 2004. In individual agricultural holdings, fallowed land has been reduced by more than 2.5 times. Fallow land in private sector in 2008 was 411 thousand ha. This downward trend results from the application of direct payments per hectare used for agricultural purposes and from the increase in agricultural land prices.

In 2008, there were no significant changes in the structure of agricultural holdings as regards area groups and area utilised by them; they were negligible and did not exceed 0.5%. There was a total of 1806.5 thousand individual holdings with the area above 1 ha of agricultural land. As compared with 2002, the number of agricultural holdings dropped by 145.2 thousand, i.e. by 8.5%. The decrease was most dynamic in the group of holdings comprising of 1–2 ha of agricultural land – the number of such holdings dropped by 88.3 thousand.

In comparison with 2007, the number of agricultural holdings comprising over 1 ha of agricultural land grew slightly in 2008 (by 2.4 thousand); the agricultural area utilised by these holdings grew at the same

Fig. 4. Structure of individual farms by area groups of agricultural land in 2000 and 2007 (in %)



Source: Agriculture, CSO (GUS). Warsaw, 2009

time by 23.9 thousand ha. Holdings comprising more than 15 ha, similarly to previous years, have a predominant share in agricultural land.

Since the EU integration, a growing demand for agricultural land has been observed, resulting in an increase in land prices. The growing number of transactions in land marketing differs regionally and is conditioned mainly by: supply, different agrarian structure, economic power of agricultural holdings and diversified reasons for purchasing land. The relatively smallest turnover has been observed in southern and central Poland, where holdings are most fragmented and where the custom of passing land to growing up children still predominates.

The highest increase in prices has been observed in case of the cheapest land with no value for agriculture, which indicates that the demand for land is not associated with agricultural production.

TABLE 2. Average prices of farmland and meadows in private trade

	Price per 1 ha			
		in PLN	rye in dt	slaughter livestock pigs in dt
Arable land	2000	4 786	115.3	13.3
	2005	8 244	237.8	21.1
	2008	15 388	221.7	37.9
Fertile (wheat and beet root)	2000	6 712	161.7	18.6
	2005	11 001	317.3	28.1
	2008	18 747	270.1	46.2
Medium (rye and potato)	2000	4 920	118.5	13.7
	2005	8 603	248.1	22.0
	2008	16 096	321.9	39.6
Barren (sandy)	2000	2 725	65.6	7.6
	2005	5 843	168.5	14.9
	2008	12 222	176.1	30.1
Meadows good	2000	4 883	117.6	13.6
	2005	6 144	177.2	15.7
	2008	12 489	179.9	30.8
Meadows poor	2000	2 753	66.3	7.6
	2005	4 003	115.5	10.2
	2008	9 275	133.6	22.8

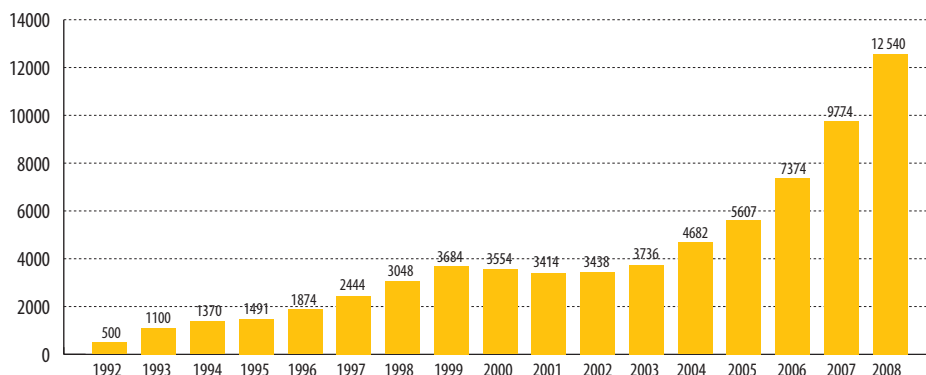
Source: Agriculture, CSO (GUS), Warsaw 2009

Dynamic growth of average farmland prices continued also in 2008. However, the price increase was slightly slower than in the previous year – both in the private trade and in case of Agricultural Property Stock of the State Treasury. By the end of June 2009, the Agency sold 1,877 thousand ha, i.e. 62% of the land remaining in the Stock. The supply of land from the Agricultural Property Stock of the State Treasury is declining; factors hampering the sales include reprivatization claims, which concern approx 500 thousand ha. Currently, the Agency has 315.5 thousand ha of land at its disposal which are planned to be sold or leased; however, only 215 thousand ha (68% of the total land) is fit for agricultural production. At the same time, pursuant to the Act of 11 April 2003 on shaping the agricultural system, the Agency may acquire agricultural property on private market Sale of agricultural property is exercised by the Agency by means of open invitations to tender or invitations to tender restricted to specific categories of people entitled to purchase, for example individual farmers planning to enlarge their own family holdings. The Agency, since the beginning of its activity in this area, has conducted approx 680 thousand

tenders, including 20 thousand restricted tenders. In certain cases, existing leaseholders have the right of pre-emption.

Starting prices for the tenders are established on the basis of market criteria. In sale transactions of arable land constituting the Stock (excluding developed land of special character, for example with ores of minerals, under water etc.), the average price per 1 ha in 2008 amounted to PLN 12,540. In the first quarter of 2009, the average transaction price was PLN 13,660 per 1 ha.

Fig. 5. Sale prices of agricultural property owned by the APA in PLN/ha, between 2002 and 2008



Source: APA

VALUE OF AGRICULTURAL PRODUCTION AND PRICE RELATIONS

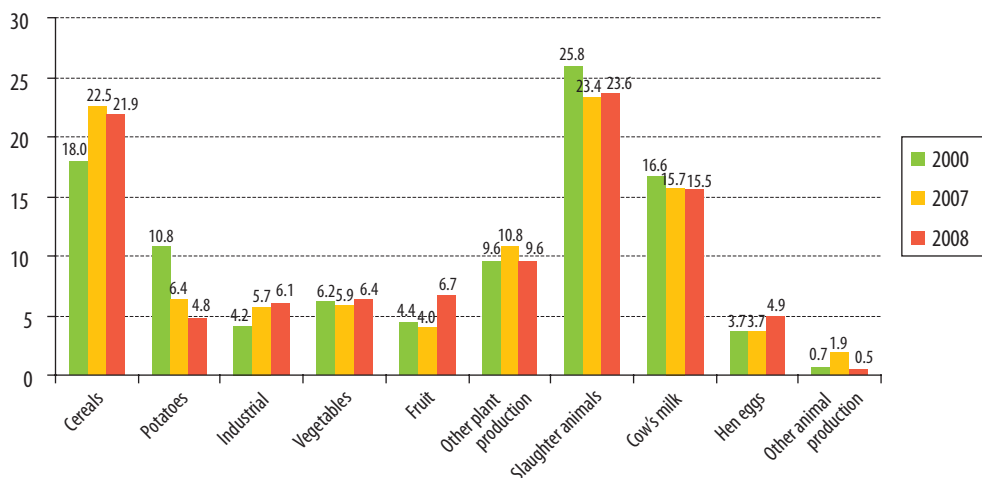
In 2008, the value of global agricultural production reached the level of PLN 82.96 billion and was by 3.1% higher than in 2007. The value of plant production, amounting to PLN 46.07 billion, was by 6.8% higher than previous year, while animal production, reaching the level of PLN 36.88 billion, was by 1.5% lower. Commercial production constituted 67.9% of the global production value – a 3.5 percentage point increase in comparison with the previous year, and a 3.1% increase in case of individual holdings.

TABLE 4. Dynamics of global and commercial agricultural production (in % – current prices)

Specification	2003	2004	2005	2006	2007	2008	2008	2008
	Previous year = 100						2000=100	2005=100
Total global production	99.2	107.5	95.7	98.8	105.9	103.1	114.2	107.8
– plant production	94.3	116.7	88.1	94.8	108.9	106.8	108.2	110.2
– animal production	104.8	97.3	105.2	102.6	102.9	98.5	118.3	104.0
Total commercial production	105.2	103.3	95.4	104.2	101.5	106.2	124.8	112.4
– plant production	101.1	112.2	87.0	103.7	99.3	111.3	122.9	114.6
– animal production	107.7	97.5	102.1	104.6	103.1	102.4	125.7	110.4
A share of commercial production in global production	64.9	66.3	67.7	70.5	64.4	67.9	X	X

Source: Agriculture, CSO (GUS), Warsaw 2008

Fig. 6. Structure of global agricultural production in 2000 and 2007 (in % – current prices)

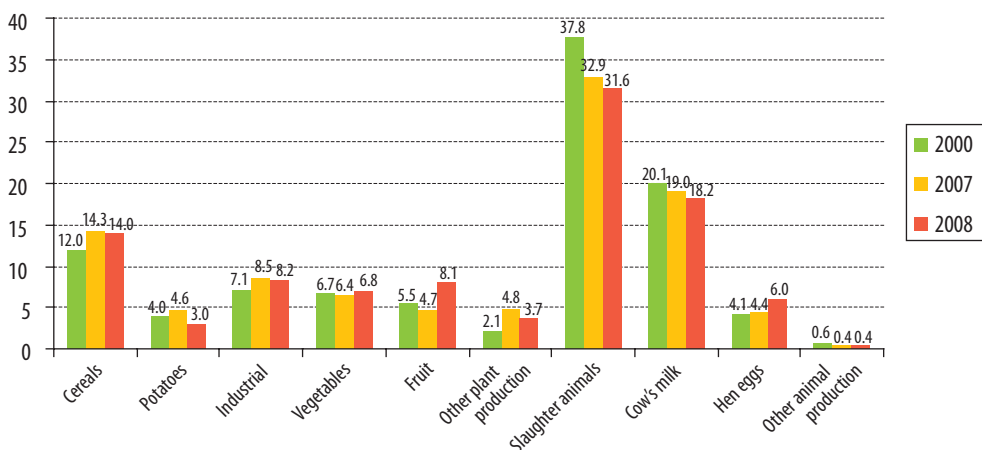


Source: Agriculture, CSO (GUS), Warsaw, 2008

Significant variations in the dynamics of plant and animal production over the years result, above all, from the variability of atmospheric conditions, which influence the volume of yields and harvest and, as a consequence, lead to the reduction of feed reserves and increase their prices. This, in turn, affects the volume of animal production.

In 2008, market conditions for agricultural production deteriorated, especially in comparison with the previous year, which was particularly favourable in this regard. Agricultural economy and production in 2008 were influenced by increased cereals harvests and declining supply of slaughter pigs, which affected the prices of agricultural products in the country. Developing economic downturn on global cereals and milk markets was one of the main factors which led to the price decrease – also in Poland. The prices of means of production, on the other hand, were on the rise in 2008. As the prices of agricultural products rose slower than the prices of the means of agricultural production, the index of price relations ('price scissors') declined from 107.7 in 2007 to 91.0 in 2008.

Fig. 7. Structure of commercial agricultural production in 2000 and 2007 (in % – current prices)



Source: Agriculture, CSO (GUS), Warsaw 2008

TABLE 4. Price relations of agricultural products to goods and services purchased by agricultural holdings

Specification	2000	2003	2004	2005	2006	2007	2008	2008	
	Previous year = 100							2000 = 100	2005 = 100
Total prices of agricultural products sold	114.7	99.5	111.4	97.9	102.6	114.5	101.2	124.0	118.9
– plant products	107.4	106.2	93.1	94.8	114.7	125.1	94.8	122.0	136.0
– animal products	118.8	95.6	122.3	99.7	96.7	108.4	104.9	122.9	109.9
Prices of goods and services purchased	111.4	102.1	108.6	102.0	100.6	106.3	111.2	145.9	118.9
Index of price relations ("price scissors") of the products sold to prices of goods and services purchased	103.0	97.5	102.6	96.0	102.0	107.7	91.0	85.1	100.0

Source: Agriculture in 2008, CSO (GUS)

In 2008, the price index of goods and services (inflation) was 105.2% when compared to 2007, which means that increase in prices of agricultural products was slower than increase in prices of other goods and services. In this context, the increase in goods and services intended for agriculture, current agricultural production needs (112.8%) and investment purposes (105.3%), was particularly high. Fertilizers, in particular phosphorus-based, were the elements that went up most in price – respectively, by more than 38% and by almost 56%. This price hike is a result of an incremental increase in the global prices of raw materials used in the production of fertilizers. The prices of feed rose by 14% and the prices of plant protection products by almost 10%. Prices of machinery maintenance soared (an increase of 11%). Prices of other groups of means of agricultural production rose, in comparison with the previous year, by 3–7% – including retail prices of seeds, young trees and cuttings (3%) and veterinary services (3.1%). Differences in the increase of prices of specific agricultural products and means of production resulted in different profitability of specific lines of production. Milk and cereals producers were in unfavourable position, whereas pork producers found themselves in a relatively good situation as the relation of the prices of means of production to the prices of pork were continually improving in 2008. In 2008, the average prices of pork increased by 15.8% when compared to 2007 and those of industrial potatoes by almost 10%. Cereals prices fell by almost 9% – and so did the prices of milk and poultry.

AGRICULTURAL POPULATION INCOME

2008 was not very favourable for Polish farmers in terms of income. Based on the macroeconomic data, it is estimated that the minor increase of the agricultural production value was accompanied by a 9% increase of the so called 'intermediate consumption' value (mainly prices of fertilizers, feed and plant protection products), which led to a decrease of added value in agriculture by almost 10% when compared to 2007 and, as a result, reduced farmers incomes. The amount of direct payments, which due to an increase of complementary payments rates rose by 15%, had a definitely positive impact on the income; on the other hand, rising costs of depreciation (6% higher) and a reduction of other subventions (by 13%) was very unfavourable. Results of agricultural accounting of a representative sample for a group of 750 thousand agricultural holdings, which constitute almost 90% of added value of agriculture (FADN), confirm that in 2008, there was an actual decrease of added value and agricultural income when compared with 2007.

Agricultural income decreased in 2008 also in many other EU Member States, including Germany and Lithuania. As in Poland, this situation was a result of rising costs and other elements of intermediate consumption value.

TABLE 5. Comparison of selected data regarding an average agricultural holding in the FADN system for years 2007 and 2008

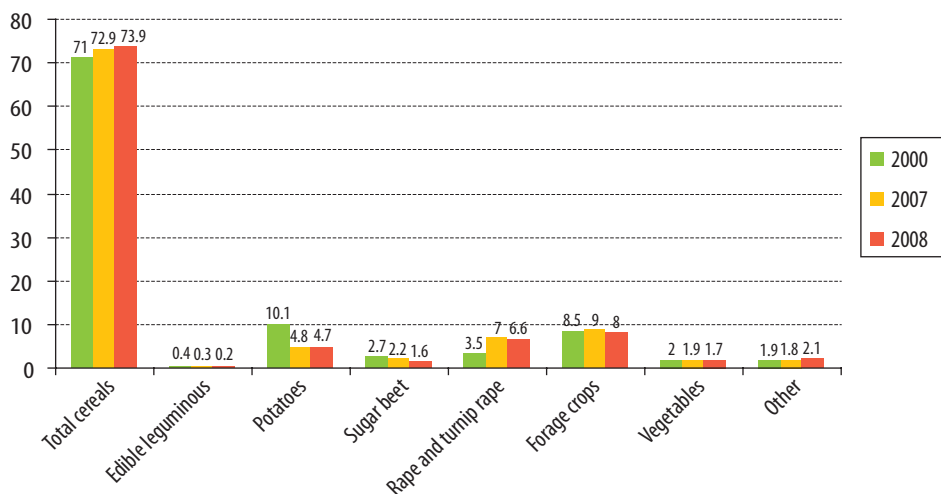
Specification	2007	2008	2008/2007 (%)
Total area of agricultural land (in ha)	16,8	16,8	100
Total production (in PLN)	93 246	95 076	102,0
of which: – plant production	52 253	52 381	100,2
– animal production	39 879	41 581	104,3
Indirect consumption (in PLN)	55 160	61 336	111,2
Depreciation (in PLN)	12 582	13 317	105,8
Taxation (in PLN)	932	907	97,3
Operating subsidies (in PLN)	11 436	10 974	96,0
Income from the holding (in PLN)	30 162	24 250	80,4
Participation of subsidies in the income (%)	37.9	45.3	119.5

Source: Study of IERiGŻ, 2009

PLANT PRODUCTION AND SELECTED AGRICULTURAL MARKETS

In 2008, the overall area of sowings for crops amounted to 11.6 million ha and was 175 thousand ha bigger (by 1.5%) than in the previous year. The overall sowing area for all basic crops, apart from cereals and forage crops, was smaller than in the preceding year. Cereals cropping was increased by farmers due to, above all, high prices of cereals after the harvest in 2007. As a result, the total area of cereal crops (i.e. basic cereals with cereal mixtures – maize, buckwheat, millet and others) increased to 8.6 million ha, which was higher than in the preceding year (by 2.9%) and than the average from years 2001–2005 (by 2.4%). The overall area of intensive cereals sowings (wheat, barley, triticale) grew by 4.6% when compared with 2007; extensive crops (rye, oat, and forage mixtures) on the other hand, were reduced by 0.4%. Forage crops sowing area was bigger (by 7.4%) whereas rape and turnip rape, potatoes, sugar beet and vegetables crops were all reduced (respectively by 3.2%, 3.6%, 24.2% and 8.9%).

Fig. 8. Crop structure in 2000, 2007 and 2008 (in %)



Source: Agriculture, CSO (GUS), 2008

TABLE 6. Area of crops, harvest and yields of basic agricultural crops

Type of crops	1996–2000		2001–2005		2007		2008		2008	
	Annual average		Annual average		Annual average		Annual average		Annual average	
Total cereals	A	8 796.0	8 396.7	8 352.9	8 598.8	97.7	102.4	102.9	102.4	102.9
	B	28.6	31.9	32.5	32.2	112.6	100.9	99.1	100.9	99.1
	C	25 189.4	26 758.3	27 142.8	27 664.3	109.8	103.3	101.9	103.3	101.9
Total wheat	A	2 576.8	2 375.6	2 112.0	2 277.9	88.4	95.9	107.8	95.9	107.8
	B	34.0	38.0	39.4	40.7	119.7	107.1	103.3	107.1	103.3
	C	8 772.0	9 022.0	8 317.3	9 274.9	105.7	102.8	111.5	102.8	111.5
Rye	A	2 275.4	1 601.0	1 316.2	1 396.5	61.3	87.2	106.1	87.2	106.1
	B	22.7	24.4	23.7	24.7	108.8	101.2	104.2	101.2	104.2
	C	5 160.0	3 910.0	3 125.6	3 448.5	66.8	88.2	110.3	88.2	110.3
Total barley	A	1 142.6	1 053.0	1 232.4	1 206.6	105.6	114.6	97.9	114.6	97.9
	B	29.9	31.7	32.5	30.0	100.3	94.6	92.3	94.6	92.3
	C	3 420.0	3 337.0	4 008.1	3 619.4	105.8	108.5	90.3	108.5	90.3
Oats	A	590.0	544.4	582.6	550.6	93.3	101.1	94.5	101.1	94.5
	B	24.4	24.7	25.1	22.9	93.9	92.7	91.2	92.7	91.2
	C	1 437.5	1 346.0	1 462.3	1 262.3	93.8	87.8	86.3	93.8	86.3
Total triticale	A	663.4	1 004.4	1 260.2	1 333.5	201.3	132.8	105.8	132.8	105.8
	B	30.2	32.2	32.9	33.4	110.6	103.7	101.5	103.7	101.5
	C	2 006.0	3 237.0	4 147.1	4 459.6	137.8	222.3	107.5	222.3	107.5
Potatoes	A	1 292.0	813.0	569.6	548.9	42.5	67.5	96.4	67.5	96.4
	B	183.0	180.0	207.0	191.0	104.4	106.1	92.3	106.1	92.3
	C	23 620.0	14 600.0	11 791.1	10 462.0	44.3	71.66	88.7	71.66	88.7
Rape and turnip rape	A	409.6	479.4	796.8	771.1	188.3	160.8	96.8	160.8	96.8
	B	20.7	24.6	26.7	27.3	131.9	111.0	102.2	111.0	102.2
	C	846.7	1 178.0	2 129.9	2 105.8	248.7	178.8	98.9	248.7	178.8
Sugar beet	A	395.4	298.0	247.4	187.5	47.4	62.9	75.8	62.9	75.8
	B	377	411	513	465	123.3	113.1	90.6	113.1	90.6
	C	14 920.1	12 236.0	11 475.0	8 715.1	58.4	71.2	68.7	71.2	68.7

A – area in thousand ha, B – yields of 1 ha in dt, C – harvest in thousand tonnes

Source: CSO (GUS): Agriculture in 2008. Plant production results in 2008. Concise Statistical Yearbook of Poland 2008.



In 2008, the total number of holdings engaged in the growing of agricultural and horticultural crops amounted to 1,897.6 thousand, that is 73.6% of the total number of agricultural holdings and 79.4% of holdings involved in any agricultural activity. The majority of holdings involved in growing agricultural crops (1,666.4 thousand, which constitutes 87.8%) were engaged in cereals production. The average area of cereal sowing in one holding amounted to 5.01 ha. Despite the fact that potato crops were reduced, 1,187.3 thousand holdings are still involved in their growing (62.6% of the overall number of holdings with sown land). Significantly fewer holdings, that is 66.9 thousand, constituting 3.5% of the total number of holdings with sown land, are engaged in sugar beet growing, as well as in rape and turnip rape growing – 78.3 thousand of holdings, that is 4.1% of the total number of holdings with sown land.

In 2008, the agri-meteorological conditions in most of the country were conducive to plant production. As compared to 2007, an increase in yields and harvest of basic agricultural crops was observed, with the exception of oat, potatoes and sugar beet. An increase, as compared to the 2001–2005 average, was observed also in majority of plants.

Cereals market

Demand for cereals in our country has been circulating for years between 26 and 28 million tonnes (the latter is a record high from 2004). The main factor influencing the level of domestic consumption of cereals in particular economic years is the cyclical fluctuation in the stock of pigs and an increasing production of poultry. Human consumption of cereals, which used to be stable, has developed a downward trend. On the other hand, industrial consumption of grain is continually growing, even though its share in the overall cereals production remains minor. Usage of grain in cropping also remains unchanged.

Fattening pays a dominant role in domestic consumption. Every year, an average of 16–18 million tonnes of cereals is used as feed, out of which 10.5–11.1 million tonnes for pigs and 3.0–3.5 million tonnes for poultry. Recent years have shown a downward tendency in the use of wheat and rye, which are being replaced by maize and triticale. The demand for feed will continue to rise at the current pace till 2013 and then will start to decline.

TABLE 7. Basic cereals balance in thousand tonnes

Specification						Estimation	Estimation
	2000/01	2002/03	2004/05	2005/06	2006/07	2007/08*	2008/09*
Income	23.9	26.8	28.0	26.7	25.7	27.0	27.0
Harvest	21.3	24.9	27.2	24.9	20.5	27.7	27.0
Import	1.9	0.6	0.8	0.7	2.5	2.1	0.9
Consumption	23.9	26.8	28.0	26.7	25.7	26.7	26.0
Sowing	1.9	1.8	1.8	1.7	1.7	1.7	1.7
Fattening	14.2	15.8	14.0	15.5	15.5	17.1	16.3
Human consumption	5.7	5.7	5.7	5.4	5.3	5.2	5.2
Industrial processing	0.9	1.2	1.1	1.2	1.3	1.4	1.6
Losses	1.0	1.2	1.2	1.1	1.0	1.0	1.0
Export	0.1	1.2	0.6	1.3	0.9	1.0	1.1

Data from CSO (GUS)

* Estimation by IERiGŻ

Human consumption of cereals has been steadily decreasing since 2005 and will soon amount to 5 million tonnes. Falling consumption is a result of a change in eating habits and a declining population. Before Poland's accession to the EU, consumption of cereal products in flour equivalent amounted to 120 kg per capita. In years 2006–2007, it fell to 117 kg per capita.

A gradual increase of cereals consumption has been observed for a dozen or so years in brewing and distilling industries. The predicted development of bio fuels market should also stimulate further increase of cereals consumption and its bigger participation in domestic consumption.

Cereals harvests are expected to reach the level of 28 million tonnes in the next few years; their supply on the Polish market will exceed demand.

According to the estimations of IERiGŻ, export of cereals and cereal products amounted to EUR 900.0 million in the economic year 2008/2009, whereas import reached the level of EUR 700.0 million – those values in the previous year were, respectively, EUR 850.0 million and EUR 758.6 million.

Seed production market

In 2008, farmers became more interested in purchasing certified seed – for the harvest in 2008, they acquired over 139 thousand tonnes of certified seed of all cereals, which is a 4.3% increase when compared to the previous year. Seed potatoes, on the other hand, became less popular than before. In 2008, farmers purchased approx 58 thousand tonnes of seed potatoes, which is 0.2% less than in the previous year.

Production of seed material was on the rise in 2008. 39.3% more cereal seed was qualified for sale, as compared to the previous year. The biggest increase in production was observed in case of winter barley (by 56.8%) and triticale (by 54.8%). Leguminous plants supply rose by 32.2%. Mangold seed and oilseed (including winter oilseed rape) were also reported to have increased in production. A smaller growth was registered in case of maize and grass seeds production.

In 2007, the area of certified seed plantations amounted to 101.5 thousand ha, being 17% bigger than in 2007. The area of cereals plantations rose by 25.5%; maize plantation decreased by 24%, spring oilseed by 25% and small-grained papilionaceous by 18.7%. Grass sowing was lower by 9%.

In the national register of plant varieties, there are 1,227 varieties of seeds – national varieties constitute slightly more than 50%.

