MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT

AGRICULTURE AND FOOD ECONOMY IN POLAND

Warsaw 2005

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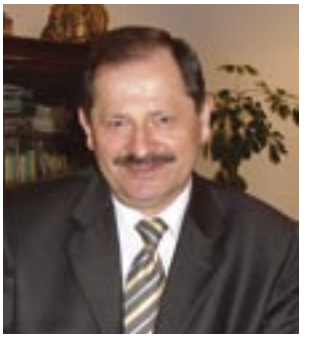


Ladies and Gentleman,

It has been a long tradition to present during the Polish harvest festival as well as during the biggest agricultural fairs i.e. POLAGRA FOOD and POLAGRA FARM, the publication "Agriculture and Food Economy in Poland", intended for both domestic and foreign readers. The information and evaluations included in the publication give the picture of the state of agriculture, agri-food industry, fisheries, foreign trade in agri-food products and of the rural areas situation. The presentation of main projects for villages and agriculture co-financed from the EU and national budgets is a separate part.

Several months have passed since our accession to the European Union. Certainly, it is still too early to make a final judgment of the integration. We can surely say that Polish farmers have managed to cope with the new conditions perfectly well. They know how to take advantage of the available programmes. Area payments have become a widespread instrument supporting our agricultural holdings. All the financial measures from structural funds have been activated. Of course, it was only possible thanks to the engagement of central and local self-government institutions, as well as of social/vocational organisations.

Initial evaluations and assessments reveal that Polish farmers, despite of receiving financial resources relatively lower than farmers in the EU 15 Member States, have observed an increase in their income. It is noticeable that the obtained funds have been allocated for investment purposes in the majority of farms. An increase has been brought about in the number of farmers interested in renovating their machinery by means of purchases of either new machines or spare parts for the machines already in their possession. Many farmers have allocated the obtained resources for extension or modernisation of production buildings on their farms. There are also farmsteads, especially the small-area ones, in which the received aid plays the role of a social benefit, improving the material situation of rural families. Some resources from direct payments have been allocated for the improvement of children's education, as the necessity has been perceived for young people to obtain education at the higher level. The results of such allocation of resources will be visible in the future.

The first year of Poland's EU membership means also implementation of new instruments of market policy. Common organisation of agricultural markets means, on one hand, a financial support for producers and processing plants at some markets, and, on the other hand, taking off the surpluses in order to stabilize the market and to protect profitable prices. In 2004, which was characterised, not only in Poland, by high surpluses

of agricultural produce, especially cereals, it was difficult to assess comprehensively the results of the new market policy. Undoubtedly, producers of starch potatoes, starch, tobacco and also sugar beets and hops have achieved positive results.

The instruments of administration of the foreign trade in agri-food products, including export refunds, are an important part of market policy.

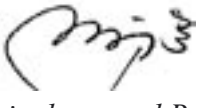
A dynamic growth in the commodity exchange, in exports first of all, is a success of the first year of the membership in the EU. This success can be measured by a twofold increase of the active trade balance in 2004, as compared to 2003. It reached the level of 853 million euro, whereas in 2002 it was negative and amounted to – 337 million euro.

Thanks to the abolition of import barriers by the EU, our biggest trading partner, Polish traders could make use of the assets of a more and more modern processing industry. The great effort of personnel and management of plants operating in dairy, meat and other industries has proved effective. The first year of functioning in the new economic conditions within the common market showed that the undertaken modernisation and adjustment measures turned these plants into the most modern plants of this type in Europe. Thanks to this, the products made by them have not only a unique taste but they also offer the consumers the guarantee of the highest quality and nutritional security.

The high quality of agricultural raw materials is also of importance. The potential of Polish agriculture is significant, although the soil and climatic conditions are unfavourable, as compared to those existing in the majority of the EU countries. However, the clean environment, a considerable number of farms involved in agricultural production based on traditional methods with a relatively low usage of agro chemicals, as well as animal production characterised by low intensity, all contribute to the high quality of agricultural products.

No wonder, our agriculture arouses so much interest in the whole Europe. I am convinced that you will appreciate this publication, in which we have tried to present in a comprehensive way all the basic information about Polish agriculture, processing industry and fisheries, as well as about rural areas development.