National varieties have a similar share in the structure of seed plantations. Foreign crops predominate in the production of barley seed – spring (70%) and winter (83%). Foreign varieties of rye (41%) and winter

wheat (over 44%) also have a considerable share. Foreign varieties' seedlings constitute 60% of the seed market.

According to CSO estimates, cereal seed sales improved by 4.5% when compared to the previous year, with the highest increase being attributed to winter cereals: barley (12.2%), rye (9.8%) and wheat (8.4%).

Fruit and vegetables – market and production

Production

The year 2008 saw an increase in outdoor vegetable crops – by 8.9% when compared with 2007, or by almost 5%, as compared with an average from the years 2001–2005. A considerable reduction of the area of vegetable plantations and a decrease in yields affected the production values in 2008. Outdoor vegetables harvest sank by 11.2% when compared to the previous year's high and amounted to 4.4 million tonnes.

TABLE 8. Area of crops, yields and harvest of outdoor vegetables

Type of vegetables		2008				
		2001–2005	2007	2008	2001–2005 = 100	2007 = 100
Total outdoor vegetables	A	207.9	217.1	197.8	95.1	91.1
	C	4 653	4 987	4 430	95.2	88.8
Cabbage	A	34.5	33.4	29.7	86.1	88.9
	B	396	397	405	102.3	102.0
	C	1 365	1 325	1 209	88.6	90.6
Cauliflowers	A	10.9	10.8	10.5	96.3	97.6
	B	188	212	211	112.2	99.5
	C	205.1	228	221	108.3	97.1
Onions	A	33.1	34.4	30.2	91.2	87.7
	B	212	219	205	96.7	93.6
	C	701	752	618	88.1	82.2
Carrots edible	A	30.9	31.4	28.2	91.3	89.8
	B	278	299	290	104.3	97.0
	C	861	938	817	94.9	87.1
Beetroot	A	14.5	14.3	12.7	87.6	88.6
	B	252	262	254	100.8	96.9
	C	365	375	322	88.2	86.0
Cucumbers	A	21.1	19.7	18.7	88.6	94.7
	B	133.0	149	145	109.0	97.3
	C	280	293	272	97.1	92.8
Tomatoes	A	13.0	13.5	12.2	93.8	91.0
	B	181	206	210	116.0	101.9
	C	235	278	257	109.4	92.8
Vegetables cultivated under covers	C	630	723	773	122.7	106.9

A – area in thousand ha; B – yields of 1 ha in dt; C – harvest in thousand tonnes

Source: Agricultural and horticultural plant production in 2009, CSO (GUS)

Cultivation of vegetables under covers stepped up in 2008 by 6.9% when compared with 2007 and by 22.7% when compared to an average from the years 2001–2005.

After a sharp decrease in 2007, harvest of fruit in 2008 set a new record high (3.3 million tonnes). Favourable agrometeorological conditions during the vegetation phase and an introduction and application of modern production methods contributed to the significant improvement in fruit harvest.

TABLE 9. Harvest of fruit from fruit-bearing trees and plantations of berries (in thousand tonnes)

Specification	1995–2000	2001–2005	2007	2008	2008		
					1996–2000 =100	2001–2005 =100	2007 =100
	Annual average						
Total fruit harvest	2 564	3 237	1 694	3 841	149.8	118.7	226.7
Total from trees	2 134	2 762	1 263	3 288	154.0	119.0	260.3
including: apples	1 758	2 325	1 040	2 831	161.0	121.8	272.2
pears	68	79	31	73	107.4	92.4	235.5
plums	108	114	53	114	105.6	100.0	215.1
sour cherries	145	177	108	202	139.3	114.1	187.0
cherries	37	43	20	41	110.8	95.3	205.0
Harvest of fruit from fruit-bearing trees and plantations of berries	430	475	431	553	128.6	116.4	128.3
including: strawberries	169	179	175	201	119.6	112.3	114.9
raspberries	41	51	56	82	200.0	160.8	146.4
currants	166	181	139	197	118.7	108.8	141.7
gooseberries	35	22	14	16	45.7	72.7	114.3

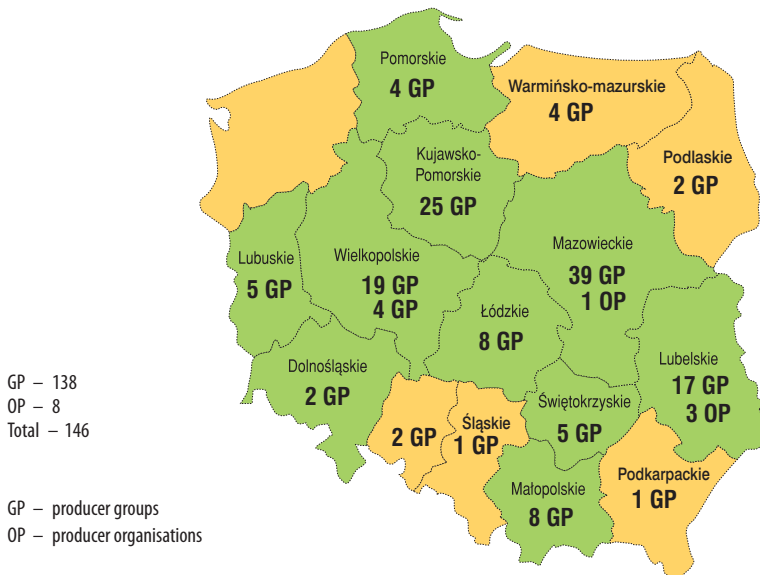
Source: Concise Statistical Yearbook 2008, CSO (GUS)

Apple trees and cherry trees have the greatest share in the harvest as the constitute, respectively, 86.1% and 7.1% of the production of fruit from trees, with cherry tree presenting a considerable upward trend in terms of area, yield and harvest. Cherry harvest almost doubled in 2008 when compared with 2007, or rose by 54% when compared to the average from the years 1996–2000.

Organisation of fruit and vegetables market

When Poland joined the EU, Polish horticultural sector was included in the Fruit and Vegetable CMO producer groups, which have been granted preliminary recognition and constitute an intermediary through which the financial support from the EU budget is channelled to the sector. At the end of July 2009, there were 139 fruit and vegetable producer groups (53 more than in the previous year) and 6 producer organisations in Poland. Producer groups and organisations are being established mainly in the regions specialising in horticultural production, i.e. in the following voivodeships: Mazowieckie (mainly apples, mushrooms, vegetables), Kujawsko-Pomorskie (tomatoes), Wielkopolskie (vegetables, mushrooms, tomatoes) and Lubelskie (soft fruit, apples). Although the number of groups and organisations may suggest that the level of organization of the market is relatively high, when measured by the value of marketed fruit and vegetables, it does not exceed 7–8% and is far from the average level of organization in the EU, which is oscillating around 35–36%.

Fig. 9. Groups and organizations of fruit and vegetables producers (by voivodeships)



The groups aim to: concentrate supply and sale of products of group members or organisations, plan production and adjust it to match the demand, decrease the production costs and stabilise production process, as well as promote methods of growing, production technologies and water and solid waste management, in accordance with the rules of environmental protection.

Community support on certain plant product markets

Since 2007, a reform of Community provisions pertaining to EU horticultural market is being implemented, which on the one hand boosted the financial support for the groups, and on the other, suppressed the payments to production of some fruit and vegetables for processing. However, such payments were replaced by area payments with an option of linking them temporarily with production during a transition period. As far as Poland is concerned, payments for tomatoes were completely separated from those for production and, starting in 2008, they will be granted only to traditional tomato producers, depending on their production in the reference year (2005/2006).

In addition, between 2008 and 2012, producers of strawberries and raspberries for processing will be entitled to the payment of EUR 400 per ha (the area limit for Poland is 48 thousand ha).

Support in case of other plant product markets – in 2008, tobacco producers received a complementary production-related payment and a payment not related to the production. The total amount of payment related to the production in 2008 was 5.57 PLN/kg of raw material from group I, type Virginia and 4.54 PLN/kg of raw material from groups II, III and IV.

A total of PLN 64,238,390 was allocated for payments not related to production, including: PLN 41,208,764 for historic producers of Virginia-type tobacco and PLN 23,029,626 for producers of tobacco from groups II, III and IV.

In case of flax and hemp markets, payments were implemented to support the processing of flax straw and hemp straw into fibres. Payment rate was 160 EUR/ton for long flax fibre and 90 EUR/ton for short flax fibre and hemp fibre. Payment rate to the processing of dry fodder was 33 EUR/ton.

Payment mechanism on the above mentioned markets is implemented by Agricultural Market Agency.

ANIMAL PRODUCTION; MEAT AND MILK MARKET

Situation of animal production in the conditions of reduced cereals supply (by 1.5% when compared with 2007) and their decreasing prices (by 8.9%) was influenced by a declining sheep, hen and pig stock, and a growing number of cattle stock.

TABLE 10. Farm animals between 1995 and 2008^{1/} (the situation in June)

Specification	1995	2000	2006	2007	2008
	in thousand heads				
Cattle	7 305.6	6 082.6	5 606.4	5 696.2	5 756.7
including: cows	3 578.9	3 097.5	2 823.8	2 786.7	2 806.5
Pigs	20 417.8	17 122.0	18 880.5	18 128.5	15 425.3
including: sows	1 875.2	1 577.4	1 856.4	1 767.4	1 366.8
Sheep	713.2	361.6	300.8	331.9	323.6
Hens	36 941	45 333	124 870	133 072	128 788
Horses	835.8	549.7	307.0	329.2	325.3
in heads per 100 ha of agricultural land					
Cattle	39.2	33.0	35.1	35.2	35.6
including: cows	19.2	16.8	17.7	17.2	17.4
Pigs	109.6	93.0	118.3	112.1	95.5
including: sows	10.1	8.6	11.6	10.9	8.5
Sheep	3.8	2.0	1.9	1.9	1.7
Hens	198.0	246.0	783.0	723.0	707.0
Horses	3.4	3.0	2.0	2.0	

^{1/} The number of pigs at the end of July; hens together with chickens; since 2002 excluding the land outside agricultural holdings.

Source: Land use, sown area and farm animals stock in 2008, CSO (GUS)

In 2008, private sector controlled 98.4% of cattle stock, 99.9% of pigs, 95.4% of sheep, 98.1% of horses and 99.9% of poultry.

In June 2008, the stock of milk cows kept for production of milk for consumers constituted 97.4% of the total cow population. There were 73.03 thousand cows of a meat breed and those born of a cross with a meat breed, used as the so called 'suckler' cows, which constitutes 2.6% of the total number of cows.

On the average in the country, among individual holdings keeping cattle:

- 44.4% had one animal
- 18.7% had 2 animals
- 11.9% had 3-4 animals
- 10.4% had 5-9 animals
- 9.1% had 10-19 animals
- 5.5% had 20 animals and more

In comparison with June 2007, the number of agricultural holdings keeping 2 and 3-4 cows dropped (by 1.1 and 0.9 of a percentage point, respectively), whereas an increase was observed in the share of entities keeping 1 animal (by 0.2 of a percentage point), 10-19 animals (by 0.4 of a percentage point), and 20 animals and more (by 1.4 of a percentage point).

Since the time of preparations for the EU accession, and because of the need to make adjustments of cow sheds to sanitary and veterinary requirements, concentration of breeding has been observed; yet 58% of



holdings keeping cows still has 1–4 animals. It results mainly from the fact that many holdings (44.4% of those keeping cows) have just one milk cow, which produces milk exclusively for own use. Of the total number of cow stock kept in individual holdings, 9.2% were in holdings with one cow (10.2% in 2007), 7.7% in holdings keeping 2 cows (9.1% a year ago), 8.4% in holdings with 3–4 cows (10.1% in the preceding year), and the highest 74.7% – in holdings with 5 cows and more (70.6%). Out of total pig stock kept in individual holdings, 5.6% of pigs were kept in holdings having from one to ten animals and about 84.1% in holdings having 20 animals and more (85.5% in 2007).

TABLE 11. Production of basic animal products between 1996 and 2008

Specification	1996–2000	2001–2005	2007	2008	2008		
					1996–2000 =100	2001–2005 =100	2007=100
	Annual average						
Slaughter livestock production in thousand tonnes of live weight	4 181	4 505	5 179	4 975	119	110	96.1
Including: cattle (excluding calves)	733	577	704	722	98	125	102.5
pigs	2 572	2 586	2 776	2 483	96	97	89.5
hens	726	1 223	1 594	1 664	229	135	104.4
Per meat in post-slaughter warm weight	3 156	3 425	3 936	3 751	119	110	95.3
Cow's milk in million litres	11 762	11 533	11 744	12 063	103	105	102.7
Hen eggs in million pieces	7 415	9 013	9 834	10 463	141	116	106.4
Animal productivity (average annual capacity from 1 animal)							
Milk yield from 1 cow in litres	3 453	3 982	4 292	4 351	126	101	101.4
Number of eggs from 1 laying hen	174	201	216	217	125	108	100.5

Source: Concise Statistical Yearbook of Poland CSO (GUS), Warsaw 2008

In the stock of poultry, hens predominate, constituting 88.5% of the total stock as compared to 2.7% of geese, 5.3% of turkeys, and 3.5% of ducks and other poultry.

In the horse stock, the number of cold-blooded horses decreases gradually, whereas that of hot-blooded keeps increasing, which is related to horse riding growth.

Animal production in 2008 was influenced by a partial reduction of pig stock, related to unfavourable price relations. Pig stock at the end of July 2008 amounted to 15,425.3 thousand animals and was by 2,703.2 thousand animals (14.9%) lower than a year ago. A noted low level of prices of piglets, in spite of a reduced number of stock in that age group, is a confirmation of a falling trend in a pig cycle. In June 2008, cattle stock consisted of 5,756.7 thousand animals and was by 1.1% higher than a year ago. The increase in cattle stock resulted partly from the drop in export demand for calves.

In 2005, the share of Polish production of meat from slaughter in Europe amounted to 7.1% and 8.7% in the EU, which gave Poland the seventh place. Poland's share in global production of meat from slaughter in 2007 amounted to 1.3% – a result awarding 14th place (16th in 2000). In terms of milk production, Poland holds sixth place in Europe (5.8% share); Poland's share in EU-27 is 8.2%. In the global milk production, Poland's share is 2.3%, which gives our country tenth position (1 position higher than in 2000).

Meat market

In 2008, production of three basic types of livestock in post-slaughter warm weight amounted to 3,478 thousand tonnes and was lower than in the preceding year (by 5%). Poultry and cattle production rose by 4% and 2%, respectively; pigs production, on the other hand, fell by 11%. The decrease in pork production was a result of a successively (since 2006) stock of pigs and declining profitability of production. Economic conditions for breeding pigs started to improve in the second half of 2008. Purchase prices of pigs rose, whereas the price of cereals and feed fell. Then, as a result of particularly low supply and depreciation of Polish zloty, the prices of pigs reached a record high in December 2008, which restored profitability of production and, as a consequence, encouraged farmers to increase the stock of pigs in the following periods.

TABLE 12. Market prices of pigs in the EU (EUR/100 kg of post-slaughter weight) and prices in Poland expressed in % of those prices (July and December 2007 and 2008)

Year/months		UE-27	Poland	Germany	Denmark	Prices in Poland as a % of the prices in:		
						UE – 27	Germany	Denmark
2007	VII	146.12	144.81	150.74	121.73	99.2	96.2	119.1
	XII	132.11	129.82	135.40	112.06	97.8	95.9	115.8
2008	VII	169.22	185.13	178.08	139.51	109.4	103.3	131.4
	XII	144.36	150.27	150.82	125.21	104.1	99.6	120.0

Source: IERiGŻ – Meat market 2009

Stock of cattle has been increasing for a number of years; in 2008, it rose by 2.9% when compared to the previous year and by 7% when compared to December 2004. Upward tendency in stock numbers have been noticeable since the accession to the EU, which is due to a rapid improvement of economic conditions for breeding. Production of cattle livestock rose by 2.4% in 2008, which is a similar result to that from 2007.

Pork consumption fell in 2008 by 5% in comparison with the previous year (from 43,6kg/person in 2007 to 41,5 kg/person). Judging by the national pork production, this decrease should have been 50% bigger, but the shortage of meat was made up by an import of 100 thousand tonnes of meat. Beef consumption remained on the last year's level and amounted to 3.9 kg/person. Production increase was assigned for

export, which rose from 202 thousand tonnes in 2007 to 216 thousand tonnes in 2008. Despite slightly lower prices of poultry, its consumption rose insignificantly in 2008, i.e. by 0.3 kg/person, and the entire increase in production was also assigned for export.

In 2008, Agricultural Market Agency (AMA) supported red meat producers by subsidies to private storage of pork and refunds for export of beef and pork. For storage of pork, producers received in 2008 a total of PLN 9.2 million in subsidies. Subsidies to the export of raw (fresh, chilled and frozen) pork encompassed carcasses, half-carcasses and separate elements. This measure was launched as a response to a tight situation on the pork market and during its implementation, AMA paid out in 2008 a total of PLN 72.5 million in refunds for 70.3 thousand tonnes of meat. Refunds for exported pork products are a fixed element of support mechanism. AMA paid PLN 10.6 million in subsidies for documented export of 10.5 thousand tonnes of such products.

Because of a stable situation on the beef market, the scope of support activities has not changed since 2006 and is limited to export. Subsidies encompass export of cows and selected types of raw and processed meat. The total of export subsidies on the beef market in 2008 amounted to PLN 9.1 million.

Milk market

Introduction of milk quotas in Poland lead to a gradual reduction of milk providers, which, above all, resulted from the fact that agricultural holdings owning a small number of milk cows are resigning from this type of production, as investing in it is not profitable. This leads to a certain concentration and specialization of milk production which raises the competitiveness of particular milk-producing holdings. This process is also stimulated by subsidies under EU investment activities related to the modernisation of agricultural holdings.

As a consequence of those changes, the number of holdings producing on a larger scale is growing and the marketability of milk production is improving, which enables the milk quota assigned to Poland under the milk quotas system to be fully utilized. In the quota year 2008/2009, 9.32 billion kg of milk were purchased – this means that wholesale providers used 99% of the quota which they were granted.

By the end of March 2009, a total of 292 purchasers were involved in procurement of milk, 240 out of which also dealt with milk processing. This number has been gradually decreasing since quota year 2004/2005 – so far it has fell by 20%.

The structure of processing of the purchased milk is also changing. Production and sales of ripening cheese, dairy drinks (including various yoghurts) and whole milk powder are steadily increasing. Production of butter and skimmed milk powder production remains at the same level.

The consumption of milk together with the milk intended for dairy products (without the milk processed into butter) reached 178 l per citizen. In the structure of dairy products consumption, consumption of the ripening and cottage cheeses and dairy drinks remains at a stable level. Meanwhile, the butter consumption is steadily decreasing.

Polish milk sector is covered by the common organisation of the milk and milk products market under Common Agricultural Policy of the EU. The main goal of this organisation is to limit the production and sale of milk and milk products and undertake particular intervention activities in order to stabilize the prices. Limitation of milk production means establishing, for each Member State, a national milk quota defining the maximum amount of milk which can be marketed in a given quota year, i.e. in the period from 1 April of a given calendar year till 31 March of the next year. When a Member State exceeds this amount, it will be obliged to pay a penalty fee. In the quota year 2008/2009, Poland was assigned a national quota of 9,567,745,860 kg, out which 9,403,080 for deliveries and 164,665,168 for direct sales. Those quotas were not exceeded.

The scope of market intervention which may be undertaken on the milk and milk products market results directly from the EU regulations in this area; while certain mechanisms are obligatory, others are facultative, i.e. their implementation depends on the situation on the milk market. Obligatory mechanisms include intervention buying-in of butter and skimmed-milk powder as well as payments to private storing

of butter and payments to consumption of milk and milk products in educational establishments. Decision to implement other support mechanisms, i.e. payments to skimmed milk powder used for production of casein and caseinates, payments to skimmed milk powder used for production of feed and export refunds for milk products, is made by the European Commission, based on the price situation on the milk market.

Since Poland's accession, Agricultural Market Agency has been implementing a mechanism 'Aid for consumption of milk and milk products in educational establishments'. The programme is aimed at children and youth in kindergartens, primary and secondary schools. Its goal is to promote a healthy diet and a healthy lifestyle among children and youth by delivering milk and milk products to schools and kindergartens on a daily basis.

The programme is financed from three independent sources, i.e.:

- means coming from the EU budget,
- additional financing from the means of the Dairy Sector Promotion Fund introduced in the beginning of 2006 and aimed at kindergartens and schools,
- additional financing from the state budget (national payment) for primary schools which, since September 2007, provides white milk (without additional flavoured variations) for children in schools free of charge.

Educational establishments, providers (dairies, intermediaries), gmina offices and social organisations are all eligible beneficiaries of the payments. In the school year 2008/2009, over 2.3 million pupils were included by the programme financing consumption of milk and milk products in educational establishments. A total of 44 thousand tonnes of milk and milk products were delivered to schools in that period.

WHOLESALE MARKETS AS A SYSTEM FOR DISTRIBUTION OF AGRI-FOOD PRODUCTS

Wholesale markets are an important link in the distribution system of agri-food products in Poland. They play an important role as a source of supply, especially for big urban agglomerations: almost 40% of the total sales of fresh fruit and vegetables in Poland takes place on the wholesale markets. Other products offered on those markets include flowers, eggs and dairy products, meat, fish, preserves and flower accessories. Several years' experience in functioning of those entities prove that they do not only offer a wide selection of products – they are also a source of price information and a place where trainings, conferences and integration of agricultural producers take place. Their activity improves the quality of offered products and enables their adjustment to market requirements as they create requirements regarding the merchantable quality of the products and indicate the changes in demand, and as such, play an educational role.

The currently functioning wholesale markets were created under departmental and government programmes for creating and development of wholesale markets – I and II stage, with a substantial support from public funds. Apart from them, there is a number of entities offering private or self-governmental capital.

On a public forum, wholesale markets are represented by a Polish Wholesale Markets' Association. Moreover, representatives of Polish wholesale markets are members of the World Wholesale Market Association.

Websites of those entities offer information on product offer, prices and events taking place on the wholesale markets. The addresses are available on the websites of the Ministry of Agriculture and Rural Development.

PROVIDING AGRICULTURAL SECTOR WITH MEANS OF PRODUCTION

Consumption of mineral fertilizers (NPK) for crops in 2008 amounted to 2142.0 thousand tonnes and was by 8.7% higher than in the preceding year. The most significant was the increase in consumption of phosphorus (by 12.2%), nitrogen (by 8.1%) and potassium (by 6.9%) fertilizers. A total of 132.6 kg of NPK

per 1 ha of agricultural land was used, as compared to 121.8 kg of NPK in the previous year (8.9 more); this amount included: 70.7 kg of nitrogen fertilizers (8.3% more), 33.3 kg of potassium fertilizers (7.1% more) and 28.6 kg of phosphorus fertilizers (12.2% more). The relation of N:P:K in fertilizers remained at the last year's level, i.e. 1.0 : 0.4 : 0.5, which means that in the overall consumption of mineral fertilizers, expressed in pure component, nitrogen (N) constituted 53.3%, phosphorus 21.6% and potassium 25.1%. There was also a slight increase in the use of calcium fertilizers (by 2.1%), which equalled 38.5 kg per 1 ha of agricultural land, as compared to 37.4 kg in the preceding year. Despite this minor increase, consumption of calcium fertilizers is still considered to be low and has a negative impact on the soil structure and acidity, and, as a result, lowers the yields. It has also an indirect impact on the quality of produced agricultural raw materials. Use of solid manure in individual holdings amounted to 59 kg of NPK and rose by almost 29% since last year.

TABLE 13. Use of mineral and calcium fertilisers (in NPK per 1 ha of agricultural land)

	2000/01	2005/06	2006/07	2007/08	2007/08
					2006/07=100
Mineral fertilizers NPK	90.8	123.3	121.8	132.6	108.9
including: Nitrogen N	50.3	62.5	65.3	70.7	108.3
Phosphorus P ₂ O ₅	17.9	27.7	25.5	28.6	112.2
Potassic K ₂ O	22.6	33.1	31.1	33.3	107.1
Calcium fertilizers CaO	94.2	54.8	37.4	38.5	102.9

Source: Agriculture in 2008 CSO (GUS), Warsaw 2008

More than 1.7 million agricultural holdings in Poland use mineral fertilizers, which constitutes 69.2% of all holdings possessing agricultural land in the so called good agricultural condition. Majority of holdings used nitrogen fertilizers (88.7%) and multicomponent fertilizers (65.1%), but also potassic fertilizers (18.4%) and phosphorus fertilizers (16.5%).

While the average national use of mineral fertilizers in the economic year 2007/08 was at the level of 137.2, the consumption varies considerably in particular voivodeships; 7 voivodeships used more than the national average, with the highest consumption registered in Opolskie (197.9 kg), Kujawsko-Pomorskie (191.1 kg), Dolnośląskie (181.7 kg) and Wielkopolskie (173.7 kg). The lowest NPK consumption was in Podkarpackie (71.4 kg), Małopolskie (37.5 kg) and Podlaskie (95.5 kg) Voivodeships.

Use of calcium fertilizers for crops in 2008 was amounted to 622.4 thousand tonnes, which was more than in the preceding year (by 17.5 thousand tonnes) and equalled 38.5 kg per 1 ha of agricultural land. This level is still very low. The level of liming of soil was different in particular voivodeships and ranged from 101.2 kg per 1 ha of agricultural land (Opolskie Voivodeship) to 8.1 kg (Małopolskie Voivodeship). The comparison of mineral and calcium fertilizers usage suggests that NPK fertilization was, on average, three times more intensive than calcium fertilization or, in certain voivodeships (Świętokrzyskie), even 10 times bigger. Such low consumption of calcium fertilizers leads to an increased soil acidity which is particularly unfavourable in regions under intensive nitrogen fertilization, leading to lowered alkalinity of soil (e.g. Małopolskie, Podlaskie, Kujawsko-Pomorskie, Świętokrzyskie).

Usage of organic fertilizers should also be included in the evaluation of the level of fertilization as they are an important component of plants' nutrients, retain water in soil and slowly resolve potassium (2 years) and phosphorus (4 years). Research carried out by CSO indicates that in the economic year 2007/09, more than 1133 thousand agricultural holdings used organic fertilizers: almost 1130 thousand holdings used solid manure, 89 thousand holdings used semi-liquid manure and 262 thousand used liquid manure. Agricultural holdings which were included in the research used a total of 61.9 million tonnes of the solid manure, which is an equivalent of 59.0 kg of NPK per 1 ha of agricultural land in a good agricultural condition.

Sales of plant protection products produced in Poland and imported finished in 2008 at the level of 14.5 thousand tonnes of active substance and was approx 14% higher than in 2007. Herbicides (53.1%) had the biggest share in the sales structure (all products available on the market), followed by fungicides and seed

dressings (29.6%). When compared to the preceding year, there was an increase in all groups of products, even though the average prices of plant protection products were 10% higher in 2008 than in the previous year; the profitability of the plant protection products declined sharply. Plant protection products are sold in Poland in over 6 thousand points of sale, 5% out of which is constituted by wholesale units.

By the end of 2008, the number of plant protection products allowed for marketing and use was fell to 648 (975 in 2005). Fungicides created the most numerous group (232 products), followed by herbicides (226), insecticides (82) and growth regulators (42).

The production and sales of most types of agricultural machinery has been rising slowly in Poland in the recent years, though, according to rough estimates provided by CSO (GUS), in 2008 there was a 10% decrease in the production of tractors and a 50% decrease in production of ploughs, and, on the other hand, a 41% increase in the production of field sowers, as compared to 2007. Number of tractors rose in 2008 by 13 thousand units and amounted to 1566 thousand units. The factors stimulating the rise in demand for agricultural machinery are, on the one hand, the need to renew the worn-out equipment and, on the other hand, the gradual increase in accessibility of EU funds meant for purchase of machinery and equipment within various programmes.

In 2008, prices of agricultural machinery and equipment rose, on average, by 2.9% when compared to 2007; this was the least dynamic price increase among all means of agricultural production.

TABLE 14. Prices of the means of agricultural production (previous year=100)

Specification	2005	2006	2007	2008
Seed for sowing, young trees, cuttings, others	95.4	110.1	132.8	103.0
Mineral or chemical and calcium fertilizers	107.9	100.4	106.6	138.4
Plant protection products	101.7	100.8	101.1	109.9
Farm animals and birds	107.6	102.9	102.3	104.1
Feed	90.4	99.1	116.2	114.5
Agricultural machinery and equipment	110.6	102.2	103.1	102.9
Construction materials	104.9	100.9	113.0	105.0
Fuels, oils, lubricants	107.7	99.6	104.2	107.2
Maintanance of agricultural and horticultural machinery	105.1	104.0	103.9	111.4
Veterinary services	102.3	101.4	101.2	103.1

Source: Agriculture in 2008, CSO (GUS)

ORGANIC FARMING

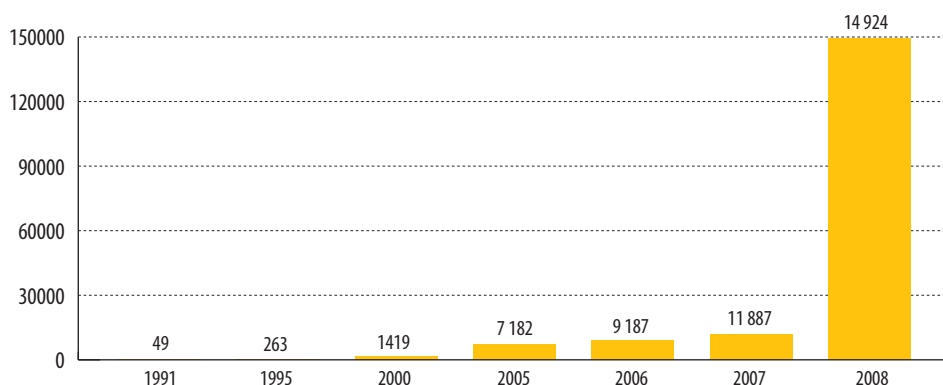
Organic farming is a system of farming based on balanced plant and animal production. Organic production combines best environmental practices, high degree of biological diversity and protection of natural resources with keeping high standards of animal welfare and production methods, all of which satisfy the requirements of consumers opting for products made with the use of natural substances and natural processes.

The number of organic farms varies depending on the region. Most of them are located in south-east Poland, where farms are small in size and run by families.

Organic farming is the most environmentally friendly method of agricultural production, enhancing soil fertility and preserving landscape diversity. In order to enhance biological activity and fertility of soil, crops are need to be appropriately rotated; and while soil-enriching crops, e.g. papilionaceous plants, need to be planted.

Recent years have witnessed a growing interest in organic food production methods all over the world, and especially in the EU. The world's area of organic farming exceeds 35 million ha, 20% of which is in the EU. Despite favourable conditions, Poland lags behind the EU average as regards organic farms and

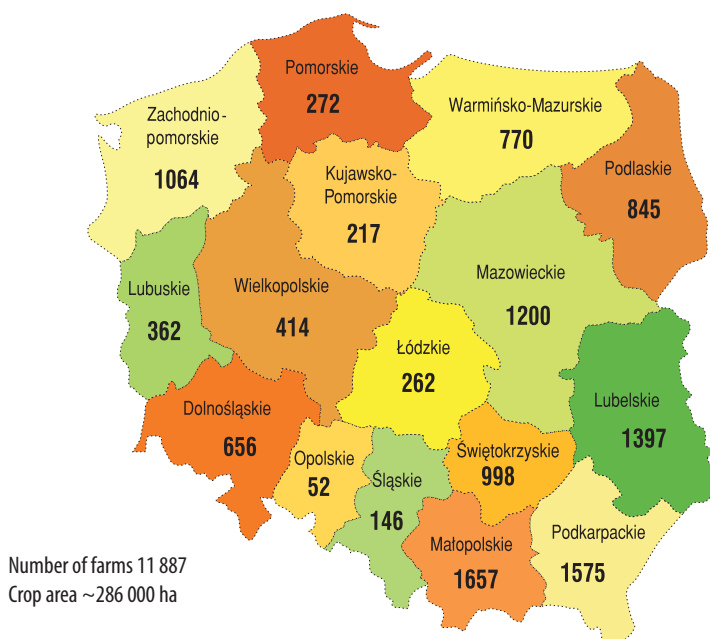
Fig. 10. The number of organic farms inspected in Poland in 2005–2008



the area under organic farming. Organic farms constitute on average 1.7% of all agricultural holdings and 3.9% of the farming area in the EU, while in Poland these figures are 0.8% and 2.3%, respectively. At the national level, organic farming is governed by the provisions of the Act of 20 April 2004 on organic farming. Control and certification of production process are the key elements in organic production system, guaranteeing compliance of production with the provisions of Council Regulation (EC) No 834/2007 and Commission Regulation (EC) No 889/2008. Compliance certificates are accepted everywhere in the European Union. Polish control and certification system was developed in accordance with the Act on organic farming.

In 2008, there are 11 accredited certification bodies responsible for control and certification in the organic farming sector, namely:

Fig. 11. The number of organic farms in Poland in 2008, broken down by Voivodeships



- 1) EKOGRWARANCJA PTRE sp. z o. o, 20-834 Lublin, ul. Irysowa 12/2; Identification Number: RE-01/2005PL;
- 2) Jednostka Certyfikacji Produkcji Ekologicznej PNG Sp. z o.o. (Organic Production Certification Unit) in Zajączków, 26-065 Piekoszów; Identification Number: RE-02/2005/PL;
- 3) COBICO Sp. z o.o., 31-203 Kraków, ul. Lekarska 1; Identification Number: RE-03/2005/PL;
- 4) BIOEKSPERT Sp. z o.o., 00-564 Warszawa, ul. Narbutta 3A m 1; Identification Number: RE-04/2005/PL;
- 5) BIOCERT Sp. z o.o., 31-503 Kraków, ul. Lekarska 25A; Identification Number: RE 05/2005/PL;
- 6) Polskie Centrum Badań i Certyfikacji Biuro ds. Badań i Certyfikacji Oddział in Piła (Polish Testing and Certification Centre, Office for Testing and Certification, Unit in Piła) 64-920 Piła, ul. Śniadeckich 5; Identification Number: RE-06/2005/PL;
- 7) AGRO BIO TEST Sp. z o.o., 02-787 Warszawa, ul. Nowoursynowska 166; Identification Number: RE-07/2005/PL;
- 8) TÜV Rheinland Polska Sp. z o.o. 02-146 Warszawa, ul. 17 Stycznia 56; Identification Number: RE-08/2008/PL;
- 9) Centrum Jakości AgroEko Sp. z o.o. (Quality Certification Centre) 05-126 Nieporęt ul. Baski 2; Identification Number: RE-09/2008/PL;
- 10) Control Union Poland Sp. z o.o. 70-535 Szczecin, ul. Wielka Odrzańska 31/2 Identification Number: PL-EKO-11;
- 11) SGS Polska Sp. z o.o. 01-233 Warszawa, ul. Bema 83, Identification Number: PL-EKO-10.



Funding for organic agriculture in Poland comes from two sources:

- 1) the national budget, from which the following may be subsidised:
 - organic agriculture research, including analyses of substances not allowed in organic farming;
 - the costs of inspection of agricultural holdings where organic production methods are used;
 - promotional activities for organic farming, including participation in national and international fairs;
- 2) Community funds (national budget and the budget of the European Union) within the Rural Development Plan 2007–2013
 - agricultural producers may receive aid under measure: “Participation of farmers in food quality schemes”;
 - groups of producers may receive aid under measure „Information and Promotion”;
 - farmers receive aid in the form of area payments for organic farming, under measure “Agri – environment, the organic farming package”.

Organic farming has been growing at a stable pace in the recent years, both in terms of the number of holdings, the total area under organic cultivation and the number of processing plants. In 2008, control and certification system encompassed a total of 14,924 agricultural holdings (25% more than in 2007), with the total area of 370 thousand ha, and 253 processing plants (2% more than in 2007).

The conditions for development of organic farming are favourable in Poland; the eco-quality of production space in agriculture, as well as its biological diversity, are among the best.

In 2003, the National Centre for Organic Agriculture was established in Radom. Its main task is to coordinate the activities of advisory bodies with regard to organic production methods and to disseminate knowledge on organic agriculture among potential producers.

INTEGRATED AGRICULTURAL PRODUCTION

At the same time, integrated agricultural production is carried out that uses balanced technical and biological progress in the field of cultivation, protection of plants and fertilization, paying special attention to the environmental protection. Integrated production makes it possible to obtain crops of highest biological and nutritional value and safe to human health.

In Poland integrated production is subject to the Act on plant protection of 18 December 2003 (Dz.U. of 2008, No 133, item 849, as amended) and to the Ordinance of the Minister of Agriculture and Rural Development of 26 July 2004 on integrated production (Dz.U. of 2004, No 178, item 1834, as amended). The supervision and IP certification have been delegated to the Main Inspectorate of Plant Health and Seed Inspection.

On 14 June 2007, by decision of the Minister of Agriculture And Rural Development, integrated production, within the meaning of Article 5 (1) of the Act on plant protection, was recognised as national food quality system.

Agricultural producers interested in obtaining the official IP certificate should notify the Voivodeship Inspectorate of Plant Health and Seed Inspection about their intention to commence growing crops. Upon first application to participate in the IP system, a producer is registered under a particular number. The producer thus becomes obliged to apply methodologies approved by the Chief Plant Health and Seed Inspector, which are available on the website of the Inspectorate of Plant Health and Seed Inspection. <http://www.piorin.gov.pl/>. All activities related to IP farming have to be documented in the Integrated Production Notebook, the template for which is provided in the Ordinance on integrated production.

Before ending the production, the producer applies for a certificate to the inspection unit, appropriate for the crops location. The certificate is awarded when the inspection does not reveal any irregularities and

TABLE 15. Integrated production in 2004–2008

	2004	2005	2006	2007	2008
The number of issued IP certificates	811	1 557	1 891	1 915	1 174
Certified area (ha)	6 452	9 286	10 924	10 602	7 480
Certified area (ha)	155 204	175 520	229 697	190 728	203 449

the producer has filed the application for a certificate correctly, completed an IP training, carried out production according to the methodologies approved by the Main Inspector, and documented the activities related to the integrated production in the Notebook, properly and on a regular basis.

The producers whose production has been certified have the right to use the certificate and to mark their products with the integrated production trade mark (the logo).



AGRICULTURE IN INDIVIDUAL REGIONS

Agricultural production is diversified in individual regions due to soil quality, size of the holdings, type of land ownership, traditions and possibilities to sale agricultural products depending on the location of outlets (location of processing plants, urban agglomerations, state borders).

The wear and tear on the means of production is also diversified, determining the intensity of agricultural production. The highest yields are obtained in the western and northern voivodeships of Poland, where holdings are relatively larger while fertilisation and plant protection are more intensive.

TABLE 16. Yields of cereals and potatoes, compared with the intensity of mineral and organic fertilisation

Specification	Yields of cereals from 1 ha in dt	Yields of potatoes from 1 ha in dt	Consumption of fertilizers expressed in pure component	
			mineral or chemical in thousand t	calcium in thousand t
Poland	32.2	191	1142.3	622.4
Dolnośląskie	41.5	209	165.6	49.2
Kujawsko-Pomorskie	32.8	183	210.3	39.7
Lubelskie	33.3	202	198.0	57.1
Lubuskie	25.3	177	70.1	20.3
Łódzkie	28.0	186	159.6	50.5
Małopolskie	34.0	173	50.9	5.6
Mazowieckie	27.6	191	246.8	49.9
Opolskie	51.8	233	111.7	57.1
Podkarpackie	32.8	182	51.1	11.4
Podlaskie	26.9	190	106.5	15.1
Pomorskie	31.8	218	99.4	35.1
Śląskie	37.4	208	52.3	16.3
Świętokrzyskie	31.0	181	61.0	5.7
Warmińsko-mazurskie	33.8	203	122.1	39.6
Wielkopolskie	29.7	165	311.0	94.9
Zachodniopomorskie	30.8	215	125.6	74.9

Source: Agriculture in 2008, CSO (GUS)



Concentration of production is clearly visible in case of certain plants. While cereals are cultivated on large scale in all voivodeships, in 2007, buckwheat, for example, was planted in 2008 on a total area of 64.5 thousand ha, out of which 26 thousand ha, i.e. 40% of the total crops in Poland, were located in Dolnośląskie and Lubelskie.

Millet is grown mainly in Świętokrzyskie Voivodeship, with the yields of 56,700 dt constituting almost 60% of the total yields in Poland. Grain maize was mostly grown in Dolnośląskie, Wielkopolskie and Opolskie Voivodeships, where the yields amounted to 562 thousand tonnes, i.e. 44.2% of the total yields in Poland.

Apart from family gardens, outdoor vegetables are grown mainly in 5 voivodeships: Mazowieckie, Lubelskie, Łódzkie, Małopolskie and Wielkopolskie, where yield in 2008 constituted over 60% of the total yields in Poland.

Strawberries are grown mainly in Mazowieckie and Lubelskie Voivodeships, where plantations constitute 47% of the total area of Polish strawberry plantations and the yields amount to 48.3% of total yields in Poland. The largest quantities of tree fruit are picked in central and eastern regions of Poland (in 2008 – 83.9% of the national yields).

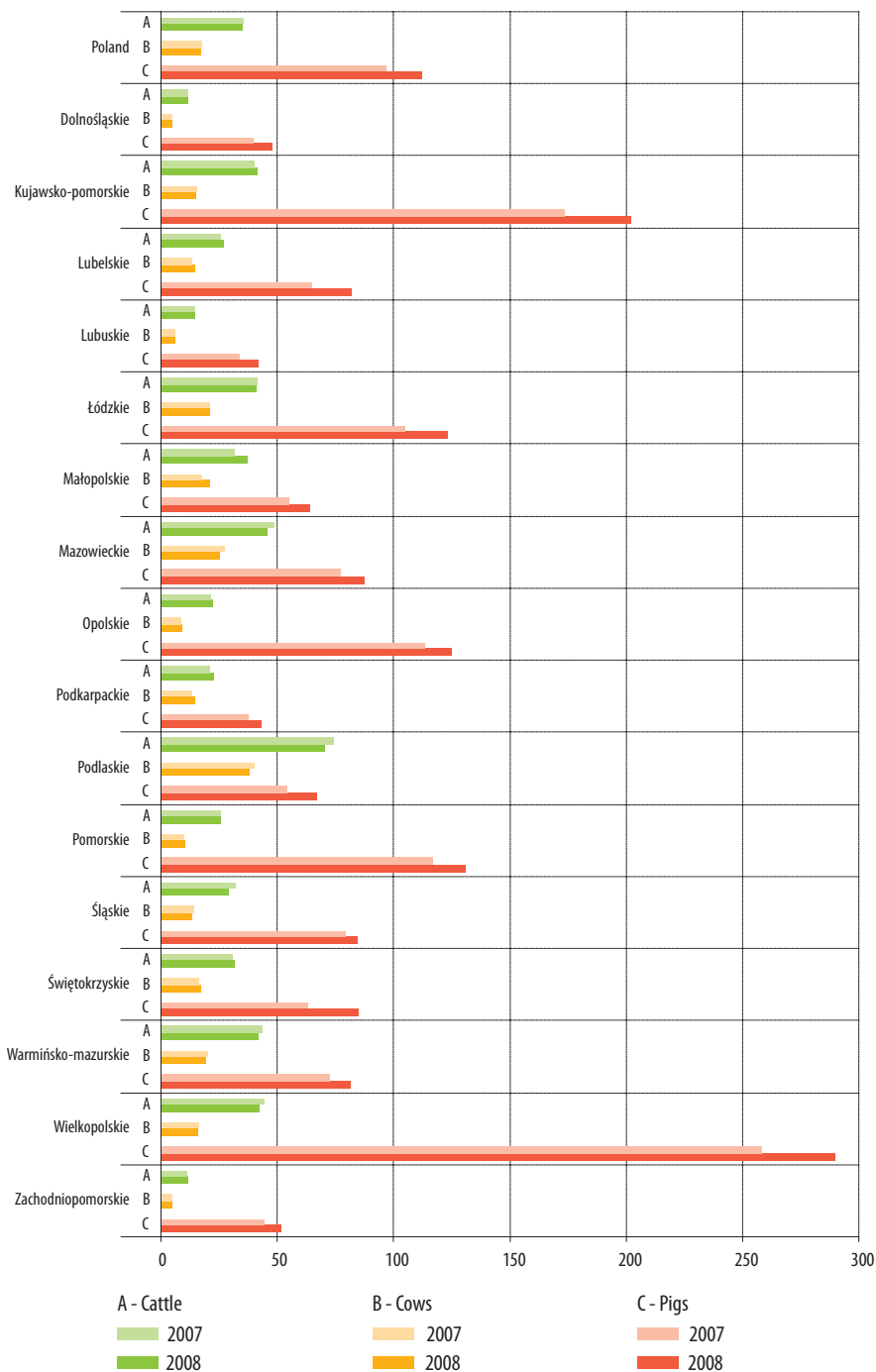
Concentration of animal production is also subject to regional differences. Traditionally, the largest bovine population lives in Mazowieckie (18%), Podlaskie (14.5%) and Wielkopolskie (14.5%) Voivodeships. The highest number of cows was also recorded in the above mentioned voivodeships, with their share in total cow population in Poland of 21.0%, 16.1% and 10.8%, respectively.

As compared to 2007, in December 2008, with total increase of 2.4%, bovine population was the lowest in Małopolskie Świętokrzyskie,. Bovine stock declined in 9 voivodeships with the biggest fall registered in Małopolskie Voivodeship.

The Voivodeships with the largest stock of pigs are: Wielkopolskie (29.9%), Kujawsko-Pomorskie (11.7%) and Mazowieckie (10.8%). According to the statistics from the end of March, the number of pigs fell by 13% and did match last year's results in any of the voivodeships.

The criterion used to measure cattle and pig breeding intensity is animal density per 100 ha of utilised agricultural area.

Fig. 12. Stock of cattle, cows and pigs per 100 ha of UAA in 2007, broken down by voivodeships^{1/} (in heads)



Source: Agriculture in 2008, CSO (GUS)

^{1/} Stock of cattle and cows based on the data from June; stock of pigs – data from March

RURAL AREAS

GENERAL DESCRIPTION OF RURAL AREAS

Rural areas cover over 93.2% of the area of Poland and are populated by 14.8 million people, i.e. 38.8% of the country's population, with 0.82 ha of area per person – 0.09 ha per person in cities and 1.97 in the countryside.

There are 53,000 villages, with an average population of 278 people. The Voivodeships with the most densely populated villages are: Małopolskie (844 people per village), Podkarpackie (746 people) and Śląskie (767 people). The voivodeships with the smallest population living in villages are: Podlaskie (124 people), Warmińsko-Mazurskie (151 people), Zachodniopomorskie (171 people), and Łódzkie (181 people). The dispersed settlement, as well as a small population per village, hinder the development of rural areas, increasing the infrastructure costs, and frequently make it impossible to undertake business activity other than agricultural. In recent years, a rapid decrease in the number of people earning their living from agriculture has been observed. Rural population gets their income from many sources, mainly from paid employment. A large percentage of rural population consists of people living on old-age and disability pensions, in particular in households with a holder of an agricultural holding.

Due to the natural and environmental values of rural areas, rural and agricultural tourism have been growing and an increasing number of people working in cities or at home have been moving to rural areas. The role of Internet has increased as a tool making it possible to carry out a number of tasks from home. Development of tourism and agro-tourism, as well as starting non-agricultural activities, is supported from public funds within EU-subsidised programmes.

RURAL POPULATION

Since 2001, the population in rural areas has been rising and by the end of 2008 reached the level of 14,847.7 thousand people, i.e. 1.0% more than in 2007 (49 thousand people) and 264 thousand more than in 2000. Women represented 50.3% of the rural population; in cities, the percentage of women was higher – 52.6%.



In Poland, there are 122 people living on 1 km²: 109 in cities, 51 in rural areas. Urban population is older than rural population; the average age of people living in cities is 38.5 years, whereas in the countryside, it is 35.5. People of pre-working age (under 18) constituted 22.6 of the rural population and 17.7% of the urban population.

ECONOMIC ACTIVITY AND UNEMPLOYMENT IN RURAL AREAS

Economic activity of people aged 15 and over, as well as the employment rate, are higher in the rural areas than in cities. In the survey conducted by the Central Statistical Office (GUS), entitled Survey of Economic Activity of the Population (BAEL), the basic criterion for including an individual in the economically active group was their employment duration during the reference period with regard to sickness, leaves, breaks in economic activity or periods of unemployment period/active seeking employment.

TABLE 17. Economic activity of people aged 15 and older (%)

Specification	1995	2000	2005	2006	2007	2008 4 th Quarter
Total economic activity coefficient	58.4	56.4	54.9	54.0	53.7	54.7
Urban areas	57.2	55.8	54.2	53.5	53.4	54.5
Rural areas	60.5	57.5	56.0	54.9	54.2	55.0
Total employment rate	50.7	47.4	45.2	46.5	48.5	51.0
Urban areas	49.3	46.3	44.1	45.8	48.2	50.7
Rural areas	53.1	49.3	47.0	47.8	49.2	51.5

Source: Concise Statistical Yearbook 2009, CSO (GUS)

Higher economic activity and employment rate in rural areas results from the fact that declaring even 1 hour of work a week qualifies a person into the group of the economically active and employed.

According to the BAEL survey, unemployment in rural areas is lower than in cities and, like in cities, it shows a downward tendency.

TABLE 18. Unemployment rate based on BAEL (% of economically active population)

Specification	2002	2005	2006	2007 – I	2008 – I
Unemployment rate	19.7	17.7	13.8	9.6	7.1
– Urban areas	21.3	18.7	14.4	9.9	9.2
– Rural areas	17.2	16.1	13.0	7.2 M	7.0

Source: Concise Statistical Yearbook of Poland 2009, CSO (GUS)

Broken down by type of education, unemployment is falling in all the groups. In the 1st quarter of 2008, the unemployment rate in rural areas equalled 8% in the group of the economically active with a university degree (5.4% in cities), 11.4% among people with post-secondary and secondary vocational education (10.7%), 16.9% in the group with secondary education (15.8%), 11.3% among people with primary vocational education (17.7%) and 12.3% in case of people with post-primary, primary and incomplete primary education (31.3%).

For people with a relatively low level of education, it is much easier to find employment in rural areas. Even though economic activity and employment rate are higher in rural areas, many families there live on

the verge of poverty. According to the survey carried out by CSO (GUS) in 2005, 18.7% of people in rural households (and 8.2% in cities) face the threat of extreme poverty, i.e. they do not have enough money for basic food and live in a very small flat. These people constitute more than a half of the group living below the breadline. Providing financial aid from programmes stimulating economic activity and development of rural areas should reduce the extent of poverty in those areas.

RURAL INFRASTRUCTURE

Rural areas are characterised by lower availability of basic technical infrastructure facilities when compared to urban areas, but, at the same time, funds allocated for this purpose increase rapidly. Numerous programmes implemented after 1990 have been subsidised from national and local self-governments' budget, environmental protection funds, funds from foundations active in the agricultural sector and rural areas, EU funds (Phare programmes, SAPRD, structural funds), as well as from World Bank and European Investment Bank loans.