Jerzy J. Pilarczyk



Minister of Agriculture and Rural Development

General information about Poland

Poland is a country located in the centre of Europe, with the total area of 312 700 m^2 and the population of 38,2 million. As regards the area, it takes the 9th position in Europe and 69th in the world. Poland comes in the 8th position in Europe, and the 30th in the world, as far as the number of people is concerned.

Since 1 May 2004, Poland has been a member of the European Union (UE). Within the scope of the UE, Poland borders with Germany, the Czech Republic, the Slovakian Republic and the Republic of Lithuania. At the same time our country has become the external EU border with Russia, Belarus and Ukraine. In the enlarged EU (25 countries), Poland covers 7,9 % of the total area, and its inhabitants constitute 8,5 % of the EU population.

Poland is characterised by a large diversification of regional natural conditions, which enhances the tourist values of the country. In the north, it borders with the Baltic Sea; in the south, there are two mountain ranges: the Carpathians with the highest mountains the Tatra mountains (the highest peak Rysy – 2499 metres above the sea level) and the Sudeten with the Karkonosze mountains (the highest peak Śnieżka – 1602 metres above the sea level). In the interior of the country there are the Świętokrzyskie mountains (with the highest peak Łysica – 612 metres above the sea level).

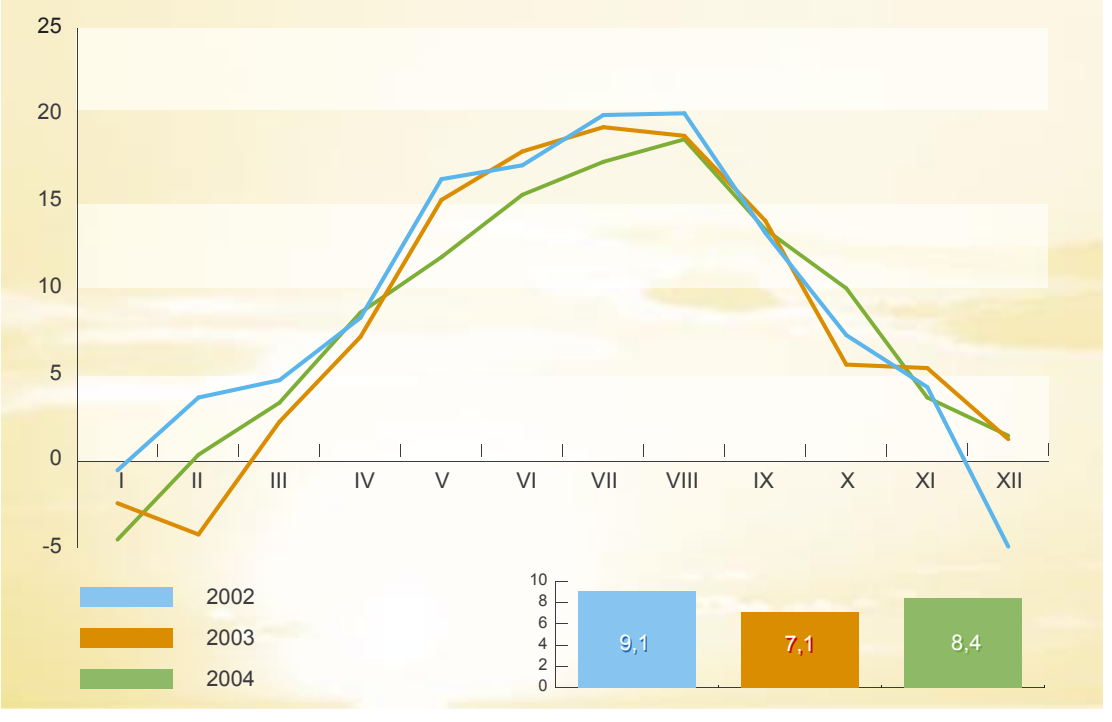
Poland has many rivers (the longest one is the Odra – 742 km in Poland and the Vistula - 1047 km) and lakes (the deepest one is Hańcza – 108,5 m, and the largest one - Śniardwy - 113,8 km^2), as well as canals and artificial reservoirs. Water quality tests indicate a steady increase in the purity of both the underground waters, as well as rivers, lakes and canals.