In 2004–2006, rural infrastructure development was supported by means from EU programmes whose implementation was administered by the Ministry of Regional Development. Measure 'Development and improvement of technical infrastructure connected with agriculture', which was implemented under the Sectoral Operational Programme 'Restructuring and Modernisation of the Food Sector and Rural Development 2004–2006'. The support was granted for the projects carried out in rural households and involving construction or renovation combined with modernisation of: internal roads, water supply devices, sewage channelling and treatment devices and energy supply networks and devices.

The Programme for Development of Rural Areas 2007–2013, under the measure 'Basic services for the economy and rural population' provides for covering up to 75% of eligible costs of the projects in the field of:

- water resources and waste management, in particular water supply and sewage channelling and treatment, including sewage network systems or farm sewage system,

TABLE 19. Road, water supply and waste water networks as of 2007, in comparison with 2005 (in km per km² of surface)

Voivodships	2005	2007	2005	2007	2005	2007
Dolnośląskie	75.4	75.8	47.2	48.9	15.5	18.2
Kujawsko-pomorskie	69.1	70.6	100.0	104.7	14.5	17.3
Lubelskie	66.5	67.8	62.4	65.3	5.9	7.3
Lubuskie	40.0	50.2	29.2	30.4	5.1	6.5
Łódzkie	79.1	81.7	98.9	101.3	6.3	7.9
Małopolskie	132.0	135.5	89.1	92.8	27.5	33.1
Mazowieckie	70.4	73.2	80.4	90.0	6.9	9.2
Opolskie	80.2	80.2	59.5	60.2	11.2	13.7
Podkarpackie	70.3	71.8	62.0	63.0	39.2	43.4
Podlaskie	49.1	50.1	49.1	51.7	4.3	5.0
Pomorskie	52.0	52.5	52.3	54.9	16.2	19.6
Śląskie	128.5	129.6	102.2	105.7	25.5	31.2
Świętokrzyskie	96.0	98.4	85.5	89.8	13.1	14.2
Warmińsko-mazurskie	45.3	45.3	42.9	46.3	8.7	9.9
Wielkopolskie	72.4	74.7	79.3	80.9	12.3	14.5
Zachodniopomorskie	47.8	48.2	26.1	27.6	9.4	11.0

Źródło: Z. Jarosz – Stan i kierunki zmian w rozwoju infrastruktury technicznej na obszarach wiejskich – IUNG 2009

- building a system for collection, segregation and disposal of municipal waste,
- production or distribution of renewable energy, including energy from wind, water, geothermal energy, the sun, biogas or biomass.

The need for development of infrastructure in rural areas is urgent and varies considerably in particular regions. The most developed networks of hard-surface roads are located in Warmińsko-Mazurskie and Zachodniopomorskie Voivodships. The highest road density increase as compared with 2005 was recorded in Wielkopolskie, Łódzkie and Mazowieckie Voivodships. There is also a significant divergence in the density of water supply networks and waste water networks, particularly between the east-central Poland and the rest of the country. When compared with 2005, a noticeable progress has been made in terms of development of sewage system which ranged from 8.4% (Świętokrzyskie Voivodeship) to 33.3% (Mazowieckie Voivodeship). Progress in the development of road, water supply and waste water infrastructure which has been made since 2005 is significant; however, it is still insufficient and requires intensified activity and involvement of local self-governments.

DEVELOPMENT OF ECONOMIC ACTIVITY AND AGRO-TOURISM IN RURAL AREAS

Approx 7.5% citizens from rural areas run their own business activities not connected to agriculture; this percentage is even smaller among farmers and equals 4.5%. There are 982.5 thousand companies located in rural areas which are not involved in agricultural activities; 115.2 out of those companies are run in agricultural holdings. Investors are still more willing to create new workplaces in cities, rather than in the countryside. Reasons for this trend are commonly known and include: underdeveloped technical and social infrastructure in rural areas and a low level of education among rural population (although it is improving).

Since 2004, changes have been taking place in Poland in terms of economic activity in rural areas, which is now oriented at multifunctionality. Common EU policy and funds from its budget allocated for the support of local development create an opportunity for a sustainable growth of rural areas. During the years directly preceding Poland's accession to the EU and the first five years of our membership, considerable funds were allocated to rural areas through such programmes, as: SAPARD, Sectoral Operational Programme 'Restructuring and modernization of food sector and rural development 2004–2006' and two Rural Development Plans, for years 2004–2006 and – the currently implemented – for years 2007–2013. The notion of a multifunctional development of rural areas involves economic reinforcement of agricultural holdings, improvement of competitiveness of the agri-food sector and a simultaneous introduction of instruments for diversification of economic activity in rural areas so as to enable the creation of alternative sources of income for the rural population. All those programmes have a common goal – improved quality of life in rural areas, also through development of the services sector and creation of alternative workplaces in those areas – not related to food production, which currently is the main source of employment and bread-winning.

Agro-tourism is a dynamically growing part of Polish economy. This form of leisure is organised in rural areas and is based on accommodation and leisure activities offered by and related with agricultural holdings. Rural tourism is a broad notion and refers to various forms of leisure in rural areas.

It is estimated that agro-tourist services are rendered in approx 10,200 facilities which offer a total of 98,100 accommodations places. The biggest concentration of agro-tourist lodgings are located in the areas rich in tourist attractions. Due to a considerable cultural and environmental heritage, Małopolskie and Podkarpackie Voivodeships are among the most popular tourist destinations and include, respectively, 20% and 10% of all agro-tourist accommodation places. Equally popular are Warmińsko-Mazurskie Voivodeship (the Masurian Lake District) and Podlaskie Voivodeship – home of the Białowieża Forest, pretender to the title of one of the New Seven Wonders. Rural tourism in Poland is under constant development and addresses the needs and interests of families, youth, seniors or singles.

International Fair of Rural Tourism and Agro-tourism AGROTRAVEL, taking place in April in Kielce, is the biggest event promoting this type of leisure. Agro-tourism associations and agricultural advisory centres can provide more information on the agro-tourism offer.

FOOD INDUSTRY

For the last 5 years the development of food industry was based on stable foundations, formed by the growth of domestic and export demand. In recent years the dynamic growth in food processing sector amounted to 6% per year and only in 2008 this rate slowed down. In comparison to 2007, dynamics of the foodstuffs and beverages production sales amounted to 101.2%, though in comparison to 2005 it amounted to 115.2%.

The slow down of this increase begun in May 2008 and had its source in the general economic recession as well as the weakening of Polish economy and, consequently, in the decrease of demand in internal markets of our trade partners. Results of foreign trade in food products, which have been achieved after Poland's accession to the EU, attest to the high competitiveness of Polish food producers in foreign markets. Furthermore, they confirm that our export offer is safe and has both good quality and attractive prices for foreign consumers. Despite these positive aspects, food processing concentration level is relatively low, as is the work efficiency. Both marketing and Polish agri-food products promotion characterise with low activity. The situation in this respect might improve radically as a result of solutions adopted by the new Act on food promotion funds.

In 2008 the growth of food industry production sales amounted to 1.2%.

TABLE 20. Production sales in food industry, as compared to total domestic industry in 2008 (in enterprises employing 50 persons and more)

Specification	Production sales (fixed prices)		
	million PLN	2007=100	2007:2006
Total domestic industry	942 132	103.3	111.2
Industrial processing	809 147	103.7	112.4
Production of foodstuffs and beverages	155 936	101.2	107.2
Production of tobacco products	2 881.0	66.9	111.7

Source: Concise Statistical Yearbook of Poland 2009, CSO (GUS).

In 2008, out of several groups of foodstuffs and beverages surveyed by CSO (GUS), in 6 groups a rise in production was observed (in 3 of them exceeding 5%), and in the remaining 7 groups there was a fall (in 2 of them under 10%). In 2008 a decreasing tendency occurred in the production of several processing branches, including meat industry. Decrease in pigs supply led to the fall of slaughter in industrial enterprises by 8.7%. This reduction has not been covered by an increased cattle slaughter (by 5%), as a result of which slaughter of the slaughter cattle in industrial undertakings decreased by 6.5%. Decreasing tendency was revealed also in the main branch of meat processing industry, i.e. in the cured meat production, which in 2008 decreased by approximately 6%. On the other hand, the production of tinned food (mainly tinned ham and blade) increased by approximately 18%. This increase has been a consistent tendency in recent years. In 2008 the production of remaining animal products (mainly ready-made food) showed an increasing tendency. Owing to the high prices of raw material in 2007 and the first half of 2008, the industrial cereals milling decreased – it was lower than in the previous year by nearly 4% and amounted to approximately 3.6 million tonnes. Wheat



TABLE 21. Production of selected foodstuffs and beverages

Specification		Unit of measure	2007	2007	2008	2008
				2006=100		2007=100
1.	Industrial slaughter products, included in carcass dressing percentage					
	– beef and veal	thousand tonnes	152	106,2	159	104,6
	– pork	– „ –	953	100,0	864,	90,7
2.	Poultry	– „ –	1 127	101,8	1 195	106,0
3.	Cured meat	– „ –	760	105,6	705	92,8
4.	Fruit and vegetable juice	thousand hl	6 109	93,5	6 700	109,7
5.	Margarine and mixed spreads	thousand tonnes	345	100,0	337	97,7
6.	Processed liquid milk	million l	2 283	104,7	2 175	95,3
7.	Butter	thousand tonnes	176	106,0	179	101,7
8.	Fresh non-ripening and cottage cheese	– „ –	324	109,4	318	98,1
9.	Yoghurt	thousand hl	1 856	x	1 355	73,5
10.	Vodka (expressed in 100%)	million l	92,3	111,3	108	117,0
11.	Beer	– „ –	36,7	114,0	36,9	100,5
12.	Cigarettes	billion pieces	124	111,7	131	105,6

Source: Concise Statistical Yearbook 2009, CSO (GUS).

flour industrial production was lower by 4%; the rye flour production remained at the previous year level; production of pasta increased by nearly 3% and groats and flakes by 3.1%.

Milk processing structure has been changed and both production and sales of ripening cheese, dairy drinks, including various types of yoghurts and whole milk powder are systematically increasing. On the other hand, butter and skimmed-milk powder production remains at a similar level.

CONSUMPTION OF FOOD PRODUCTS

Population's income, which determines the demand for food, is a derivative of the growth in GDP, which rose by 4.9% in 2008, as compared to 2007. The total food consumption increased by 5.9%, the average remuneration rose by 10.2%, the average old-age or disability pension from the non-agricultural social insurance system increased by 9.2%, and that from the agricultural social insurance system rose by 5.4%. The unemployment rate fell from 11.2% in 2007 to 9.2% in 2008.

At the same time, the food prices rose by 6.2% (the prices of goods and services increased, on average, by 4.2%), including the price of bread and cereal products by 11.5%, pork – 4.7%, poultry – 6.2%, fish – 2.8%, milk, cheese and eggs – 9.5%, oils and other fats – 10.5%, fruit – 6.2%. Vegetable prices fell by 1.6% and sugar prices by 9.3%. The prices of non-alcoholic beverages rose by 5.0%, of alcoholic beverages – by 6.4%, and of tobacco products – by 9.3%.

Despite a relative increase in food prices in 2008, only small changes took place in terms of food consumption. Milk and sugar consumption oscillated basically at the last year level, while the vegetable, potato and egg consumption lowered. It is estimated that in 2008 the balance meat and processed meat consumption amounted to 75.4 kg per head and was lower than in 2007 by 2.2 kg. With a small increase in poultry consumption (by 1.3%), both the beef and pork consumption decreased by 2.5%. This situation resulted from a considerable decrease in slaughter pigs production and their prices rise. This, in turn, lead to a significant increase in retail prices of meat and processed meat in 2008 (by 5.4%), including pork by 8.8% and beef by 4.6% with a small fall of poultry prices (by 2%). In the processed meat group the greatest price increase has been noted in popular sausages and haslets (by 9 – 12%). The smallest price increase



has been noted in case of cured poultry meat, tinned meat as well as high-quality cured meat and dry sausages (by 3–4%).

In 2008 the decreasing tendency in cereals and cereal products consumption continued. Only the confectionery consumption was higher. In 2008 the total cereal products consumption amounted to 7.23 kg monthly per citizen and was lower by approximately 3% than in 2007. The decreasing tendency in rela-

TABLE 22. Annual consumption of basic food products per head (kg/litres/pieces)

Specification	1995	2000	2005	2006	2007	2008	2007=100
1. Grain of 4 cereals intended for processing	121	120	119	117	114	113	99.1
2. Potatoes	136	134	126	121	121	119	98.3
3. Vegetables	121	121	110	109	115	115	100.0
4. Fruits	41.2	51.6	54.1	54.4	41.0	54.5	132.9
5. Meat and haslets	64.0	66.1	71.2	74.3	77.0	75.4	97.9
including: meat	59.9	62.0	66.8	70.0	72.2	71.7	99.3
6. Animal fats	7.3	6.7	6.6	6.1	6.4	6.3	98.4
7. Butter	3.7	4.2	4.2	4.3	4.2	4.2	100.0
8. Milk	197	193	173	176	178	182	102.2
9. Hen eggs	155	188	215	214	209	205	98.0
10. Sugar	42.2	41.6	40.1	35.3	31.4	44.5	141.7
11. Vodka, liquors, other alcoholic beverages in terms of pure alcohol	3.5	2.0	2.5	2.7	2.9	3.3	113.2
12. Tobacco cigarettes	2612	1954	1974	1997	1951	1935	99.2

Source: Concise Statistical Yearbook 2008, CSO (GUS).

tion to the cereal products consumption results from their price increase as well as the improvement of population's income situation in 2008.

The consumption of milk together with the milk intended for dairy products (without milk processed into butter) reached 178 l per head. In the structure of dairy products consumption, ripening and cottage cheeses and dairy drinks consumption remains at a stable level. Meanwhile, the butter consumption is steadily decreasing.

When compared with the EU figures, in Polish households the percentage of expenditure from individual income on food, and non-alcoholic and alcoholic beverages is higher. In 2007, in EU-27 as a whole this percentage amounted to 12.7% for foodstuffs and non-alcoholic beverages, and 3.5% for alcoholic beverages and tobacco, whereas in Poland these figures amounted to 20.9% and 6.6%, respectively. The consumption of various products differs among main socio-economic household groups, though an average energy and nutritious value of a daily food intake differs insignificantly. There are also differences in consumption, depending on the family size, the level of education, the place of residence, etc.

DISCOVER GREAT FOOD

The **Discover Great Food** of the Minister of Agriculture and Development is in operation since 1 May 2004. The main purpose of the programme is to promote high-quality food confirmed by the certificate. The **Discover Great Food** is also helping consumers to consciously select food products. Furthermore, it aims to enhance consumer confidence in products of high and stable quality, produced on a massive scale, as well as to promote healthy life style. The **Discover Great Food** encourages entrepreneurs to produce good products and convinces them that it is worth their while to invest in quality.

The **Discover Great Food** is part of the European Union policy aiming at raising quality and increasing food diversity in the Common Market, whereas products with the **Discover Great Food** mark are a guarantee of highest-quality products from a verified source.

The **Discover Great Food** mark is awarded in the following groups of products:

1. meat and meat products
2. eggs and egg products
3. milk and milk products
4. fruit, vegetables, mushrooms and their respective products
5. cereals and their products, including breadstuff
6. fish and seafood and their respective products
7. non-alcoholic beverages
8. alcoholic beverages
9. mineral waters
10. honey
11. confectionery and pastry products
12. herbs and spices
13. edible fats
14. mixed and highly processed products based on the abovementioned raw materials.

Awarding with **Discover Great Food** quality mark helps the consumer to select the high-quality product.

Owing to the **Discover Great Food** mark, the producers increase the prestige of their products and provide them with a higher rank by means of indicating supervision of the Ministry of Agriculture and Rural Development over their products quality. The **Discover Great Food** mark is also distinguishing the products in a shop shell. The mark gives an opportunity to promote products both in the country and abroad.

The mark is awarded to those products, which comply with the highest criteria set by the Scientific Committee for the Quality of Food Products operating under the Minister of Agriculture and Rural Development. The Scientific Committee consists of experts in the fields of: nutrition, plant breeding, animal breeding as well as law and economics.



**POZNAJ DOBRĄ
ŻYWNOŚĆ**

In order to ensure stable and very high quality of the marked products the programme assumes maximum validity periods for the mark:

- the mark granted to a product for the first time for the period up to 3 years;
- the mark granted again to the product for the period up to 5 years.

By now over 1150 Polish food producers from nearly 100 companies, who have been awarded with the **Discover Great Food** mark, are benefitting from the trust placed in them by an increasing group of consumers.

The **Discover Great Food** is:

- unlimited as regards the number of granted marks and the deadline for submitting applications;
- voluntary;
- free of charge;
- open for all the producers active in the European Union market – regardless of the property size and form.

Promoting activities undertaken by the Ministry of Agriculture and Rural Development related to the **Discover Great Food**, aim to spread the knowledge on products with the **Discover Great Food** mark and programme participation rules, conditions for the acquisition of raw materials as well as production technologies and supervision systems.

Under the **Discover Great Food** measures the Ministry of Agriculture and Rural Development takes active participation in numerous exhibitions and fairs taking place all over the world. The **Discover Great Food** has been presented at the largest exhibition and fair events taking place in the Czech Republic, Ireland, Greece, Spain, Germany, China, Japan, USA, South Korea, Israel, Great Britain, Indonesia, Slovakia, France and Hungary. The Programme activities include not only official events, but also yearly **Discover Great Food** picnics, where the products labelled with this mark are presented. In 2009 for the first time the **Discover Great Food** picnic was organised outside the Ministry of Agriculture on a vast field in front of the Palace of Julian Ursyn Niemcewicz at the Warsaw University of Life Sciences (SGGW). This open event has promoted the highest quality food and was attended by the companies awarded with **Discover Great Food** mark.

Detailed information and full application forms are available at:

Ministerstwo Rolnictwa i Rozwoju Wsi – Program POZNAJ DOBRĄ ŻYWNOŚĆ

00-930 Warszawa, ul. Wspólna 30

tel.: 22 623 16 30; 22 623 18 10, fax: 22 623 16 08

e-mail: pdz@minrol.gov.pl, www.minrol.gov.pl



REGIONAL AND TRADITIONAL PRODUCTS

Since 2004 Poland participates in the European system of indications and designations for agricultural products and foodstuffs. This system (Quality Policy) is realized in the Community by distinguishing the agricultural products and foodstuffs originating from certain regions or characterised by traditional production method with the marks confirming their high quality. The system of regional and traditional products protection is based on two Regulations regulating the rules of their registration and protection: Council Regulation (EC) No 510/2006 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs and Council Regulation (EC) No 509/2006 on agricultural products and foodstuffs as traditional specialties guaranteed. The product names are registered as Protected Geographical Indication, Protected Designation of Origin or Traditional Speciality Guaranteed.

Protected Designation of Origin – if the name directly or indirectly refers to a region, a specific place, or in exceptional cases to a country, where a given product is produced, the entire technological process takes place in the area referred to by the name of the product, and characteristics and quality of the product are unambiguously associated with the specificity of the geographical area where it is produced.



Protected Geographical Indication – if the name of a product refers to a region, a specific place, or in exceptional cases to a country, where a given product is produced. Such a product must be renowned, and have specific characteristics or quality due to, or attributable to, its geographical origin. The quality of a product may also depend on the geographical area e.g. the climate, the flora, the lie of the land), local know-how of the producers or other natural or human factors.



Traditional Speciality Guaranteed – a product may be registered as traditional speciality guaranteed, when its name is specific in itself or it expresses specific character of agricultural product or foodstuff, the product itself is of a specific character, i.e. it possesses a characteristic or a set of characteristics that distinguish it from other products of the same category, and it has a traditional character which may be reflected in using traditional raw materials, a traditional composition or production method.



In a few years perspective the protection of designation of origin, geographical indication, and traditional production methods will open up new development possibilities for the traditional and regional foodstuff producers. Protection of cuisine heritage will contribute to the development of new, alternative income sources in the rural areas. This is particularly important in the areas with unfavourable cultivation conditions, which are systematically depopulating and falling into economic non-existence.

By the end of June 2009 the Ministry of Agriculture and Rural Development, responsible for national stage of applications assessment, submitted to the European Commission 34 applications for the registration of agricultural products and foodstuffs as Protected Designation of Origin Protected Geographical Indication and Traditional Specialities Guaranteed. Twelve Polish product names have already been registered, including: *oscypek* (a smoked cheese made of salted sheep's milk) and *bryndza podhalańska* (a sheep's milk cheese, *miód wrzosowy z Borów Dolnośląskich* (heather honey), *rogal świętomarciński* (bagel with white poppyseed filling), *wielkopolski ser smażony* (kind of fried cheese), *andruty kaliskie* (kind of wafers), mead types: *półtorak*, *dwójniak*, *trójniak*, *czwórniak* as well as *olej rydzowy* (saffron milk cap oil, *pierekaczewnik* (Tatar pasta dumpling).

The Rural Development Programme 2007–2013 provides for the following 2 measures: *Participation of framers in food quality schemes and Information and promotion activities*, which will include, *inter alia*, products registered within the EU as Protected Designation of Origin, Protected Geographical Indication and Traditional Speciality Guaranteed, as well as products participating in the Organic Agriculture Scheme and integrated production of fruit and vegetables.

As of 15 April 2009 it is possible to submit aid applications under the “Participation of framers in food quality schemes” measure. Launch of the “Information and promotion activities” measure is scheduled for the second half of 2009.

FISHERIES

GENERAL INFORMATION ON FISHERIES IN POLAND

Fisheries in Poland includes the Baltic Sea fisheries, deep-sea fisheries and inland fisheries. The share of Polish sea and inland catches in global fisheries is insignificant and amounts only to 0.2%.

In Poland, the internal seawaters occupy 2,005 km², and the territorial sea – 8,682 km².

The coastal zone of the Baltic Sea covers 36 municipalities in 18 poviats in the following voivodeships: Pomorskie, Zachodniopomorskie and partly in Warmińsko-Mazurskie (a part of the Vistula Lagoon).

The Baltic Sea is desalinated – its average salination decreases as the distance from the Danish straits grows. Polish marine areas are considered to be rich in fish resources.

Polish fisheries are governed by the rules applicable within the EU – fish quotas defined by the European Commission are binding and in parallel to imposing obligations on Polish fisheries, the EU also supports it with Community funds. These funds were expended under the Sectoral Operational Programme “Fisheries and fish processing 2004–2006” and currently under the Operational Programme “Sustainable Development of the Fisheries Sector and Coastal Fishing Areas for 2007–2013” for the implementation of, inter alia, the following priorities:

- adjustment of fishing effort to resources;
- renewal and modernisation of fishing fleet;
- protection and development of aquatic resources, aquaculture, fishing port facilities, processing and marketing, inland fishing;
- other measures including, among others, coastal fishing, socio-economic measures, promotion and innovative measures.

In 2009 operations in the deep-sea sector are conducted on the basis of, inter alia, the Council Regulation (EC) No 43/2009 of 16 January 2009 fixing for 2009 the fishing opportunities and associated conditions for certain fish stocks and groups of fish stocks, applicable in Community waters and, for Community vessels, in waters where catch limitations are required as well as the Council Regulation (EC) No 1359/2008 of 28 November 2008 fixing for 2009 and 2010 the fishing opportunities for Community fishing vessels for certain deep-sea fish stocks.

INFRASTRUCTURE OF SEA FISHERIES AND INLAND FISHERIES

The Polish fishing fleet includes 848 vessels with fishing capacity:

	41,194.20 GT	99,849.76 kW
including:		
4 deep-sea vessels	21,276.00 GT	18,415.00 kW
197 fish cutters	15,796.13 GT	50,840.93 kW
647 fishing boats	4,122.07 GT	30,593.83 kW

Explanation:

- Deep-sea vessel – total length from 40 m upwards;
- Fish cutter – total length equal or greater than 15 m and smaller than 40 m.

The list of vessels authorised to sea fisheries is available and updated at the following web pages: www.minrol.gov.pl i www.rybactwo.info.

Poland has 64 ports, where the fish may be landed, including 8 ports officially selected for the cod landing in a number exceeding 750 kg of live weight (Władysławowo, Hel, Jastarnia, Łeba, Ustka, Darłowo,



Kołobrzeg, Dziwnów). Sea fishery supervision is conducted by three Regional Sea Fisheries Inspectorates: in Gdynia, Słupsk and Szczecin, which comprise of 14 local inspectorates.

The main regions for fishing of Polish vessels are waters under the jurisdiction of: the Kingdom of Morocco and Islamic Republic of Mauritania, territory governed by the Convention on the Conservation of Antarctic Marine Living Resources (CCAMLR) and North-East Atlantic Fisheries Commission (NEAFC), Norwegian waters, North Sea, and the Southern Indian Ocean Fisheries Agreement (SPRFMO). The main species fished by Polish vessels include: krill, cod, saithe, Atlantic redfishes, Atlantic halibut, Atlantic mackerel, Atlantic horse mackerel.

In 2008 most of the funds granted to Poland were used by the North Atlantic Producers Organization (3 Polish units), by fishing and fishing quota exchange –mainly with Germany, Great Britain, Latvia, Estonia and Spain.

INFRASTRUCTURE OF INLAND FISHERIES

The total inland waters area in Poland (natural and artificial) amounts to 600 000 ha, including lakes – approximately 300 thousand ha, rivers and streams – approximately 140 thousand ha, fish-ponds – approximately 70 thousand ha, artificial lakes (over 20 ha) – approximately 55 thousand ha as well as overflow lands and old river beds – approximately 40 thousand ha.

Out of the total ponds area in Poland (70 thousand ha) approximately 50 thousand ha (70%) is exploited. The fish production is carried out in approximately 10 thousand agricultural holdings. Only approximately 600 entities conduct professional farming and breeding. This number consists of approximately 400 households specializing in fully commercial carp and additional fish farming (with an area of over 50.0 ha) and approximately 200 holdings specialising in trouts.

The majority of freshwater fish production for consumption purposes comes from pond farming (mainly carp and trout), while approximately 1/3 are fish yields from natural waters (professional lake and angling fishing).

SUPPLY OF SALTWATER AND FRESHWATER FISH

The supply of consumption fish on the domestic market in 2008 was higher by 6.5% as compared to the previous year and amounted to over 484 thousand tonnes, which resulted mostly from the 8% increase in imports, since the national fisheries were almost 4% lower than in the previous year.

In 2008 the Baltic Sea fishing was reduced by approx. 10% due to the low profitability of European sprat, herring and flounder fishing and the closing of cod fishery already from 22 May as well as the ban on salmon fishing with driftnets. More efficient control and enforcement of applicable penalties for cod overfishing carried out by the European Commission in 2007 will lead to the situation, in which the Baltic Sea fishing in 2009 will be even smaller than in 2008.

After 2 years of intensive growth, the deep-sea catches in 2008 increased only by 6%. The weakened dynamics of deep-sea catches growth was related to the change in their structure, which required the introduction of a vessel with freezer. These changes, introduced in the second half of the year, will enable a significant increase in deep-sea catches in the next year.

TABLE 24. Fish and seafood balance in Poland (by live weight in thousands of tonnes)

Specification	2005	2006	2007	2008 E
Sea catches	136.3	125.6	133.4	123.8
including: Baltic catches	124.3	104.9	107.8	96.6
– non-consumption catches	30.2	23.4	27.0	21.0
deep-sea fisheries	12.0	20.7	25.6	27.2
Freshwater fisheries and aquaculture	55.4	53.2	51.4	49.5
Total national fisheries	191.7	178.8	184.8	173.3
of which consumption fish	161.0	154.9	158.2	152.3
Import	518.3	587.7	642.0	692.8
Export	262.8	296.8	345.6	360.9
Supply of consumption fish on the domestic market	416.5	445.8	454.6	484.2

S – estimate

Source: Data from the Sea Fisheries Institute and estimate of the National Research Institute of Agricultural and Food Economics (IERiGŻ-PIB) based on data from the Inland Fisheries Institute

In total, sea fishing was lower by 7.2% as compared to the previous year, and amounted to over 124 thousand tonnes.

Freshwater fish production and fisheries decreased by 3.7% (in 2007 decreased by 2%), mainly as a result of the reduction in aquaculture production and catches of fish living in open waters. Aquaculture production of fish decreased by 2.3%, to 34.2 thousand tonnes, due to the fall in trout production by 5.5%. Nevertheless, the share of aquaculture in commercial freshwater fish production increased to almost 93% in 2008 as a result of a fall (by nearly 7%) in professional fishing of fish living wild in open waters.

FISH AND FISH PRODUCTS MARKET

The increase in fish and seafood supply lead to a rise in their consumption to approx. 13 kg per head in live weight equivalent. This increase in consumption resulted from the rise in consumption of imported freshwater fish. Sea fish consumption has not changed and the consumption of freshwater fish produced in the country has slightly decreased.

In 2008 the import of freshwater fish, mainly pangasid from Vietnam and tilapia from China amounted to nearly 90 thousand tonnes in live weight equivalent, 10 thousand tonnes of which were reexported. Sale of freshwater fish from import on the domestic market reached nearly 80 thousand tonnes, i.e. over 2.2 times more than the sale of freshwater fish produced in the country.

In 2008, the dynamics of fish and fish products trade turnover was evidently slower, especially in case of export. According to the initial data for 3 quarters of 2008, the volume of exports in the whole 2008 was higher than in the previous year by 4.4%, while in 2004–2007 the growth dynamics oscillated from 12 to 16% per year. The increase in domestic demand contributed to an increased fish import in a degree similar to the previous year (nearly 8%). The import of fish was 693 thousand tonnes in live weight equivalent, of EUR 790 million in value, while exports equalled 361 thousand tonnes and over EUR 742 million, respectively. The negative balance of foreign trade in the fish sector was lower by EUR 14 million as compared to the previous year and amounted to EUR 48 million. However, the deficit in foreign trade of fish and fish products was significantly lower than before the accession.

FISH PROCESSING

Lowering of the export dynamics has limited the production of fish products. The volume of fish processing in 2008 remained at the same level as in the previous year and its value reached PLN 4.5 billion. At the same time the production structure changed – the fish fillets production has been reduced (by over 44%) for the benefit of smoked fish and fresh fish, while the salted fish production hardly changed. Production of tinned and preserved fish, pickled fish as well as cooking products and ready-made food has increased as well.

The financial results of production plants have deteriorated considerably, despite the low prices of imported fish. This has been caused mainly by the fall in prices of imported products. All profitability and liquidity ratios were lower. Gross profitability in the first quarter of 2008 decreased to 3.07%, net profitability to 2.4%, and the current liquidity ratio to 1.08%. The share of profitable companies decreased from 82 to 75%, although their share in sector income remained at the same level as in the previous year. Worse financial situation has reduced the investments level, but it was still significantly higher than before the accession, since the companies dealing with fish processing aim at improving their competitiveness.

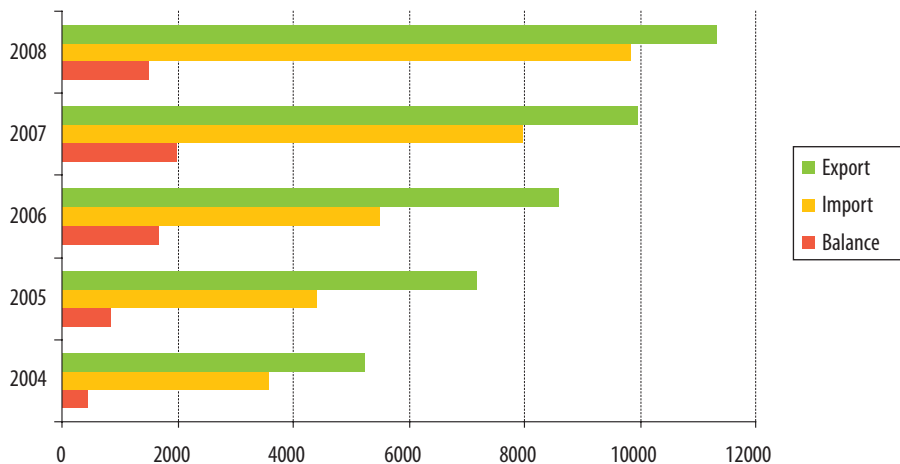
In 2008 the growth dynamics of fish price slightly increased, but the fish market still belonged to the most stable markets. Since the beginning of the year the growth of fish retail prices was lower than other food-stuffs growth, e.g. meat prices, but nevertheless significantly higher than the whole food and dairy products growth. The small but systematic rises in retail prices were accompanied by the falls in selling prices and slight fluctuations of the first sale prices. The price level of first Baltic Sea fish sale did not change in comparison to 2007, despite considerable periodical fluctuations. The majority of freshwater fish grew cheaper. Prices obtained in the import and export transactions as well as the exchange rate had a decisive influence on the prices level at the domestic market.

FOREIGN TRADE

GENERAL INFORMATION ON FOREIGN TRADE IN AGRI-FOOD PRODUCTS

In comparison to 2007, the export value increased by 14% and amounted to EUR 11.3 billion, while import increased by 23% to the level of EUR 9.8 billion and the positive balance remained at the level of EUR 1.5 billion. These results were achieved despite a clear economic downturn in the fourth quarter of 2008 and a lowering of agri-food products export since the second half of 2008. In the first half of 2008 the results of agri-food products foreign trade were definitely better than in the previous year and the situation deteriorated because of the second half of the year. The high growth of export in the first half of the year resulted from the higher, compared to the previous year, transaction prices and strengthening of the Polish zloty. In the second half of 2008, and the fourth quarter in particular, the foreign demand decreased and the effects of a lowered demand were not compensated by the zloty's weakening. The high import dynamics resulted from the low supply of animal products, especially pigs, and high prices on the domestic market. Since the accession the importance of foreign trade in agri-food products in Poland's balance of trade and payments is steadily increasing. The surplus acquired in the foreign trade in food decreases the negative turnover balance for the whole foreign trade in Poland. Within the last 5 years, the total amount of surplus in foreign trade in agri-food products amounted to EUR 6.7 billion. However, the surplus achieved in 2008 was lower than in the previous year by EUR 0.5 billion. The foreign trade in food has also a positive influence on the conditions for many branches in food and agriculture industry. In 2008 on average approximately 22% of the sold food industry production was intended for export. Furthermore, in the light of weakening domestic demand, export becomes an important external channel for products sale.

Fig. 13. Results of foreign trade in agri-food products (million EUR)



Source: Foreign trade in agri-food products, Institute of Agricultural and Food Economics National Research Institute (IERIGZ)

The high turnover dynamics in foreign trade in recent years has resulted mainly from elimination of administrative and customs barriers and opening of the eastern market (in 2008), which was expressed in a considerable growth in the dynamics of sales to the countries of the Commonwealth of Independent States (CIS) in 2008.

In comparison to the first half of 2007, export in the first half of 2008 was higher by 20% and import increased by 25%. After comparing the second halves of both years it turns out that in 2008 export increased by 8.1% and import by over 21%. Many of the developed economies, especially in the European Union, have been suffering from the economic crisis and clearly reduced internal demand, including also the de-

TABLE 25. Share of agri-food products in Poland's total foreign trade (%)

Share of agri-food products in:	2003	2004	2005	2006	2007	2008
– total export	8.4	8.8	10.0	9.8	9.8	9.9
– total import	5.9	6.2	6.8	6.4	6.4	7.0

Source: Foreign trade in agri-food products, Institute of Agricultural and Food Economics National Research Institute (IERIGZ)

mand for foreign products, which was the main reason for weakening of Polish agri-food products export in the second half of 2008. The diminishing competitiveness of Polish products had a smaller impact.

GEOGRAPHICAL STRUCTURE OF TRADE IN AGRI-FOOD PRODUCTS

In 2008 the turnover of foreign trade in food increased in case of the majority of groups, except for export to the developing countries and import from the Balkan countries. In comparison to 2007, the export dynamics decreased, except for the countries of the Commonwealth of Independent States and the Balkan countries. The growth rate varied significantly – a very high growth took place from the countries of the Commonwealth of Independent States, while import from the EU countries slightly decreased.

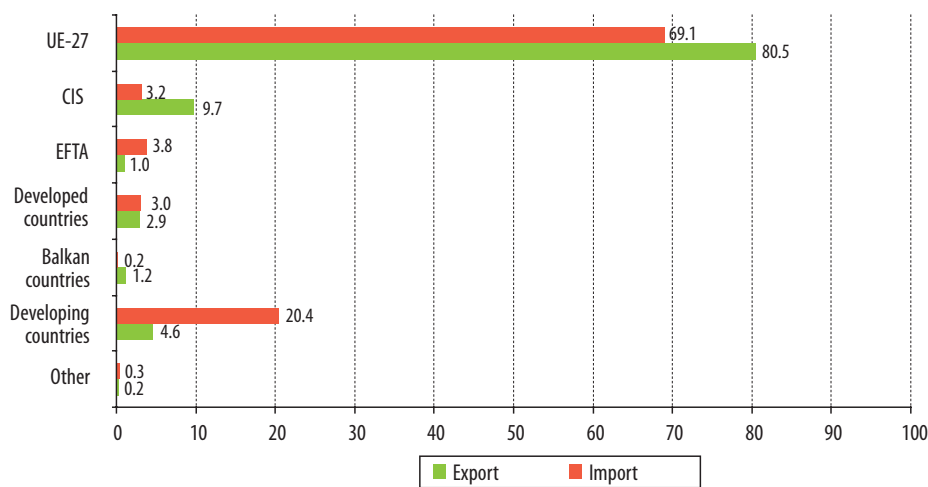
The value of export to the EU countries amounted to EUR 9.1 billion and was 14% higher than in 2007, however, the Community's share in Polish agri-food products export did not change (80.5%). The rate of export growth to the so-called EU-15 has decreased two times (10.6%). Products worth EUR 6.6 billion have been sold to the EU-15 and products worth over EUR 2.5 billion to the EU-12. The EU-15's share decreased to 58%, while the EU-12 share increased to over 22%. Export to the majority of Member States has increased significantly. The greatest sales growth took place in Slovakia (by 35%), Lithuania (by 28%), Hungary (by 23%) as well as in the Netherlands and Czech Republic (by 15%). For many years the largest selling market has been Germany. In 2008 the agri-food products sent there were worth EUR 2.8 billion. Changes taking place in the geographical structure of Polish foreign trade since the second half of 2008 may be a signal of the supply and selling markets reorientation in the light of a global economic crisis. These signals include a growing importance of the countries of Commonwealth of Independent States in trade turnover, increasing importance of the EU-15 countries as the supply market as well as a fall of their importance as the selling market. The role of selling market for out products is taken over by the new Member States (EU-12). The maritime freight rates were high for the greatest part of the year, thus impeding trade with the developing countries in 2008 and favouring the concentration of turnovers with the countries in the closer proximity.

TABLE 26. Foreign trade in agri-food products in 2005–2006, broken down by groups of countries (million EUR)

Group	Export		2008	Import		2008	Balance	
	2007	2008	2007=100	2007	2008	2007=100	2007	2008
Total	9 942	11 307	113.7	7 972	9 822	123.2	1 970	1 485
UE-27	8 001	9 102	113.8	5 347	6 791	127.0	2 654	2 311
CIS	871	1 100	126.3	222	311	140.0	679.7	789
EFTA	99	107	108.1	343	370	107.9	–243	–263
Other developed countries	304	326	107.2	239	297	124.3	65	30
Balkan countries	116	132	113.8	23	21	91.3	91	111
Developing countries	530	517	97.5	1 783	2 008	112.6	–1 253	–1 490
Other	20	21	105.0	12	25	208.3	8	–4
Developing countries	530	517	97.5	1 783	2 008	112.6	–1 253	–1 490
Other	20	21	105.0	12	25	208.3	8	–4

Source: Foreign trade in agri-food products, Institute of Agricultural and Food Economics National Research Institute (IERIGZ)

Fig. 14. Geographical structure of export and import of agri-food products in 2008



Source: Foreign trade in agri-food products, Institute of Agricultural and Food Economics National Research Institute (IERiGZ)

Export

Within the EU-27, the biggest part of Polish exports has been addressed to Germany, reaching the level of EUR 2.8 billion in 2008, and constituted 24.1% of the total export of agri-food products. In 2008 a significant increase in export to CIS countries took place and its value rose by 26% in comparison to 2007. Export recovery to these countries resulted from the increased interest in purchase of our agri-food products in Ukraine and Belarus. However, the decisive factor was unblocking of our export to Russia, which is the main recipient of our products in this group of countries. Agri-food products export to other developed countries (USA, Canada, Republic of South Africa, Israel, Japan, Australia and New Zealand) is still very small, despite a growth in 2008 (up to EUR 327 million, i.e. by 7%). On the other hand, export to the developing countries shows a tendency to stagnate. These countries' share in Polish export decreased to 4.6% and its value amounted to EUR 517 million. Export to Balkans, however, increased substantially (by 13%) and its value reached EUR 132 million, while its share in the total export value has not changed and amounts to 1.2%, as in 2007. Share (1.0%) of our export to the EFTA countries is still of a considerably small value (EUR 108 million).

Import

Our import dynamics in 2008 still remained at a high level, despite its small decrease in comparison to 2007. The value of import from EU countries amounted to EUR 6.8 billion and was 27% higher than in the previous year. Great majority of the imported products came from the EU-15 (EUR 5.8 billion – increase by 1.3 billion in comparison to 2007) and the greatest import increase was noted in case of Great Britain (by 50%), Germany and Baltic countries (34% each) as well as France and Denmark (34% each). Developing countries are second largest supplier of agri-food products on the Polish market. Products purchased from these countries in 2008 were worth EUR 2.0 billion, i.e. 13% more than in the previous year. Large import increase took place also in case of other developed countries – the products purchased from them amounted to EUR 287 billion, i.e. 24% more than in the previous year. Import from CIS countries increased significantly as well. The value of products purchased from them amounted to over EUR 310 billion (increase by 40%). The largest amount of products has been purchased from Ukraine, while import from Russia and Belarus decreased by 7% and over 50%, respectively.

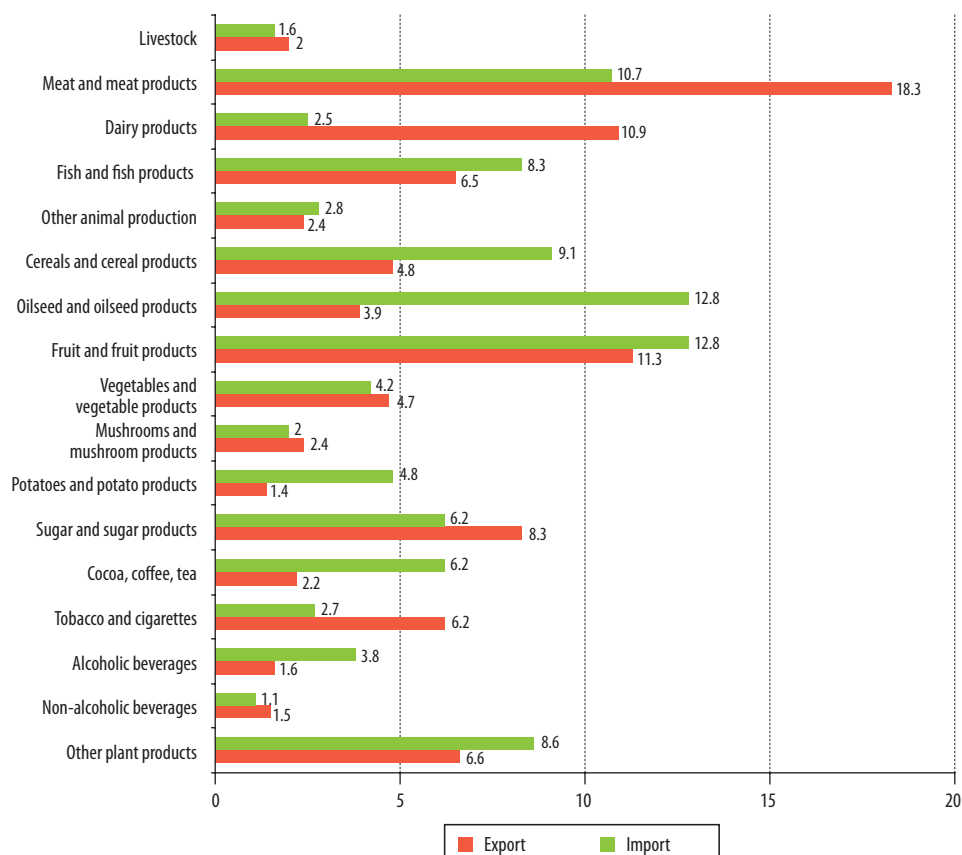
Balance

A positive turnover balance in 2008 was maintained with the majority of groups, however, in this year there was a significant balance deterioration with countries that count in Polish foreign trade, i.e. EU and developing countries. The largest balance decrease has been noted with EU-27 (by EUR 343 million), including with EU-15, where the positive balance decreased to EUR 0.8 billion, while the surplus in trade with EU-12 countries increased (by EUR 0.3 billion). On the other hand, an improvement has been noted in case of trade with CIS countries and Balkan countries. Nonetheless, these surpluses were not sufficient to induce a turnover increase in comparison with 2007. Balance for 2008 amounts to EUR 1.5 billion in comparison to 2.0 billion in 2007.

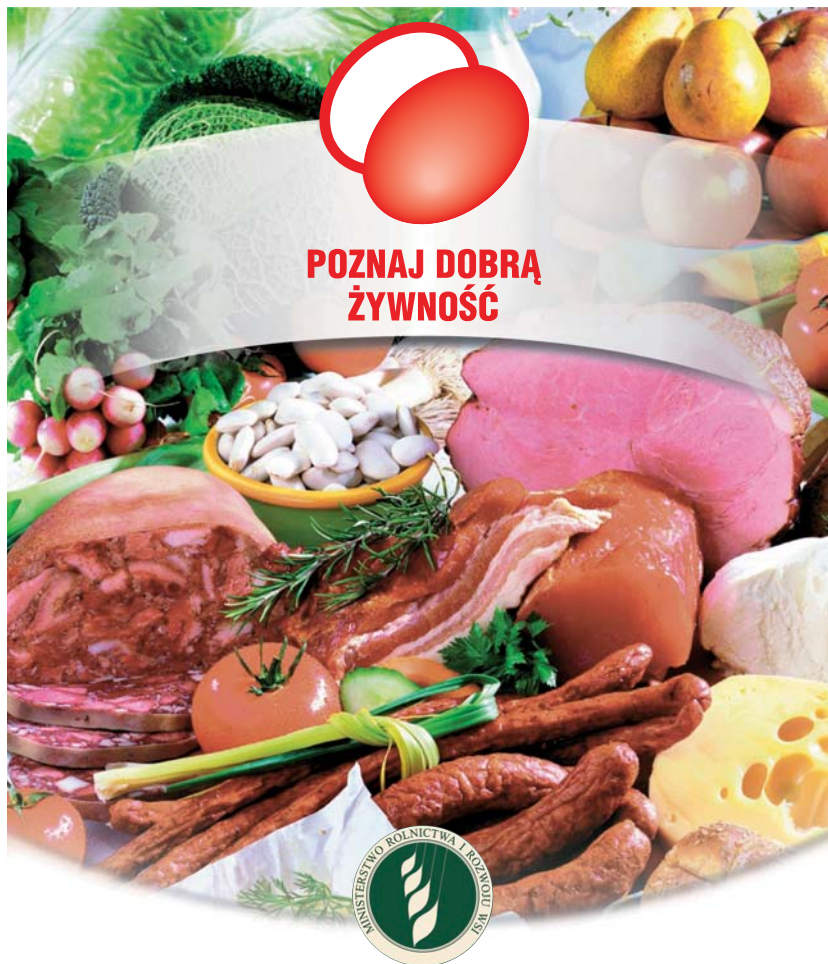
COMMODITY STRUCTURE OF FOREIGN TRADE IN AGRI-FOOD PRODUCTS

In agri-food products turnover – by value – the dominating products come from the food industry and their share in the income from entire Polish food export amounts to 85%. The share of processed products in the agri-food products export is also high and amounts to approximately 65%. The surplus in foreign trade in processed products for 2008 amounted to approximately EUR 3.0 billion, while in case of the agriculture products trade there has been noted a deficit of approximately EUR 1.5 billion.

Fig. 15. Commodity structure of import and export of agri-food products in 2008



Source: Foreign trade in agri-food products, Institute of Agricultural and Food Economics National Research Institute (IERIGZ)



**POZNAJ DOBRĄ
ŻYWNOŚĆ**

Ministerstwo Rolnictwa i Rozwoju Wsi

Program PDŻ – Poznaj Dobrą Żywność

ul. Wspólna 30, 00-930 Warszawa, tel. 22 623 16 30, fax 22 623 16 08

www.minrol.gov.pl, e-mail: pdz@minrol.gov.pl

In 2008 a high rate of total export increase (by 13.7%) was maintained, despite a decrease in the dynamics of plant products export and – to a lesser degree – dynamics of animal products. The dynamics decrease intensified in the second half of 2008 and in the fourth quarter in particular. Weakening of Polish zloty in relation to EUR and US dollar was one of the factors leading to the increase in the export value in the second half of the year by 5% (and by 20.5% in the first half). At the same time import increased by 10% (in the first half of the year by nearly 25%). The decrease in dynamics of animal products export in the second half of the year was partially compensated by a high export dynamics of these products in the first half of the year, which allowed for a 12% export increase in the whole 2008 in this product group. The value of animal products export amounted to EUR 4.5 billion and was 12% higher than in 2007. The sales value of the majority of products in this group increased, except for the livestock (fall by

10%). Export refunds were a factor conducive to beef and pork export. High level of domestic prices, strong Polish zloty (in the first half of 2008) and prices fall on the foreign recipients' markets caused the reduction of livestock export and cattle in particular. Favourable prices and supply shortages on the EU market influenced the increase of poultry and beef export. The increase of dairy products export resulted from a stable demand on the domestic market, rise of the dairy quota and relatively good prices on global markets. Also, a relatively high demand on Community markets supported the fish and fish products export in 2008.

In the commodity structure of food export the animal products share amounted to 40% of the total export and in comparison to 2007 decreased by 0.6%, while the plant products share increased to 54.8%. These changes have been induced by the decreased export share of livestock, dairy products, fish and fish products as well as the increased share of meat and meat products. Among the plant products there was an increased share of tobacco industry products. In the remaining plant products groups changes in share were marginal.

In 2008 there was an increase in dynamics of animal products import, while the dynamics of plant products import did not change. Value of the animal products import amounted to EUR 2.5 billion and was 36% higher than in 2007, whereas the dynamics of plant products import was lower. Value of the total plant product import amounted to EUR 6.7 billion and increased by 20%. Animal products share in food import in 2008 amounted to 25.9%, while plant products constituted 68% of that import, although their share was lower in comparison to 2007. In 2008 the animal products import increased in all the groups, except for dairy products, in case of which a small decrease took place. The greatest increase in import has been observed in case of meat and haslets (by 88%), including pork (by 107%). Also the livestock import rose significantly (by 40%), including pigs (by 245%). In relation to the supply shortages and increase in pigs prices on domestic market, the import price competitiveness of live pigs for fattening and products of animal origin has increased.