T. Witczak

The potential of Polish agriculture is significant, although the soil-climatic conditions are unfavourable, as compared to most of the European countries. In 2004 there were 16,3 million ha of utilised agricultural land, which constitutes 52,2% of the total area of the country. Considering the area of the utilised agricultural land, Poland takes the leading position in the EU (just after France and Spain, with the land area similar to Germany); however, the quality of soils is low.

Poland has a moderate climate with changeable weather conditions. The summer lasts from

Figure. 1. Average monthly air temperature in Poland (°C)



Source: Agriculture in 2004. (GUS), Warsaw 2005, based on the Institute for Meteorology and Water Management data

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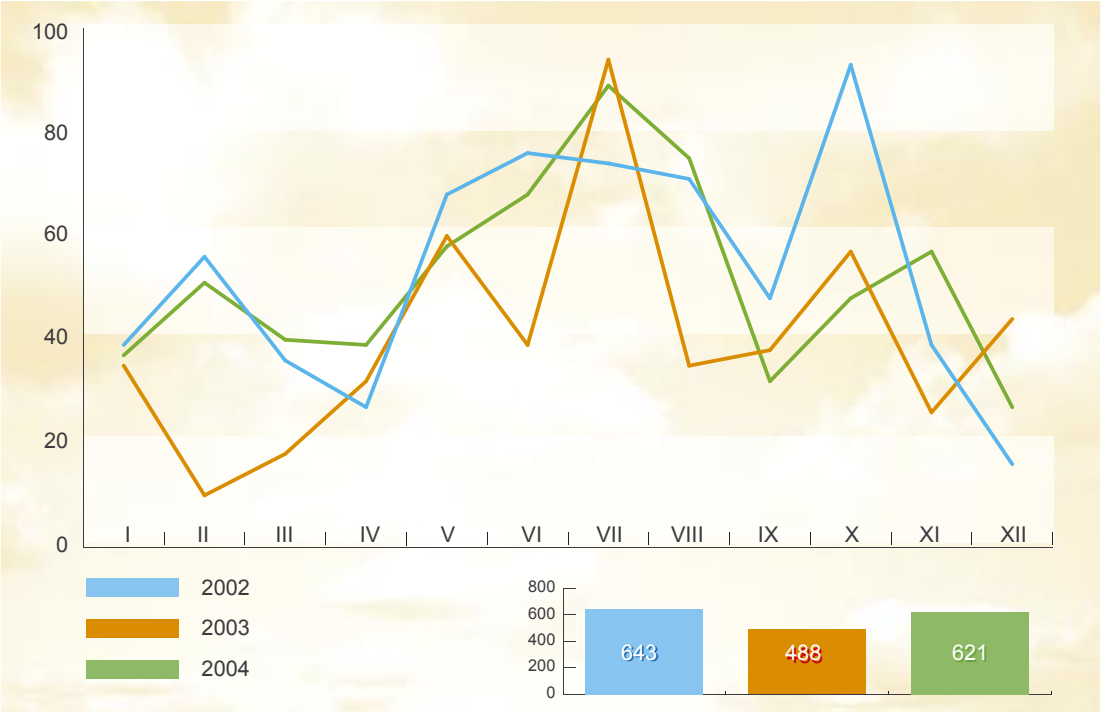
60 days in the lake districts up to 110 days in the Silesia Lowland, with fluctuations in particular years. Within the last 3 years the average air temperature fluctuated between 7,1 and 9,1 °C.

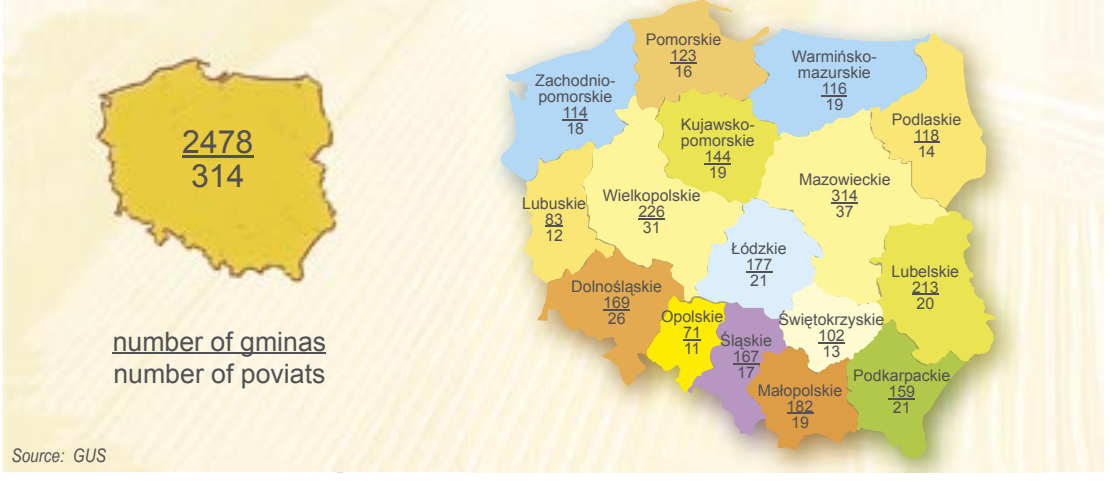
Figure 2. Average monthly precipitation in Poland (mm)



Source: Agriculture in 2004. (GUS), Warsaw 2005, based on the Institute for Meteorology and Water Management data

Poland is divided into 16 voivodships (provinces), 314 poviats (regions) and 2 478 gminas (communes). There are 65 towns with the poviat status. The auxiliary units in communes are, among others, the so-called solectwa (the lowest group of administrative division, usually comprising a single village), the number of which is more than 40 000.

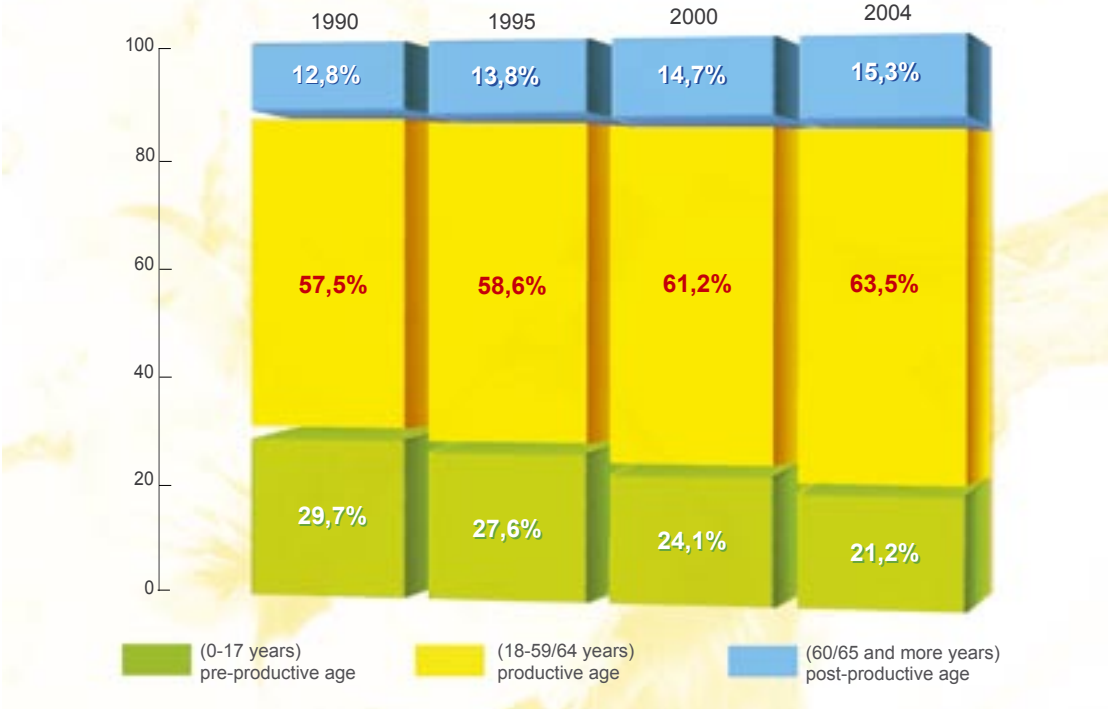
Figure 3. Units of territorial division in Poland in 2004.