As for the plant products import, the import of potatoes and potato products as well as tobacco products has decreased, while a significant increase has been noted in case of the import of seeds and oilseed products (by 49%), cereals and cereal products (by 30%) as well as sugar and sugar products and water (by 28%). A smaller increase has been observed in case of the import of alcoholic beverages (by 17%) vegetables and vegetable products (by 16%) as well as fruit and fruit products (by 3%).

NEGOTIATIONS WITH WHO – POLAND'S POSITION AND OPINION

As a result of the Fourth WTO Ministerial Conference held in November 2001 in Doha, Qatar, a decision has been taken to start the next round of negotiations with the aim of liberalising world trade. This round takes place under WTO auspices and is called the Doha Development Agenda round (DDA round). One of the negotiation areas of the DDA round are the negotiations in the field of agriculture. The aim of these negotiations include: reduction of customs tariff, reductions of, with a view to phasing out, all forms of export subsidies, substantial reductions in trade-distorting domestic support in agriculture. This should serve the purpose of realising the intention provided in the Agreement on Agriculture of 1995 to establish a fair and market-oriented agricultural trading system.

Accession to the EU changed Poland's situation on the WTO forum, due to the transfer of trade policy from national to the Community level. This means that on the basis of the EU Council's mandate it is the European Commission that carries out the negotiations with WTO Member States.

Poland is of the opinion that in relation to all agriculture negotiations the future EU obligations: should not exceed the scope defined under CAP reform; should ensure maintaining the principle of preference towards the Community production; should take into account sensitivity of particular agriculture markets; and should be interrelated with equivalent obligations of other WTO partners, especially in the field of domestic support and export competition. These criteria implementation will enable reaching a balanced agreement which, on the one hand, shall provide Poland with the possibility to minimise possible difficulties resulting from the liberalisation by opening EU market on the import of agriculture products from third countries and, on the other hand, shall facilitate growth of Polish agri-food export.

AGRICULTURAL SUPPORT POLICY

FINANCIAL SUPPORT FOR AGRICULTURE

Poland's membership in the European Union resulted in a significant increase in the amount of financial support allocated for agriculture and rural development, ensuring at the same time aid stability. Financial funds for the holdings or enterprises development and modernisation, villages development and renewal as well as the fisheries development may be received under Rural Development Programme 2007–2013 and Operational Programme “Sustainable Development of the Fisheries Sector and Coastal Fishing Areas for 2007–2013”. Furthermore, national measures are directed at the above mentioned areas of economy as well. These programmes are implemented by the Agency for Restructuring and Modernisation of Agriculture – ARMA) – the largest paying agency in Europe.

DOMESTIC SUPPORT

The basic support covered in 2008 entirely by the national funds were the budget subsidies, lowering the interest on investment credits granted to the agriculture, and food processing industry as well as the disaster loans.

In 2008, banks granted in total 14,037 investment credits with the Agency for Restructuring and Modernisation of Agriculture subsidies to interest, in the total amount of PLN 2,270.51 million.

TABLE 27. Number and quota of investment credits with ARMA's subsidies to interests, granted in the period between 01.01 and 31.12.2008, according to the credit lines

Credit lines	Credits granted in 2008	
	Number	Quota (PLN mln)
Credits for young farmers (nMR)	6 223	1 077.95
Credits for land purchase (nKZ)	4 719	524.11
Credits for new technologies (nNT)	1 372	358.96
Basic investment credits (nIP)	1 174	182.17
Branch credits (nBR)	189	46.35
Credits for agricultural real estate purchase (nGR)	357	78.82
Credits for producer groups (nGP)	3	2.15
In total	14 037	2 270.51

Source – ARMA

In 2008, in total banks granted 40,065 disaster loans with the Agency for Restructuring and Modernisation of Agriculture subsidies to interest, in the total amount of PLN 1,046.8 million.

TABLE 28. Number and quota of disaster loans with ARMA's subsidies to interests, granted in 2008

Credit lines	Credits granted in 2008	
	Number	Quota (PLN mln)
Disaster loans for investment	162	3.1
Capital disaster loans	39 903	1 043.7
In total	40 065	1 046.8

Source – ARMA

Apart from credit subsidies in 2008 ARMA granted also:

- sureties and guaranties for preferential loans payment – investment credits and disaster loans;
- sureties for payment of student loans intended for students from rural areas.

Sureties and guaranties for investment credits and disaster loans could have been granted to banks, who had entered into agreements on cooperation with the ARMA. These banks included: BPS S.A., BGŻ S.A., GBW S.A., BZ WBK S.A., MBR S.A., ING BS S.A., PKO BP and BPH S.A.

In 2008 the ARMA granted sureties for the payment of student loans in the total amount of PLN 6,044 thousand. In 2001–2008 ARMA covered 4,120 students living in rural areas with this form of aid. The total value of sureties granted so far under the surety agreement concluded in 2008 as well as annexes to the previously concluded agreements amounts to PLN 58,240 thousand.

Since 2002 the ARMA grants financial aid to groups of agricultural producers to help them establish and support administration of their activities. In 2008 the ARMA signed annexes to agreements with 20 groups for the aid quota amounting to PLN 853 thousand.

In 2002–2008 the total financial aid granted by the ARMA to producers' groups amounted to PLN 15,91 million. The largest number of groups (61) applied for aid in 2004.

Since January 2008 a new subsidy programme for the disposal costs of fallen farm animals is being implemented. The ARMA mediates in financing or subsidising disposal costs of fallen farm animals for the following species: cattle, sheep, goats, horses and pigs, borne by the agricultural producers. Funds have been expended for this purpose in the amount of PLN 41.9 million, ensuring the refund of disposal costs for over 40.9 thousand cattle and 4.5 thousand sheep and goats, subject to testing for transmissible spongiform encephalopathy (TSE), 12,2 thousand cattle in the age between 12 and 24 months and horses, 51.1 thousand of fallen animals from the following groups: cattle, sheep, goats and horses in the age below 12 months as well as over 167.6 thousand of equivalents in fallen pigs.

SUBSIDIES TO AGRICULTURAL CROPS AND FARM ANIMALS INSURANCE

Under the Act of 7 July 2005 on subsidies to insurance of agricultural crops and farm animals (Dz. U No 150, item 1249, with further amendments) Poland has a system of agricultural crops and farm animals insurance with a subsidy from the national budget to the agricultural producers' contributions under the concluded agreements on insurance against the risk of occurrence of the following random events:

- for the plant production (i.e. crops of cereals, maize, rape, oil-yielding rape, hop, tobacco, outdoor vegetables, fruit-bearing trees and bushes, strawberries, potatoes, sugar beet or leguminous plants) against: hurricane, flood, torrential rain, hail, lightning, landslide, avalanche, drought, negative effects of overwintering or spring frosts;
- for animal production (i.e. cattle, horses, sheep, goats, poultry or pigs) against: hurricane, flood, torrential rain, hail, lightning, landslide, avalanche, emergency slaughter.

The Council of Ministers in the Ordinance of 4 December 2008 on the level of subsidies to contributions for agricultural crops and farm animals insurance in 2009 (Dz.U. No 225, item 1488) has defined the level of national budget subsidies to the insurance contributions due from the agricultural producers under the concluded agreements on agricultural crops and farm animals insurance for 2009 in the amount of: 50% of the contribution for 1 ha of agricultural crops and 50% of the contribution for 1 farm animal. Experiences of 2009 point to the need for further works on the modification of agricultural crops and farm animals insurance system because of the difficulties related to a limited insurance companies availability, leading to little popularity of this system.

DIRECT PAYMENTS TO AGRICULTURAL LAND

Poland, as the majority of new European Union Member States (except for Slovenia and Malta), applies the simplified Single Area Payment Scheme (SAPS).

These payments are to gradually reach the level applied in the EU-15 countries (the phasing-in principle). Therefore, their level is increasing annually (until it reaches a 100% value, i.e. up to 2013) and since 2004

had the following form: 25%, 30%, 35%, 40% and in 2008 it reached 50% of the payment level applied in the European Union on 30 April 2004.

Furthermore, taking advantage of a possibility provided for in the Community law, Poland applies the Complementary National Direct Payments (CNDP), which may be received up to the level of 30% of payments received in the EU-15 on 30 April 2004. This means that in 2008 total payments for Polish producers amounted to 80% (50% from the EU budget + 30% from the national budget) of the payments received in EU-15.

At the same time it should be underlined that despite the fact that the national support application in the maximum amount is not obligatory for the Member States, in Poland this form of aid has been applied at the highest level allowed under the treaty of Accession.

The total financial envelope assigned for direct payments in Poland in 2008 amounted to PLN 9,325 million, including the total of approx. PLN 5,433 million assigned for the payments financed from the EU budget (SAP, sugar payment, payment to energy crops, part of the payment to soft fruit, payment to tomatoes). Under Single Area Payment there have been assigned PLN 4,865 million.

Furthermore, in 2008 as in the previous year the following Complementary National Direct Payments were granted:

- payments to the basic crop area;
- payments to hops;
- payments to potato starch;
- payments to tobacco;
- payment to animals.

Approximately PLN 3,864 million were assigned for these payments.

In the campaign for 2008 for the first time there were granted:

- direct payment to soft fruit – granted to the raspberries and strawberries crop areas. In Poland the maximum reference area, to which the payments may be granted in this respect is 48,000 ha. Support of Polish producers of raspberries and strawberries intended for production amounts at maximum to EUR 400/ha and comprises of the Community assistance (EUR 230/ha) and supplementary national aid (up to EUR 170/ha);
- direct payment to tomatoes – granted in the form of historic payment (decoupled). This payment is granted to a farmer, who in the marketing year 2006/2007 delivered tomatoes for production. Rate under this payment in 2008 amounted to EUR 39.35/tonne; and
- aid for permanent plantations intended for energy purposes. Level of this aid, which is financed from the national budget, may amount at maximum to 50% of the flat-rate costs related to these plantations establishment.

Furthermore, in 2008 producers of rape intended for energy purposes could obtain national de minimis aid in the amount of PLN 176/ha.

Rates of particular payments in 2008 are presented in the table below.

In 2008 as in the previous years, the payment applications were to be submitted in the period between 15 March and 15 May. It was acceptable to submit an application up to 25 calendar days after this period, i.e. until 9 June 2008. However, the payment due for the farmer was reduced by 1% for each working day of delay.

All in all, in the 2008 campaign in the Poviats Offices of the Agency for Restructuring and Modernisation of Agriculture 1,418,464 direct payment applications were considered, institution 98% of the number of applications submitted in 2007 and 97% of the applications submitted in 2006. Total area covered by the applications in 2008 campaign amounted to approx. 14,281 thousand ha. At the same time it should be noted that the average size of agricultural lands in agricultural holdings applying for the direct payments grant is increasing and in 2008 amounted to 10.02 ha.

TABLE 29. Rates of direct payments in 2008

Type of payment		Unit	Payment rate	
Single Area Payment		PLN/ha	339.31	
Sector I. (agricultural plants)		PLN/ha	269.32	
Sector II. (hop)	coupled payment	PLN/ha	407.60	
	decoupled payment	PLN/ha	591.50	
Sector III. (potato starch)	coupled payment	PLN/t	225.27	
	decoupled payment	PLN/t	¹⁾	
Sector IV. (tobacco)	group I – Virginia	coupled payment	PLN/kg	5.58
		decoupled payment	PLN/kg	1.79
	group II, III, IV	coupled payment	PLN/kg	4.54
		decoupled payment	PLN/kg	1.23
Sector V. (payment to animals)		PLN/ha	379.55	
Sugar payment		PLN/t	39.45	
Payment to energy crops		PLN/ha	152.85	
Payment to soft fruit		PLN/ha	1 358.68	
Payment to tomatoes		PLN/t	133.65	

¹⁾ Full rate level of this payment will be known after all the payment applications are considered.

Source – ARMA

From the direct payments point of view an important event was the discussion on the European Union Council forum on the Health Check of the CAP reform. where the proposals for amendments to the payment scheme currently in force have been presented.

From Poland's point of view the most important decisions taken during the Health Check include:

- providing the possibility to continue Single Area Payment Scheme until 2013 – this is an easily manageable system, which does not require the farmers to submit several applications and does not create a complicated system of competences;
- ensuring the possibility to orient part of the direct payments envelope to the solution of characteristic problems in particular sectors – also under SAPS;
- providing the possibility of using separate sugar payment until the SAPS is effective, i.e. until 2013;
- including the financial means expended for the transitional soft fruit payment (strawberries and raspberries) in the direct payment envelope since 2012 and the possibility of granting these means to soft fruit producers under separate soft fruit payment;
- increasing the direct payments envelopes of new Member States by the amount of EUR 347.19 million in the period of 2010–2012 in order to make it possible for these countries to implement new tasks resulting from the Health Check of the CAP reform (including 90–30 million annually for Poland);
- ensuring that the countries, which transfer from the SAPS to SPS, have the same possibilities of SPS implementation as other countries, introducing in particular the possibility of using a payment reserve, which will enable not only the application of a regional model for payments, as provided in the current provisions, but also a mixed (hybrid) payment model;
- in relation to the new Member States, shifting to 2013 the implementation of cross compliance requirements resulting from the Area C (animal welfare);
- abolishing from 2010 the energy crops payment scheme (and, in consequence, the aid to permanent plantations as well).

RURAL DEVELOPMENT PLAN 2004–2006 (PROW)

Rural Development Plan 2004–2006 was directed at social, economic and environmental aspects of the rural areas development and complemented measures taken under the cohesion policy and Common Agricultural Policy, realising the strategic objectives:

1. Improvement of the agri-food market competitiveness (measures: Early retirement, Support for semi-subsistence agricultural holdings and Support for agricultural producers' groups).
2. Sustainable development of rural areas (measures: Compensatory allowance for less-favoured areas (LFAs), Support for agri-environment and animal welfare, The afforestation of agricultural land and Meeting the EU standards by agricultural holdings).

Additionally under PROW the funds (over 20% of the whole budget) have been reserved for the complements to direct payments, implementation of projects under the pre-accession SAPARD programme and technical assistance.

Total PROW budget amounted to EUR 3,592.4 million (including EUR 2,866 million from the Guarantee Section of the European Agricultural Guidance and Guarantee Fund) and has been used in 99,98%.

TABLE 30. Implementation of Rural Development Plan as of 31.12.2008

Specification	Number of applications submitted	Number of decisions granting aid	Amount of payment executed in PLN million
Early retirement	58,341	54,014	2,083.7
Support for semi-subsistence agricultural holdings	172,728	157,656	1,316.6
Compensatory allowance for less-favoured areas (LFAs)	2,052,698	2,007,334	3,708.3
Support for agri-environment	75,500	70,600	814.9
Afforestation of agricultural land	10,513	9,006	384.5
Meeting the EU standards by agricultural holdings	72,591	71,385	2,415.2
Support for agricultural producers' groups	103	100	24.2
Technical assistance	110	96	108.3
Complements to direct payments	4,249,786	4,208,344	2,866.9
Projects under Regulation No. 1268/1999	1,829	1218	467.7
In total	6,694,199	6,579,753	14,190.3

Source: Agency for Restructuring and Modernization of Agriculture

SOP RESTRUCTURING AND MODERNISATION OF THE FOOD SECTOR AND RURAL DEVELOPMENT, 2004–2006

Sectoral Operational Programme “Restructuring and Modernization of the Food Sector and Rural Development, 2004–2006” was a document specifying the scope and form of rural areas support in Poland during the programme period 2004–2006, implementing the objectives of EU cohesion policy.

The programme was one of the elements in the implementation of social and economic development strategies specified in the National Development Plan for 2004–2006 (NDP).

TABLE 31. Implementation of SOP “Restructuring and Modernisation of the Food Sector and Rural Development, 2004–2006”

Specification	Limit of funds for 2004–2006 PLN million	Applications submitted		Concluded agreements		Payments made		
		number	amount in PLN million	number	amount in PLN million	number	amount in PLN million	used limit %
1. Investment in agricultural holdings	2,183.3	42,582	4,573.4	24,230	2,490.9	28,227	2,418.5	110.77
2. Setting-up of young farmers	709.9	18,858	942.9	14,151	707.6	14,151	707.6	99.67
3. Training	75.2	660	309.6	182	78.2	338	73.5	97.77
4. Agriculture advisory and extension service support	164.5	56	214.7	33	167.8	78	161.8	98.30
5. Improving processing and marketing of agricultural products	1,962.3	1,646	2,928.4	1,114	1,801.6	1,215	1,702.3	86.75
6. Restoring forestry production potential	51.7	57	82.3	39	52.1	43	51.6	99.80
7. Land reparcelling ^{1/}	67.2	46	129.3	32	64.5	148	62.8	93.49
8. Rural renewal and the preservation and protection of cultural heritage	327.2	3,425	687.0	2,022	397.9	2,720	395.9	121.00
9. Diversification of agricultural activities and activities close to agriculture activities	315.2	7,170	524.8	4,106	296.8	4,440	282.0	89.48
10. Agricultural water resources management ^{1/}	371.2	308	606.5	255	374.1	601	373.0	100.49
11. Development and improvement of the infrastructure related to agriculture	161.1	4,953	261.0	3,394	153.8	3,537	146.7	91.04
12. Leader+ 4 type measure	114.3	435	151.8	316	118.6	793	97.9	85.66
13. Support for the programme management and implementation system	54.2	220	79.5	180	50.6	288	37.8	69.69
14. Institutional development	34.2	142	110.7	133	55.3	170	48.9	143.05
15. Programme information and publicity	8.8	151	22.2	118	9.4	141	4.5	50.77
TOTAL:	6,600.3	80,709	11,624.1	50,305	6,819.2	56,890	6,564.8	99.46

^{1/} Particular quotas presented under measures: Land reparcelling, Rural renewal and the preservation and protection of cultural heritage and Agricultural water resources management apply only to the Community funds. These quotas do not take into consideration the national co-financing funds, therefore the use of funds limit has been presented as a percentage of the used EU allocation part for the above mentioned measures.

Source: Implementing Authorities

Sectoral Operational Programme “Restructuring and Modernization of the Food Sector and Rural Development, 2004–2006” was financed both from the EU budget (European Agricultural Guidance and Guarantee Fund – EAGGF) and from the national public funds.

In 2004–2006 under this Programme Polish villages received support amounting to EUR 1,784.15 million, of which EUR 1,192.68 million were European Union Funds and EUR 591.47 million was mainly from the national budget.

Since the Programme was launched 80,709 applications for aid were submitted in the amount of PLN 11.6 billion, which constitutes 176.12% of the financial limit for the years 2004–2006. There have been signed 50,305 contracts worth PLN 6.8 billion, constituting 99.46% of the limit.

Since the Programme started, the majority of funds have been allocated to support investments in agricultural holdings and improvement of processing and marketing of agricultural products. 88% of tasks implemented as support for investments in agricultural holdings were associated with purchase, equipment and movable equipment. As far as the “Improving processing and marketing of agricultural products” is concerned, there have been introduced improvement and control of sanitary conditions (26%), as well as improvement and control of quality (22%), and of new technologies application (18%).

RURAL DEVELOPMENT PROGRAMME 2007–2013 (RDP)

Rural Development Programme 2007–2013 (RDP 2007–2013) is a document specifying the scope and form of rural areas support in Poland during the next programme period, i.e. 2007–2013. Great part of measures provided in the Programme is a continuation of the instruments implemented in 2004–2006 under the Rural Development Programme 2004–2006, which realised in Poland the so-called accompanying measures to the Common Agricultural Policy and the Sectoral Operational Programme “Restructuring and Modernisation of the Food Sector and Rural Development 2004–2006” implementing the objectives of EU cohesion policy.

RDP 2007–2013 was adopted on 24 July 2007 during the meeting of the Committee for Rural Development of the European Commission and on 7 September 2007 it was approved for implementation by the decision No CCI2007PL06RPO001 of the Commission of the European Communities.

The Rural Development Programme 2007–2013 is financed both from the EU budget (European Agriculture Fund for Rural Development – EAFRD) and from the national public funds. Total amount of subsidy from public funds under the Programme amounts to approx. EUR 17.2 billion. Allocation



TABLE 32. Administering the applications submitted under RDP 2007–2013

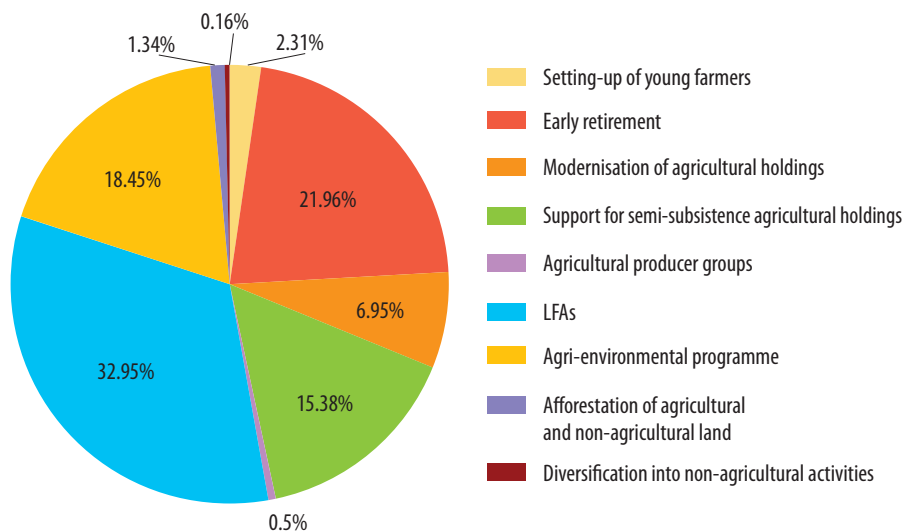
Specification	Number of applications submitted	Number of decisions issued/agreements concluded	Payments realised in PLN million
Setting-up of young farmers	7,165	5,343	191.0
Early retirement	17,063	13,641	1,907.3
Advisory services for farmers and forest owners ^{1/}	2,871	–	11.1
Modernisation of agricultural holdings	43,229	13,760	588.8
Increasing the added value to basic agricultural and forestry production ^{1/}	1,269	118	2,637.3
Improvement and development of infrastructure related to the development and adjustment of agriculture and forestry ^{1/}	89	–	360.7
Participation of farmers in food quality schemes ^{1/}	4,022	–	21.6
Support for semi-subsistence agricultural holdings – obligations from 2004–2006	–	–	1,267.7
Agricultural producer groups	270	261	41.4
Support of ment in mountain areas and in less-favoured areas (LFA) – 2007 manage	756,338	737,187	2,702.6
Support of management in mountain areas and in less-favoured areas (LFA) – 2008	755,658	743,429	
Support of management in mountain areas and in less-favoured areas (LFA) – 2009	746,446	–	
Agri-environmental programme	38,457	20,540	1,513.5
Afforestation of agricultural and non-agricultural land	5,278	3,325	112.9
Diversification into non-agricultural activities	6,482	1,678	14.0
Establishment and development of micro-enterprises ^{1/}	4,983	–	829.4
Basic services for the economy and rural population ^{1/}	1,544	–	3,268.0
Village renewal and development ^{1/}	2,870	–	1,103.1
Running the Local Action Group ^{1/}	344	–	84.7
Technical assistance ^{1/}	54	–	22.5

^{1/} Aid amounts applied for

Source: Agency for Restructuring and Modernization of Agriculture

of funds from the EU budget amounts to over EUR 13.2 billion and the share of national public funds will amount to approx. EUR 4 billion. In fact the funds to be distributed amount to approx. EUR 14 billion, since nearly 3 billion are the obligations from 2004–2006, taken under the Rural Development Programme 2004–2006.

Applications have been collected for 16 measures from all the axes as well as under the “Technical assistance”.



Source: Prepared in the Rural Development Department of the Ministry of Agriculture and Rural Development on the basis of the ARMA's monthly reports

Furthermore, between 3 November 2008 and 12 February 2009 the Voivodeships administrations have collected applications for the Local Action Groups (LAGs) selection to implement the local development strategy (LDS) under PROW 2007–2013. First aid application under the measure „Running the Local Action Group” should have been submitted along with the application for the Local Action Groups selection to implement the local development strategy.

Payments from public funds paid to the beneficiaries of measures implemented under RDP 2007–2013 (as of 26 June 2009).

According to the data as of 26 June 2009, since the beginning of Programme implementation the payments made to over 1 million beneficiaries amounted to over PLN 8 billion, including over PLN 6 billion from the funds of European Agriculture Fund for Rural Development. The above mentioned amounts constitute over 12% of the whole allocation assigned for the implementation of RDP 2007–2013. The largest amount of payments has been realised under measures “Support for farming in mountain areas and other less favoured areas (LFAs)” (approx. 30% of all the realised payments), „Early retirement” (nearly 22% of all the realised payments) and „Agri-environmental programme” (approx. 20% of all the realised payments).

Modifications of RDP 2007–2013

Ministry of Agriculture and Rural Development took actions in order to introduce amendments in the Rural Development Programme 2007–2013. The said amendments result from the need to adjust RDP 2007–2013 to the recently implemented Community provisions regarding the so-called new challenges and counteracting economic crisis. It is planned that part of the proposed amendments shall be introduced in relation to the programme implementation analysis within the first two years of RDP 2007–2013 operation.

Amendments related to the “new challenges”

Due to the implementation of European Economy Recovery Plan (EERP), budget of the European Agriculture Fund for Rural Development has been increased by EUR 1.020 billion. Additional funds granted to Poland for rural development actions (EUR 168,890,000) shall be assigned to the “new challenges” implemented by the appropriate projects under the following measures:

- *Modernisation of agricultural holdings* – projects on the dairy holdings restructuring (milk production development or reorientation due to the abandoning of milk production).
- *Improvement and development of infrastructure related to the development and adjustment of agriculture and forestry through the agricultural management of water resources* – project on water retention, especially soil retention and preventing dewatering as well as the peat bogs and water courses renaturalisation so as to recreate their retention capacity.
- *Basic services for the economy and rural population* – projects on the use of renewable energy and projects on the construction of broadband Internet infrastructure in rural areas.