Source: GUS

As compared to other European countries, Poland's population is demographically young. However, for two years the population growth rate has been decreasing. Children aged below 15 make up nowadays 18,4% (in villages 21,6%) of the total population, against 25% in 1990 and 21,2% in 2000.

Figure 4. Population in 1990-2004 (%)



Source: Concise Statistical Yearbook GUS, 2005

Zbiory archiwalne MRiRW

General information on Polish agriculture

Polish agriculture is characterised by highly fragmented farms, a large number of people working on them, domination of soils of average or poor agricultural quality and a relatively low usage of industrial means of production.

Table 1. Share and position of agriculture in the world and in Europe (%)

Specification	share		position	
	in the world	in Europe	in the world	in Europe
Yields				
wheat	1,4	5,1	15	5
rye	21,6	24,6	2	2
potatoes	4,3	10,4	6	3
sugar beets	5,0	7,2	7	5
Production				
cattle	0,4	4,0	4,3	9
pigs	2,0	9,5	7	3
Production				
meat	1,3	6,4	14	6
milk	2,3	5,6	11	6

Source: Concise Statistical Yearbook GUS 2005, data of 2003.

Despite this, Poland is a significant producer, worldwide and in Europe, of many agricultural, horticultural and animal products.

Poland is also one of major producers of berry fruits, mainly strawberries, raspberries and currants (ranks as second in Europe), as well as one of the biggest producers of onions, cabbage, cauliflowers and apples.

Poland belongs to a group of countries of great biological diversity and is characterised by a great variety of natural habitats and natural landscapes. A considerable group of farmers, in particular those owning small area farms, is involved in agricultural production based on traditional methods, mainly to ensure food supplies for their own families. Animal production is mostly of low intensity, which is not harmful to the environment.

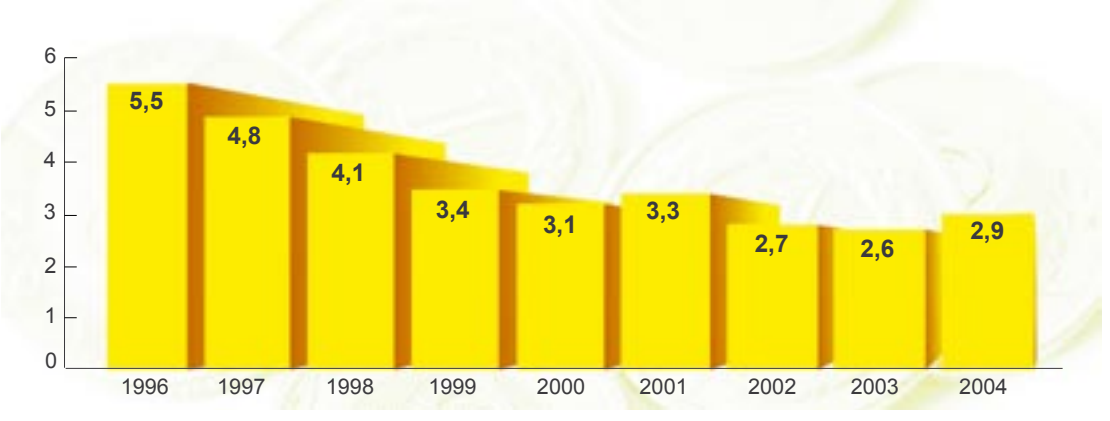
The climatic and soil conditions, as well as traditions in particular regions, determine the type of farming. Potatoes, rye and grassland dominate in central, eastern and northern Poland. Orchards and berry-fruit plantations are located in Mazovia, in lubelskie voivodship, in the area near the town of Sandomierz, as well as in Wielkopolska and in łódzkie voivodship.