TABLE 33. Allocation of additional funds to particular actions (in EUR for the whole period)

Measure	Additional contribution from the EAFRD	Budget contribution
Modernisation of agricultural holdings	101,334,000.00	11,259,333.00
Improvement and development of infrastructure related to the development and adjustment of agriculture and forestry	33,778,000.00	3,753,111.00
Basic services for the rural economy and population	33,778,000.00	3,753,111.00
IN TOTAL	168,890,000.00	18,765,555.00

1. The level of co-financing investments regarding “new challenges” for projects on common operational use of machines in the dairy sector has been raised by 10%.
2. There has been introduced a possibility to pay advances to the beneficiaries of the following measures: “Modernisation of agricultural holdings”, “Increasing the added value to basic agricultural and forestry production”, “Diversification into non-agricultural activities”, “Establishment and development of micro-enterprises”.

FISHERIES SUPPORT POLICY

Polish fisheries sector benefited from the financial support under the Sectoral Operational Programme “Fisheries and Fish Processing 2004–2006”, ended on 30 June 2009, and the Operational Programme “Sustainable Development of the Fisheries Sector and Coastal Fishing Areas 2007–2013” (OP FISHERIES), which was approved by the EC in October 2008. Agency for Restructuring and Modernization of Agriculture is the paying agency for both of these programmes. Out of EUR 373.7 million from the Financial Instrument for Fisheries Guidance (FIFG), which were assigned to the implementation of SOP “Fisheries and Fish Processing 2004–2006” nearly 97% have been expended. In 2008 there were prepared all the necessary documents making it possible to launch programme on financial aid for fisheries in the new programme period; the scope of IT support was defined as well. Furthermore, an Act on the support for the “Sustainable Development of the Fisheries Sector and Coastal fishing Areas 2007–2013” has been prepared with the participation of the European Fisheries Fund.

Sectoral Operational Programme Fisheries and Fish Processing 2004–2006

Sectoral Operational Programme “Fisheries and Fish Processing 2004 – 2006” was launched on 2 August 2004. This programme has been implemented based on the funds in the amount of EUR 373.7 million from the Financial Instrument for Fisheries Guidance (FIFG). Since the beginning of the Programme implementation until 31 December 2008 under the measures implemented by ARMA 6,605 payments were realised in the amount of PLN 792.2 million, constituting 76.42% of the financial limit in force for years 2004–2006. Implementation of this sectoral operational programme ended in the middle of 2009.

TABLE 34.
Implementation of SOP “Fisheries and Fish Processing 2004–2006” for 2008

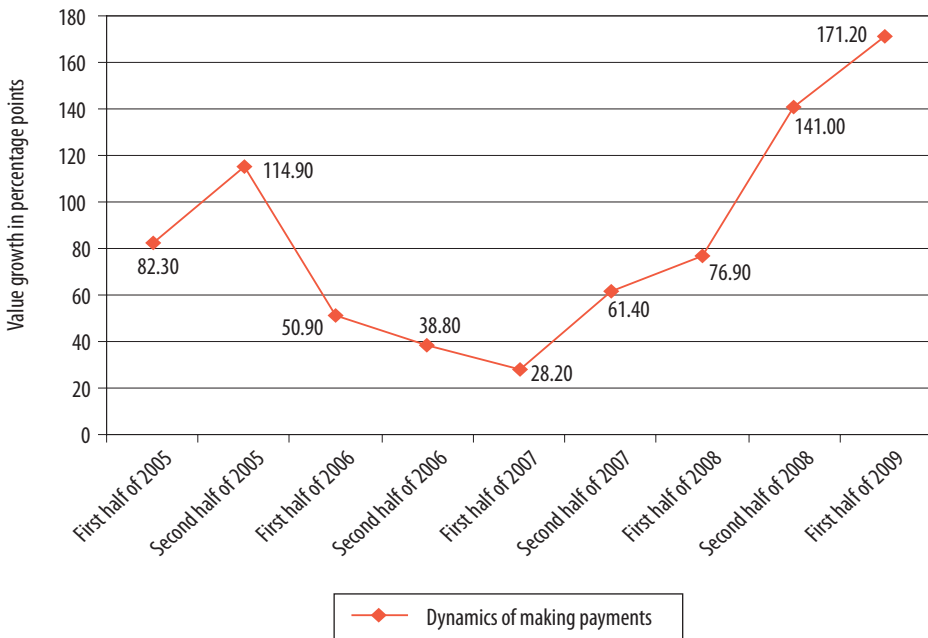
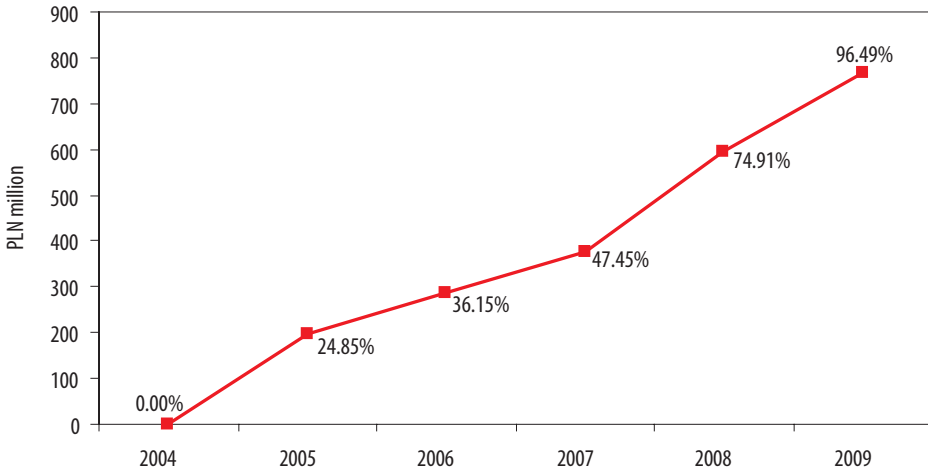
Name of measure	Applications submitted			Agreements concluded			
	Number	Value in PLN thousand	% of limit used	Number	Value in PLN thousand	% of limit used	payments made in %
Priority I – Adjustment of fishing effort to resources							
1. Scrapping of fishing vessels	433	411,282,690.91	116.19%	380	344,348,003.26	97.28%	97.29%
2. Transfer of vessels to third countries or their reassignment	79	28,284,521.94	125.85%	59	20,156,625.44	89.68%	89.45%
Priority II – Fishing fleet renewal and modernisation							
3. Modernisation of existing fishing vessels	194	12,011,074.04	44.99%	157	7,866,468.86	29.46%	15.18%
Priority III – Aquatic resources, aquaculture, marine fishing equipment, fish processing and fishery market, inland fishing protection and development							
4. Aquatic resources protection and development	17	23,138,205.89	417.63%	4	6,284,473.00	113.43%	103.20%
5. Aquaculture	410	126,337,393.90	177.83%	256	67,797,130.32	95.43%	68.55%
6. Fishing port facilities	86	302,889,160.88	220.72%	52	148,729,342.20	108.38%	83.95%
7. Fish processing and fishery market	272	357,015,647.72	143.48%	211	228,856,610.63	91.98%	47.04%
8. Inland fishing	22	545,755.68	127.84%	19	449,543.97	105.30%	103.15%
Priority IV – Other measures							
9. Coastal fishing	49	10,629,278.80	314.62%	28	4,664,350.98	138.06%	74.17%
10. Socio-economic measures	1,662	74,034,113.83	113.71%	1,534	67,838,935.30	104.19%	92.90%
11. Measures to find and promote new market outlets for fishery products	154	35,514,104.75	131.64%	107	25,263,857.31	93.64%	62.65%
12. Operations by members of the trade	60	9,594,577.50	267.44%	40	4,364,788.44	121.67%	100.09%
13. Temporary cessation of activities and other compensations	1,281	29,888,097.24	106.88%	1,143	25,080,193.28	89.69%	89.49%
14. Innovative measures and other measures	66	116,466,552.27	268.03%	45	49,803,198.00	114.61%	64.63%
Total	4,785	1,537,631,175.35	148.32%	4,035	1,001,503,520.99	96.61%	76.42%

Source – ARMA

Under this programme ARMA paid the beneficiaries over PLN 1 million, thus using this programme funds in approx. 97%.

During the four-year period of Programme implementation some perturbations occurred, which threatened efficient expenditure of funds assigned for this purpose. The situation was put in order and put under control in 2008 and the Programme ended with a success measured by the 96.6% use of funds assigned for its implementation. The Programme implementation process is presented in the charts below. They illustrate the progress and stages of programme implementation: the first one illustrates the increase of expended funds until 2009, while the second depicts the percentage growth of payments value in comparison to the previous period.

EXPENDITURE OF FUNDS



In 2008 public aid for the temporary cessation of fishing activities was implemented as well. Under this measure financial compensation was paid in cases where the fishing units were tied-up in the port. The compensations were paid on the basis of the Regulation (WE) 744/2008, which constituted an anti-crisis package for the Baltic Sea fisheries. At the same time it should be noted that the compensations reached a very high level and the highest in Europe, where in 2008 736 agreements were conducted with the total amount of PLN 55,905,800 (contribution from EDF – PLN 41,929,350, national contribution – PLN 13,976,450), while the payments realised under the 725 agreements reached the amount of PLN 55,256,120 (contribution from EDF – PLN 41,442,090, national contribution – PLN 13,814,030). In total nearly PLN 80 million have been expended on this purpose.

Operational Programme “Sustainable Development of the Fisheries Sector and Coastal Fishing Areas 2007–2013”

The greatest part of the programme is a continuation of measures implemented during the previous programme period under the Sectoral Operational Programme “Fisheries and Fish Processing 2004–2006”. There is, however, an important novelty – namely a new priority Axis “Sustainable development of fisheries areas”, which is inspired by the Leader Programme implemented in the sector of agriculture and rural development. Financial funds assigned to the implementation of OP FISHERIES 2007–2013 amount to nearly EUR 1 billion (978.8 million). The contribution from EU budget constitutes 75% of this quota (734 million) and the national public funds – 25% (244million). It is the second largest funds allocation in Europe (after Spain). This Programme was approved by decision of the European Commission on 16 October 2008.

OP FISHERIES 2007–2013 assumes the implementation of strategic objectives and taking actions under the following priority axes:

Priority Axis 1 – Measures for the adaptation of the fishing fleet

Under this Axis the following measures shall be implemented: public aid for permanent cessation of fishing activities, public aid for temporary cessation of fishing activities, investments on board fishing vessels and selectivity, coastal fishing as well as socio-economic compensations.

Financial aid under measure “public aid for permanent cessation of fishing activities” is granted on the application of fishing vessels owners registered in the fishing vessels registry before 1 January 2007 and provided that the vessel is more than 10 years old.

The objective of measure “public aid for temporary cessation of fishing activities” is to alleviate negative socio-economic effects resulting from the limitation of fishing opportunities related to, inter alia, plans for the restoration of fish from the group of endangered species. The level of financial compensation has been specified on the basis of fixed costs covered by the vessel owners when the vessel is tied-up in the port, as well as the profitability ratio of cod fishing and the lost income.

Measure “investments on fishing vessels and selectivity” aims to implement activities regarding the modernisation of Polish fishing fleet. Financial funds shall be assigned mainly to the replacement of engines, improvement of safety conditions and hygiene standards as well as the replacement of fishing equipment. Furthermore, operations on the reclassification of fishing units to fishing for pelagic species (herring and sprat) shall be treated as a priority.

Measure “coastal fishing” aims to provide financial support to vessels, which have the total length of less than 12 m and do not use dragged gears for fishing. The support of coastal fishing shall aim at promoting investments realised in groups consisting of coastal fishing representatives.

The aim of measure “socio-economic compensations” is to alleviate negative socio-economic effects related to the restructuring of Polish fishing fleet. System of compensations for the loss of employment, early retirement or occupational re-training and trainings shall make it possible to create new workplaces in activity consisting in providing services outside fisheries.

Over EUR 225 million have been assigned to the implementation of this priority Axis.

Priority Axis 2 – Aquaculture, inland fishing, processing and marketing of fishery and aquaculture products

Under this Axis the following measures shall be implemented: investments in aquaculture, aqua-environmental measures, animal health measures, inland fishing and investments in processing and marketing. Measure “investments in aquaculture” aims to develop and modernise the aquaculture production facilities, diversify these facilities’ activity towards prospective or new fish species as well as support development of sustainable aquaculture production.

The aim of measure “aqua-environmental measures” is to compensate fish producers for the use of production methods, which help to protect and improve the environment as well as to promote environment-friendly production practices in Polish aquaculture sector. The measure provides also for the protection of fish genetic resources.

Under measure “inland fishing” the following investments shall be realised: investments in vessels for fishing in surface inland waters, investments in construction, development, equipment and modernisation of facilities for inland fishing as well as investments in places of landing and harbours.

Measure “investments in processing and turnover” assumes an increase of capacity of the processing industry by means of extending existing facilities or building new units conducting the processes of aquaculture processing; improvement of quality and competitiveness for fish products processed and marketed by means of investments in new technologies, new equipment and innovative production methods; reduction of the negative environmental impact of the production facilities as well as the maintenance or increase of employment level in the processing industry.

Nearly EUR 196 million have been assigned to the implementation of this priority Axis.

Priority Axis 3 – Measures of common interest

Under the priority Axis 3 financial aid from the European Fisheries Fund shall be directed at the operations implementation under the following measures: measure 3.1. – Collective actions; measure 3.2. – Protection and development of water fauna and flora; measure 3.3. – Fishing ports, landing sites and harbours; measure 3.4. – Development of new markets and promotion campaigns; measure 3.5. – Pilot projects; measure 3.6. – Modification for reassignment of fishing vessels.

Under measure 3.1. – Collective actions, the financial aid shall be directed in particular at the development of fisheries sector organisation. To this end, new producers organisations shall be created and the existing ones shall be restructured. Also scientists and fisheries sector representatives organising in joint cooperation trainings, seminars or conferences related to the fisheries sector issues may benefit from the aid. Furthermore, the support includes fishing methods or environment-friendly fishing gears (more selective) as well as removing of lost fishing gears from the sea bottom.

Aid under measure 3.2. – Protection and development of water fauna and flora shall be assigned, inter alia, to the construction or modernisation of facilities enabling the migration of migrating species through obstacles built before 1 January 2007 (fish-passes). Beneficiaries of the measure include, inter alia, investors owning water facilities or their parts, which prevent or have a negative influence on the efficiency or safety of migrating fish migration in public inland surface running waters.

Under measure 3.3. – Fishing ports, landing sites and harbours the aid shall be assigned, inter alia, to ensure safety, appropriate conditions of the stay and fishing vessels service in fishing ports, landing sites and harbours. To this end, the support shall include purchase, modernisation or construction of building facilities or equipment for landing, storing and sales of products from fishing in sea waters. Furthermore, the aid shall be directed at construction, extension or repair of small harbours, wharfs, landing sites for fishing vessels as well as breakwaters.

The aid under measure 3.4. – Development of new markets and promotion campaigns is available to entities who intend to carry out promotion of fish products as well as organise or participate in fairs or exhibitions related to the sea fisheries or inland fishing. Under this measure aid in organising fishing market studies shall be possible as well. In order to realise the above-mentioned objectives, the beneficiary shall have a possibility to receive subsidy for, inter alia, advertising agencies, purchase or lease of advertisement space as well as necessary publications in media.

The aid under measure 3.5. – Pilot projects is available to entities who develop new technical solutions in the field of fisheries sector. The beneficiary shall have to prove that the proposed solution is of a truly innovative nature. New technical solutions may include, inter alia, improvement of techniques and gears, coast protection or improvement of aquaculture methods as well as research in the field of inland fishing.

Under measure 3.6. – Modification for reassignment of fishing vessels the beneficiaries shall be the entities who decide to modify their fishing vessels so as to reassign the for non-profitable purposes outside sea fishing. Such objectives may include preservation of historical heritage, tourism or scientific and research purposes.

Nearly EUR 196 million have been assigned to the implementation of this priority Axis.

Priority Axis 4 – Sustainable development of fisheries areas

The aim of priority Axis 4 is to activate the community in fisheries-dependable areas by incorporating social and economic partners from particular areas for local initiatives planning and implementation – the so-called local strategies for the development of fisheries areas. This approach aim is to encourage communities in the fisheries-dependable areas to various initiatives, breaking local barriers and mobilise to cooperation under common projects. A chance for reaching this objective are local fisheries groups (LFG) – entities associating representatives of economic sector, including the widely understood fisheries sector, public sector (including gminas) as well as the representatives of non-government organisations. These communities shall implement actions aiming to improve the quality of life in fishing communities, diversification of employment in fisheries sector as well as the regions promotion and raising their attractiveness.

Over EUR 313 million have been assigned to the implementation of this priority Axis.

Furthermore, the OP FISHERIES 2007–2013 provides also for financial aid for the institutions involved in the Programme implementation and realisation.

In order to enable comprehensive implementation of OP FISHERIES 2007–2013 it was necessary to prepare the Act on support for sustainable development of the fisheries sector with the participation of European Fisheries Fund (Dz. U. No 72, item 619), which was approved by the Sejm of the Republic of Poland on 3 April 2009.

AGRICULTURAL INSTITUTIONS

AGENCY FOR RESTRUCTURING AND MODERNISATION OF AGRICULTURE

The Agency for Restructuring and Modernisation of Agriculture set up under the Act of 29 December 1993 (Dz.U. of 1994, No 12, item 22) supports agriculture and rural areas development and modernisation. Since Poland's EU accession, ARMA, while performing the functions of an institution implementing, paying and managing the national assistance instruments, grants financial support both from the Community budget and from the national budget. In this period, the Agency has gained enormous experience enabling it to improve its contacts with beneficiaries and to use more efficiently the funds intended for restructuring and modernisation of Polish agriculture and rural areas.

Major beneficiaries of the activities carried out by ARMA are farmers and agriculture sector entrepreneurs, as well as rural residents, agricultural producers groups, and representatives of the fisheries sector. Since the beginning of its activities, the Agency has paid PLN 85.2 billion to its beneficiaries.

Between 1994 and the end 2008, The Agency for Restructuring and Modernisation of Agriculture:

- implemented the pre-accession SAPARD Programme, performing the function of the implementing and paying institution as an accredited SAPARD Agency (in 2002–2006, financial support of PLN 4.5 billion was granted to around 24 thousand beneficiaries);
- managing the national assistance instruments, spent in 2008 ca. PLN 2 billion;
- since 2004, ARMA has conducted annual direct payments for agricultural land campaigns to around 1.4 billion agricultural producers (for years 2004–2007, beneficiaries obtained PLN 38 billion, out of which PLN 10.7 billion in 2008);
- has finished the operation of EU subsidy programmes of 2004–2006:
 - from the Sectoral Operational Programme *'Restructuring and modernization of food sector and rural development 2004–2006'* the Agency paid over PLN 6.5 billion to around 56 890 beneficiaries),
 - from the Sectoral Operational Programme *'Fisheries and Fish Processing 2004–2006'* the Agency paid PLN 1 billion to 4 thousand beneficiaries);
 - from the Rural Development Plan for 2004–2006 the Agency paid around PLN 14 billion till the end of 2008;
- for the Common organisation of the market in fruit and vegetables and common fisheries products' market for 2004–2006 the Agency paid around PLN 114.5 million);
- since 2007 has performed the role of an implementing entity and paying agency for the Rural Development Programme for 2007–2013, financed by the European Agricultural Fund for Rural Development (EAFRD). The total amount of funds for programme realisation is around EUR 17.2 billion (the Agency paid to beneficiaries till the end of 2008 PLN 4.7 billion).

Furthermore, in October 2008 ARMA launched the payment of compensations to fishers for periodical breaks in cod fishing under the Operational Programme *'Sustainable development of fisheries sector and coastal fishing areas for 2007–2013'* financed by the European Fisheries Fund.

In 2008, as compared to previous years, the number of available new instruments of support in ARMA grew, thanks to successive launching of measures under the Rural Development Programme 2007–2013.

In 2008, applications were received to the following measures under RDP 2007–2013: *Setting up of young farmers, Early retirement, Increasing the added value of the basic agricultural and forestry practice, Supporting farming in mountainous areas and other less-favoured areas (LFA), Agri-environmental programme, Afforestation of agricultural land and afforestation of land other than agricultural, and Diversification towards non-agricultural activities*. In the first half of 2009, Beside almost all RDP 2007–2013 measures launched in last year, ARMA received applications for *Modernisation of agricultural holdings and for the first support for Establishment and development of micro-businesses, Participation of framers in food quality schemes and Advisory services for farmers and forest owners*. Eight measures under RDP 2007–2013 are being implemented by other institutions, among which the following six by voivodeship administration: *Improvement*

and development of infrastructure related to the development and adjustment of agriculture and forestry, Basic services for the rural economy and population, Village renewal and development, Implementation of local development strategies, Implementing cooperation projects, Functioning of local action groups; one by the Agricultural Market Agency – Information and promotion activities and one by the Foundation of Assistance Programmes for Agriculture (FAPA) – Vocational training for persons employed in agriculture and forestry.

AGRICULTURAL MARKET AGENCY (AMA)

Agricultural Market Agency was created in 1991 with the aim to stabilise the agricultural market and protect incomes from agricultural production. Until 30 April 2004 AMA implemented state intervention policy in the agri-food market.

Since Poland's entry in the EU structures, AMA has been administering, based on an unconditional and unlimited accreditation, the Common Agricultural Policy mechanisms that are financed and co-financed from the UE budget, as well as mechanisms financed from the state budget.

AMA concentrates its activities on the following areas:

- intervention purchase and sale of agricultural products and processed products;
- administering the foreign exchange by issuing import and export licences and payment of export re-funds;
- payments for private storage of products
- administering quota systems in production (i.a., milk, potato starch, dried fodder),
- aid under the mechanisms and programmes of restructuring of the sugar sector;
- support of information and promotion activities on the market of selected agricultural products;
- support of bee products market;
- supply of food surplus to most deprived persons;
- control of the use of energy crops covered by production payments;
- monitoring of the quota and out-of-quota production on the sugar market and control of the use of industrial sugar;
- collection of fees in the sugar market;
- support for domestic demand by the application of payments.

The Agricultural Market Agency also collects, analyses, processes and provides information concerning the situation in basic world market for agriculture and food, as well as prepares forecasts concerning these markets. Moreover, it participates in the creation of detailed regulations on both national and EU levels concerning agricultural markets.

Within the framework of mechanism administration, AMA:

- provides payments to participants of individual CAP and national mechanisms;
- issues individual decisions concerning the beneficiaries of mechanisms administered by it;
- carries out control activities concerning the confirmation of entitlements to the provided financial measures;
- provides the European Commission with information concerning CAP mechanisms implemented by AMA;
- informs the actors of the mechanisms of decisions taken at Community level with reference to CAP mechanisms implemented by AMA.

Moreover, AMA administers mechanisms and programmes financed from the national budget.

These are, among others:

- national subsidy for the consumption of milk and milk products in primary schools;
- payments for potato producers within the framework of potato starch quota mechanisms, and payments for raw tobacco producers;
- subsidies to seed material;
- aid for planting multi-annual energy crops.

Agency's financial support for participants implementing the administration mechanisms in Poland contributes to the improvement in competitiveness of Polish companies not only on the EU market, but also worldwide.

In 2008, AMA activities included:

- a) **administering the foreign exchange** – the Agency issued 5.4 thousand export and import licences for agri-food products, and registered 15.3 thousand refund payments. Based on the received applications, export refunds were paid to entrepreneurs in the amount of PLN 387.9 million, the most to sugar export – PLN 268.5 million. In the pork market, AMA paid PLN 83.2 million, 72.5 million of which were export refunds for unprocessed pork, paid for the first time since Poland's EU accession. The remaining amount concerned the exported pork products. Exporters showed considerable interest in the export of non-annex I processed goods, such as yoghurts, cookies, chocolate, ice-cream, confectionery. AMA paid to exporters PLN 22.6 million in the form of export refunds to ingredients used in the production of processed goods. Refunds covered also the export of beef and veal, poultry and eggs, dairy products, fresh fruit and vegetables (payments based on applications filed in 2007), as well as potato starch and cereal products;
- b) **complementary payments** – within the limits of financial means granted to Poland by the European Commission, the Agency realised national complementary payments for producers of raw tobacco (production-related and –non-related), as well as production-related payments for starch potato producers. In total, PLN 325.9 million was spent in this category.
- c) **support for domestic demand for agri-food products:**
 - supply of food surplus to most deprived persons – PLN 160.6 million was paid, and as a result of the measure, almost 4 million persons received over 79 thousand tonnes of ready-made food products;
 - national payment (financed from state budget) for the consumption of milk and milk products in primary schools – PLN 121.5 million;
 - payment (financed from EU budget) for the consumption of milk and milk products in educational establishments – PLN 38.3 million. The programme “Glass of milk” covered in the school year 2007/2008 over 12 thousand educational establishments and almost 2.2 million students, while in the school year 2008/2009 over 14 thousand educational facilities and almost 2.4 million students;
 - aid to the use for sowing or planting the seed which has been officially certified as basic seed or qualified seed for crops, potatoes and leguminous plants under de *minimis* aid in agriculture – PLN 66.8 million;
 - support of bee products market – for the implementation of tasks under the National Apiculture Programme, related mainly to the recovery of bee families and preventing varroaosis – PLN 14.9 million;
 - support for promotion and information measures on the markets in selected agricultural products (under five programmes promoting organic farming and its products, as well as markets for meat, milk and honey – PLN 13 million);
 - aid for the purchase of butter by non-profit institutions and organisations – PLN 146 thousand.

The Agency disbursed in total PLN 365.4 million for the support of domestic demand.

- d) **payments for private storage of pork** – the expenditure amounted to PLN 9.2 million;
- e) **payments for production and processing of:**
 - potato starch;
 - dried fodder;
 - flax and hemp straw for fibre.

In total, payments under these mechanism amounted to PLN 10.3 million.

- f) **intervention purchase and sale** – return of transportation costs under intervention sale of wheat purchased in earlier years – PLN 1.8 million.

In 2008 the farmers who started plantations of multi-annual energy crops received for the first time from AMA support in the amount of PLN 3.4 million.

The Agency developed also in 2008 the National Restructuring Plan, for the implementation of which Poland received EUR 34.4 million from the European Commission. The main objective of the Programme is financial support for solutions alternative to the production of sugar beets and sugar in gminas covered by the restructuring of sugar industry. The Programme will be implemented until the end of 2011.

In 2008 the Agency also carried out preparations to the creation of 9 promotional funds of the following agri-food products: milk, pork, beef, horsemeat, sheep meat and poultry, crop grains, cereal products, fruit, vegetables and fish. These funds are aimed at the promotion and support for the increase in consumption of Polish agri-food products on the national market, on the EU market and on the markets of non-EU countries.

Moreover, in 2008 the Agency started work on the implementation of the programme "Fruit at school" from the school year 2009/2010. Its most important objective is the change in eating habits in children and young people (by increasing the share of fruit and vegetables in their daily diet) and reversal of the negative trend in fruit and vegetable consumption in the EU.

The Agency also carried out information and publishing activities aimed at widening the knowledge of participants in the Polish agri-food market concerning the possibility of participation in the implementation of mechanisms administered by AMA.

In 2008 AMA paid almost PLN 1.2 billion to beneficiaries of the mechanisms.

This was 25% more than the spending in 2007. The highest part of the spending were export refunds (34%) and complementary payments (28%). From Poland's EU accession till 31 December 2008, within the framework of mechanism administration, the Agency spent almost PLN 5.2 billion. The highest support was offered to the markets of: sugar (33%), tobacco (18%), cereals (17%) and milk (13%).

AGRICULTURAL PROPERTY AGENCY

The Agricultural Property Agency is an institution representing the State Treasury towards state property in agriculture. Until mid-2003 it worked under the name Agricultural Property Agency of the State Treasury, started in October 1991. The property taken over by the Agency, mainly from the closed state agricultural holdings and the State Land Fund make up the Agricultural Property Stock of the State Treasury.

The Agency is self-financing (i.e. does not receive budget allocations for its maintenance and functioning). The cost of including property of the State Treasury in the Agricultural Property Stock, restructuring thereof, preparation to disposal (e.g. geodetic works, entries in land and mortgage registers, procurement announcements), securing of objects of historical value, maintenance of non-production property (e.g. a large part of the housing facilities) etc., as well as of maintenance of the Agency is financed fully from income obtained on the course of its statutory tasks. Moreover, in 2004 the Agency started to supply the state budget with the amounts resulting from the difference between income obtained as a result of the management of the Property Stock in a given economic years and the funds spent on implementation of statutory tasks. The Agency supplied the state budget with over PLN 3.3 billion.

Implementing statutory provisions and other laws, the Agency implements tasks relating to:

1. creation and improvement of the area structure of family holdings;
2. creation of conditions facilitating the rational usage of the production capacity of the Agricultural Property Stock of the State Treasury;
3. restructuring and privatization of the State Treasury property used for agricultural purposes;
4. trade in real property and other elements of property of the State Treasury used for agricultural purposes;
5. administration of property resources of the State Treasury intended for agricultural purposes;
6. securing the property of the State Treasury;
7. initiation of furnishing and agricultural works in grounds owned by the State Treasury and support for setting up private agricultural holdings in the above mentioned areas.

The Agency implements tasks defined in other regulations, particularly in the provisions on shaping the agricultural systems and the provisions on exercise of the right to compensation for abandoning real property located outside of the current borders of the Republic of Poland. The Agency is also going to participate in the implementation of the "re-privatisation act". This objective is to implemented with the

financing from the sale of at least 500 thousand ha, i.e., – bearing in mind the present agricultural land prices – the amount of at least PLN 5–6 billion. Satisfying material claims held by the Zabuzanie and re-privatisation claims means that the State Treasury should have at its disposal ca. 1 million ha. Otherwise, the commitments in this respect would have to be financed from the state budget.

The Agency included 4.7 million ha of land in the Agricultural Property Stock of the State Treasury. Apart from land, other property (mainly from the former state agricultural holdings), with a book value of PLN 8.6 billion, was taken over to the Stock. The Agency assumed also the obligations that former state agricultural holdings had to ca. 30 thousand entities, amounting in total to PLN 2 billion and including mainly (PLN 887.4 million – ca. 45%) those arising from loans and credits taken and not repaid. The above mentioned obligations were fully settled with the use of funds acquired through privatisation.

A dominant position in the material structure of the transferred property was held by buildings and constructions. Apart from buildings of the holding used directly for the agricultural production, the Agency took over 336 200 flats with the accompanying infrastructure (boiler rooms, hydrophore rooms, water treatment plants, etc.), as well as buildings used for the purposes of the agricultural processing industry, trade and services, including, among others, 858 distilleries, wineries and breweries, 269 meat processing plants and slaughterhouses, 898 grain and green crop driers, 717 fodder mixing facilities, 31 mills and groats plants, 75 refrigeration plants, as well as 415 shops, 147 hotels, inns, restaurants and bars, 672 establishments of a social, cultural or sports character.

The predominant method in which the property included in the Agricultural Property Stock is distributed consists in sales and leasing, organised mainly through unrestricted tenders (in total ca. 680 thousand) or tenders restricted to a certain category of entitled persons (for example individual farmers intending to extend their family farms). Since mid-1999, i.e. from the launch of the form of restricted tenders, the Agency called for around 20 thousand such tenders.

Until the end of June 2009, the Agency sold altogether 1877 thousand ha of land, mainly (62 %) in the following voivodeships: Warmińsko-mazurskie, Zachodniopomorskie, Pomorskie, Dolnośląskie and Lubuskie; this is a result of the territorial distribution of the Agricultural Property Stock.

It should be noticed that agricultural land sale transactions organised by the Agency after 2001 have experienced a systematic growth [Pict. 1]. While in 2001 the average price per 1 ha was PLN 3414, in 2004 it grew to PLN 4682, in 2005 – PLN 5607, in 2006 – PLN 7374, in 2007 – PLN 9773 and in 2008 – PLN 12 540. In 2009, the land prices in the Stock maintained the increasing tendency and reached PLN 13660 per 1 ha.

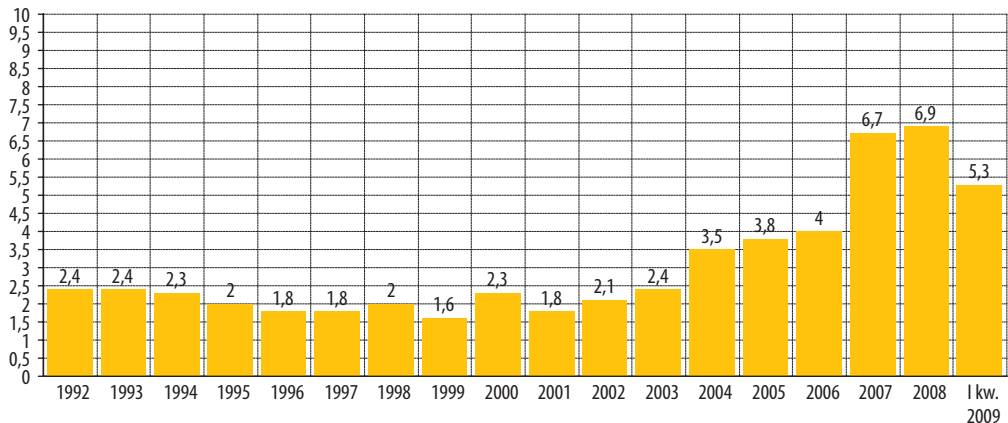
Irrespective of the sales, since the beginning of its activity the Agency has permanently transferred ca. 495 thousand ha, among which: 147 thousand ha to the State Forests, 48 thousand ha to local governments, ok. 84 thousand ha to legal persons established by various Churches, ca. 134 thousand ha to regional water management boards (lands located at lakes with running water) and almost 16 thousand ha were transferred to companies as contributions. 66 thousand ha was distributed among other entitled entities and in other transfer forms (converting perpetual usufruct into ownership right, merging and exchange of land, removal of co-ownership, etc.).

One of the obstacles to the sales process are re-privatisation claims. The Agency has received 2634 claims in this respect, concerning altogether ca. 500 thousand ha of the Agricultural Property Stock land. In some voivodeships the share of claims in the Stock is very high, amounting to over 65%, e.g., in Wielkopolskie or Kujawsko-Pomorskie voivodeships.

At present (end of June 2009), the Agricultural Property Stock has at its disposal ca. 2.3 million ha, out of which ca. 1.76 million ha is leased. 90 thousand ha is held under permanent administration and perpetual usufruct. Moreover, the Stock has in its records 144 thousand ha of “alien land”, including ca. 140 thousand ha of “lakes with running water” that are successively transferred to entitled entities by way of the provisions of the Act – water law. Moreover, the Agency has in its Stock ca. 70 thousand ha of non-agricultural land, including very attractive investment and construction grounds near cities and towns.

Under lease agreements entered into by APA in 2008, the average lease rent (in the wheat equivalent) amounted to 6.9 dt per 1 ha. In the earlier years, the lease rent per 1 ha of land leased from the Agricultural Property Stock was: in 2004 – 3.5 dt, in 2005 – 3.8 dt, in 2006 – 4.0 dt, in 2007 – 6.7 dt.

Fig. The average lease rent for agricultural land in the contracts signed by APA between 1992 and 1Q 2009 (in dt wheat per 1 ha)



Source: APA data

In the first quarter of 2009, the lease for the newly signed contracts stabilised at the level of 5.3 dt of wheat per 1 ha. In this period, the Agency leased the property with the total area of 5800 ha, signing 367 contracts. Recently, a decrease of interest in the lease of land has been observed.

At present, the area still to be distributed amounts to 315.5 thousand ha, while being gradually prepared for sale or lease. A part of the land could be used outside agriculture, including for afforestation and investment purposes. The estimate of possible applications for the non-distributed area indicates that 215 thousand ha (65%) qualifies to agricultural use. 15% of this area, however, was land set aside for many years.

AGRICULTURAL SOCIAL INSURANCE FUND (KRUS)

Pursuant to the Act of 20 December 1990 on farmers' social insurance (Dz. U. of 2008, No. 50, item 291, as amended), Agricultural Social Insurance Fund is an institution of social insurance providing farmers with a separate social insurance scheme, different from the national scheme. The president of KRUS is a government administration authority that remains under the authority of a competent minister for rural development. Tasks of KRUS include:

- dealing with farmers and persons cooperating with them within agricultural activity (a spouse and household members) in relation to inclusion into the social scheme and payment of premiums for the purpose of this insurance;
- granting and payment of financial benefits from an insurance;
- medical certification in order to determine entitlement of insured persons to benefits depending on total incapacity for work in an agricultural holding or assessment of the state of health;
- carrying out activities aiming at the prevention of accidents at farm work and occupational diseases as well as promoting health;
- provision of therapeutic rehabilitation to persons entitled to KRUS benefits with total incapacity for work in an agricultural holding but with a chance for recovery if the person undergoes treatment and rehabilitation or to persons exposed to a risk of total incapacity for work in an agricultural holding.

At the end of 2008, around 1.57 million persons were included in the social security scheme and around 1,46 million persons received pensions from the insurance.

Moreover, KRUS fulfils other tasks, gradually commissioned by the State on the basis of other provisions. These tasks include, *inter alia*:

- dealing with health insurance pursuant to the Act of 27 August 2004 on health care allowances financed from public expenditures which consists, inter alia, of paying sickness insurance contributions for persons entitled to farmer's social insurance (financed from the State budget) and for farm recipients of pensions to the National Health Fund (NFZ); KRUS provides services in this respect to ca. 2.9 million people included in the health insurance scheme.
- payment of civic financial benefits that is, inter alia: benefits for combatants, lump sums for energy, benefits for former miners-soldiers, benefits for secret teaching for victims of the Third Reich and USSR.

Since 2004 KRUS has been participating in the implementation of provisions specified in Regulations No. 1408/71 and No. 574/72 of the Council (EEC) on the application of social security schemes to employed persons and their families moving within the Community (EEA and Switzerland).

Farmer's social insurance scheme is financed on the basis of 3 state earmarked funds: Pension Fund, Fund of Prevention, Rehabilitation and Administrative Fund as well as a non-budgetary Contribution Fund.

The Pension Fund serves to finance pensions and sickness insurance contributions for farmers. The Fund is created on the basis budgetary allocations for pension insurance paid by farmers and budgetary allocations. In 2009, the budgetary allocations will amount to ca. PLN 16 billion.

The Fund of Prevention and Rehabilitation is designed to finance KRUS activities within the scope of accident prevention and therapeutic rehabilitation. The Fund is created on the basis of deduction from Contribution Fund and budgetary allocations. In 2009 the allocation will amount to PLN 5.5 million.

The Contribution Fund is a non-budgetary earmarked fund with a legal personality. The fund finances benefits from accident, disease and maternity insurance. The Fund is a self-financing fund, which means that benefits from the Fund related to accidents at farm work, diseases and maternity are entirely covered by premiums of insured farmers.

The social insurance of the farmers is realised by KRUS in its organisational structure consisting of: the Headquarters, regional branches covering individual voivodeships and local branches covering several gminas each. Altogether, KRUS has ca. 270 organisational units in whole Poland.

KRUS has been a member of the biggest international associations bringing together institutions of social security schemes in the world, such as: ISSA, International Social Security Association (bringing together social security institutions from more than 130 countries) and IAAMRH (International Association of Agricultural Medicine and Rural Health) concerned with agricultural medicine.

ADVISORY SERVICES, EDUCATION AND SCIENCE

Farm advisory services

Apart from farm advisory centres, advisory services in Poland are provided by: agricultural chambers, private advisory establishments, associations and foundations, as well as natural persons conducting economic activity.

The basic advisory institutions, however, are farm advisory centres (offering services to over 630 thousand farmers out of the total number of 680 thousand farmers using advisory services – source: Central Statistical Office).

Farm advisory units offer advisory services covering the activities in the field of agriculture, rural development, agricultural markets and rural households and aim at the improvement of agricultural income, increasing the market competitiveness of agricultural holdings, supporting the sustainable development of rural areas and increasing the levels of professional qualifications of farmers.

Advisory units in the light of the Act on farm advisory units are the Agricultural Advisory Centre in Brwinów, along with its branches in Kraków, Poznań and Radom, subordinate to the minister respon-

sible for agricultural development and 16 voivodeship farm advisory centres subordinate to respective voivodeship parliaments.

Statutory tasks of the units mentioned above are implemented in three areas:

- **educational:** by carrying out educational programmes in cooperation with agricultural institutes and higher schools;
- **informational:** by publishing papers, pamphlets and leaflets, maintaining websites, organising fairs, exhibitions and competitions, as well as direct participation in TV and radio programmes at local and national levels,
- **advisory:** by providing advisory services (in various forms – individual, group and Internet advisory services).

The Agricultural Advisory Centre, in turn, realises farm advisory tasks in the following respects:

- 1) preparation and implementation of uniform practices in voivodeship centres within the framework of their tasks;
- 2) preparation and forwarding to voivodeship centres training and information materials, including those on support for agricultural holdings and agricultural production, financed or co-financed by EU funds or by other national or foreign institutions;
- 3) preparation of analyses and forecasts in the field of farm advisory development;
- 4) carrying out trainings for employees of voivodeship centres;
- 5) creation and management of a central information system and database for the purposes of advisory services;
- 6) coordination of tasks concerning organic farming realised by voivodeship centres.

Moreover, the Centre realises controls of the fulfilment of conditions for accredited rendering advisory services, based on the provisions on the support for rural development financed by the European Agriculture Fund for Rural Development. Council Regulation (EC) No 73/2009 introduced the requirement of creating a farm advisory system with respect to adjusting agricultural holdings to minimum cross-compliance requirements.

Owing to provisions concerning the Rural Development Programme 2007–2013, advisory services concerning individual measures of the Programme are rendered by appropriately qualified persons. This is a guarantee of high-quality services.

Agricultural schools

Public agricultural schools are run by local self-government units (mainly at the level of poviats) and by the Minister of Agriculture and Rural Development. The Ministry runs at present 45 agricultural schools, educating ca. 14 thousand students and employing around 1400 teachers. The teaching base for the practical knowledge are school workshops, laboratories for practical classes, school agricultural holdings, agricultural holdings of individual farmers, agricultural advisory centres, food processing plants, catering and hotel establishments and agricultural scientific institutes. The schools run by the Ministry offer education in 27 occupations, in such fields as: agricultural production, agricultural technology, agricultural processing, agribusiness, landscape development, agricultural tourism, catering services, inland fisheries, veterinary medicine, environmental engineering and melioration. The highest numbers of persons study for the following occupations: agricultural technician – 3844, technician in nutrition and household – 2759, agribusiness technician – 2225, technician in agriculture mechanisation – 1519.

Running agricultural schools, the Ministry of Agriculture and Rural Development has the opportunity to directly influence the quality and effectiveness of agricultural education, and in this way to create the personnel policy for the agri-food sector. Agricultural schools are to equip their graduates with knowledge and occupational skills enabling them to take up employment in the agricultural service sector and effectively compete on the free market, as well as continuously increase their occupational qualifications. The Ministry of Agriculture and Rural Development will therefore take up activities so that subordinate agricultural schools become modern educational centres in agriculture: with good teaching base and appropriately trained teachers; teaching various occupations depending on the needs

of the agri-food sector; widely affecting the environment through various forms of education aimed at young and adult rural inhabitants; and cooperating with various entities in the area of agricultural education, agriculture and rural areas. In order to fully implement these assumptions, MARD takes up activities in the following fields: modification of educational fields and contents with the aim of adjusting to the changing conditions of production and life in rural areas; promotion of module education; training and additional trainings for teachers of occupational subjects (the main role is played by the National Centre of Agricultural Education in Brwinów); ensuring appropriate teaching base for practical training at agricultural schools.

Research and development units

In Poland, activities in the field of research and development for the benefit of agriculture, agricultural markets and rural development are implemented by:

- 14 research and developing units reporting to the Minister of Agriculture and Rural Development, including 5 state research institutions:
 - the Institute of Agricultural and Food Economics in Warsaw;
 - the Institute of Crop Cultivation, Fertilisation and Pedology in Puławy;
 - the Institute of Veterinary Science in Puławy;
 - the Institute of Zootechnics in Balice near Kraków;
 - the Institute of Plant Protection in Poznań.
- higher schools (consisting of 47 faculties) reporting to the Minister of Science and Higher Education;
- 9 scientific institutions reporting to the Polish Academy of Sciences and, in part, institutions reporting to other ministries (the Ministry of Environment, the Ministry of Economy and the Ministry of Health).

The scientific potential of the base supporting the transformation process that is being implemented in the agricultural and food sector is represented by 6,300 employees holding academic degrees, which is depicted in the following table.

Research and development units under the Ministry of Agriculture and Rural Development implement at present 8 multiannual programmes aimed at monitoring of the transformations in the agri-food sector and in rural areas, as well as at the specification of quality standards necessary to establish the criteria of consumer-safe production processes in agriculture and food processing.

This is a considerable scientific potential that supports the Common Agricultural Policy.

Financial funds for R&D activities for agriculture, as in the case of units operating in other scientific areas, are raised, *inter alia*, by means of budgetary allocations, participation in international programmes of science and technology cooperation and services provided to economic and scientific entities.

TABLE 35. Research and development personnel in agricultural sciences

Scientific units Employees	R&D institutes of the Ministry of Agriculture and Rural Development	Scientific units of the Polish Academy of Sciences (PAN)	R&D units under the authority of other ministries	Higher education institutions	Total
Total number of employees	4,315	621	2,009	10,782	17,727
Professors	152	75	82	1,094	1,407
Scientists with a dr hab. degree	139	38	41	594	812
Scientists with a dr degree	585	135	302	3,011	4,033

Within the framework of work over the adjustment of research and development background for the ministry to the conditions of cooperation with European Union Partners in Research and Development units of the Ministry of Agriculture and Rural Development, Centres of Excellence and Competence Centres were established.

- in the Plant Breeding and Acclimatization Institute – Crop Improvement Centre for Sustainable Agriculture [CICSA];
- in Sea Fisheries Institute – Centre of Excellence in Marine Fisheries Sciences [POLMARF];
- in the Research Institute of Pomology and Floriculture – Research Centre of Excellence in Sustainable Pomology [PomoCentre];
- in the Institute of Soil Science and Plant Cultivation, Puławy – Protection of Land and Water Quality and Sustainable Development of Rural Areas [PROLAND];
- in the Institute for Buildings Mechanization and Electrification of Agriculture – Renewable Energy Centre of Excellence and Competence in Poland [RECEPOL];
- in the Research Institute of Medical Plants – Medical plants in nutrition and medicine – a step towards integration engineering with European standards [MEDNAM];
- in the Institute for Buildings Mechanization and Electrification of Agriculture – Transfer of knowledge in agricultural engineering [TRAGEN].

In Skierniewice, under the Research Institute of Pomology and Floriculture, the Centre for Advanced Technologies is located. Its future activities are to significantly improve the conditions of translating research results into practice.

R&D background for agriculture, agricultural markets and rural development has taken active part also in the cooperation under 7th European Union Framework Programme, as well as ERA programme – NET and EUROAGRI. Polish scientists have been carrying out work in the Working Group of the research programme “Development of Sustainable Agriculture in Baltic Sea Area” under the Standing Committee on Agricultural Research by the European Commission.

Research is continued in the new Virtual Institute of Sustainable Agriculture – a widely-accessible real-time research IT programme with a regularly updated database.

The scientific environment will get actively engaged in the realisation of tasks resulting from the European Union Strategy for the Baltic Sea Region developed by the European Commission.

ADDRESSES OF INSTITUTIONS RELATED TO AGRICULTURE

MINISTRY OF AGRICULTURE
AND RURAL DEVELOPMENT (MARD)
00-930 Warszawa, ul. Wspólna 30
tel./fax + 48 22 623 10 00; + 48 22 623 27 50
<http://www.minrol.gov.pl>
e-mail: kancelaria@minrol.gov.pl

AGRICULTURAL MARKET AGENCY (AMA)
Information and Promotion Office
00-400 Warszawa, ul. Nowy Świat 6/12
tel./fax + 48 22 661 72 72; + 48 22 628 93 53
<http://www.arr.gov.pl>
e-mail: tpi@arr.gov.pl

AGENCY FOR RESTRUCTURING AND
MODERNISATION OF AGRICULTURE
(ARMA)
00-175 Warszawa, Al. Jana Pawła II 70
tel./fax + 48 22 318 53 30; + 48 22 318 42 20
<http://www.arimr.gov.pl>
e-mail: info@arimr.gov.pl

AGRICULTURAL PROPERTY
AGENCY (APA)
00-215 Warszawa, ul. Dolańskiego 2
tel./fax + 48 22 635 80 09; + 48 22 635 00 60
<http://www.anr.gov.pl>
e-mail: anr@anr.gov.pl

FOUNDATION OF ASSISTANCE
PROGRAMMES FOR AGRICULTURE (FAPA)
00-930 Warszawa, ul. Wspólna 30
tel./fax + 48 22 623 16 03; + 48 22 623 19 09
<http://www.fapa.com.pl>
e-mail: fapa@fapa.com.pl

AGRICULTURAL SOCIAL INSURANCE
FUND (KRUS)
00-608 Warszawa, Al. Niepodległości 190
tel./fax + 48 22 592 65 90; + 48 22 825 95 97
<http://www.krus.gov.pl>
e-mail: centrala@krus.gov.pl

AGRICULTURAL AND FOOD QUALITY
INSPECTION (IJHARS)
00-930 Warszawa, ul. Wspólna 30
tel./fax + 48 22 623 29 00; + 48 22 623 29 98
<http://www.ijhar-s.gov.pl>
e-mail: sekretariat@ijhar-s.gov.pl

GENERAL VETERINARY INSPECTORATE
THE VETERINARY INSPECTION
00-930 Warszawa, ul. Wspólna 30
tel./fax + 48 22 623 20 88; + 48 22 623 14 08
<http://www.wetgiw.gov.pl>
e-mail: wet@wetgiw.gov.pl

PLANT HEALTH AND SEED INSPECTION
(PIORIN)
00-930 Warszawa, ul. Wspólna 30
tel./fax + 48 22 623 23 02; + 48 22 623 23 04
<http://www.piorin.gov.pl>
e-mail: gi@piorin.gov.pl

AGRICULTURAL ADVISORY CENTRE
IN BRWINÓW
05-840 Brwinów, ul. Pszczelińska 99
tel./fax + 48 22 729 66 34 (38); + 48 22 729 72 91
<http://www.cdr.gov.pl>
e-mail: brwinow_sekretariat@cdr.gov.pl

NATIONAL COUNCIL OF AGRICULTURAL
CHAMBERS
00-930 Warszawa, ul. Wspólna 30
tel./fax + 48 22 623 21 65; + 48 22 623 11 55
<http://www.krir.republika.pl>
e-mail: krir@z.pl

NATIONAL UNION OF FARMERS, CIRCLES
AND AGRICULTURAL ORGANISATIONS
(KZRKiOR)
00-582 Warszawa, Al. Sucha 16/42
tel./fax + 48 22 827 75 55; + 48 22 827 30 01
<http://www.kolkarolnicze.pl>
e-mail: biuro@kolkarolnicze.pl