In the years preceding the EU integration, low profitability of agricultural production and difficulties in selling agricultural products made on farms contributed to a growing

tendency to leave agricultural land lying fallow or idle. According to the General Agricultural Census conducted in 2002, the total area of arable land left fallow or idle was 2,3 million ha, which constituted 17,6% of the total arable land. In 2004 the area of land lying fallow or idle has decreased to 1,3 million ha, which is, to a large extent, connected with the implementation of the Common Agricultural Policy in Poland. Obtaining direct payments, conditioned by maintaining the agricultural character of the land, as well as the possibility to receive financial aid from structural funds for the development of farms, are conducive to the improvement of agricultural economy.

Reduction of plant production and disadvantageous price relationship of agricultural products resulted in a systematic decrease in the share of agriculture in GDP. However, in 2004 due to a temporary - directly after the integration - increase of prices in agriculture, the share of agriculture in the Gross Domestic Product went up.

Figure 5. Share of agriculture, forestry and hunting in the Gross Domestic Product (%)



Source: Central Office of Statistics (GUS), Statistical Yearbooks

Agricultural land and structure of its utilisation

According to the geodesic register of the end of 2004, the utilised agricultural area (UAA) in Poland was 19 148 000 ha, which ranks the country as the 3rd in the UE, following France (almost 28 million ha) and Spain (more than 25 million ha). However, in 2004, the area of 16 327 000 ha was utilised agriculturally, which is 52,2 % of the total area of the country. Until 2003 the UAA acreage had been systematically decreasing, mainly due to its allocation for housing purposes and the infrastructure accompanying the housing estates. In 2004, in connection with direct payments, the interest of farmers to bring the land under cultivation increased, which compensated for the exclusion of land for non-agricultural purposes. In total in 2004 r. the UAA grew by 158 thousand ha.

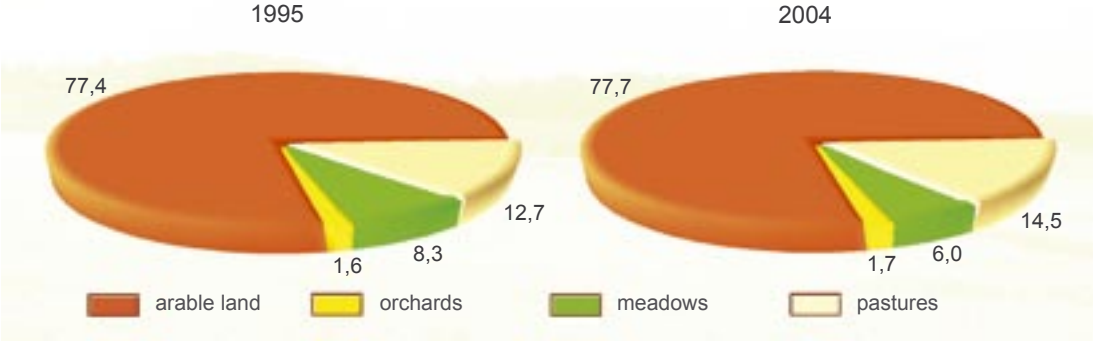
In 2004 the area used for feeding purposes, as expressed in acreage of utilised agricultural area per capita, is high as compared with the EU average and is equal to 0,43 ha/person.

The quality of utilised agricultural area in Poland is rather poor as evidenced by a relatively low soil quality index of 0,82 on average. Very good and good soils constitute only 11,5%, and poor and very poor quality soils – more than 34% of the total arable area. Soils of particularly low quality are characteristic for grassland, where land of very good and good quality (quality class 1 and 2) constitutes just 1,5%, whereas soils of very poor and poor quality (quality class 5 and 6) - over 42%.

Lower quality soils, together with accompanying climatic conditions, worse than in the west European countries, result in Polish agriculture occupying, in terms of agricultural area valorisation, one of the last places in Europe.

Currently the farmland is utilized by many entities, varying with regard to ownership, farm size as well as type and scale of production. Over 95% of agricultural land is utilised by the private sector, of which 87,7% by individual agricultural holdings (family farms). The public sector, utilising 4,5% of agricultural land, comprises the State Treasury farms and holdings owned by state legal persons and by self-governments (gminas), as well as agricultural holdings of mixed ownership with a dominating state-owned stake.

Figure 6. Structure of utilised agricultural area (UAA) in 1995 and 2004 (%)



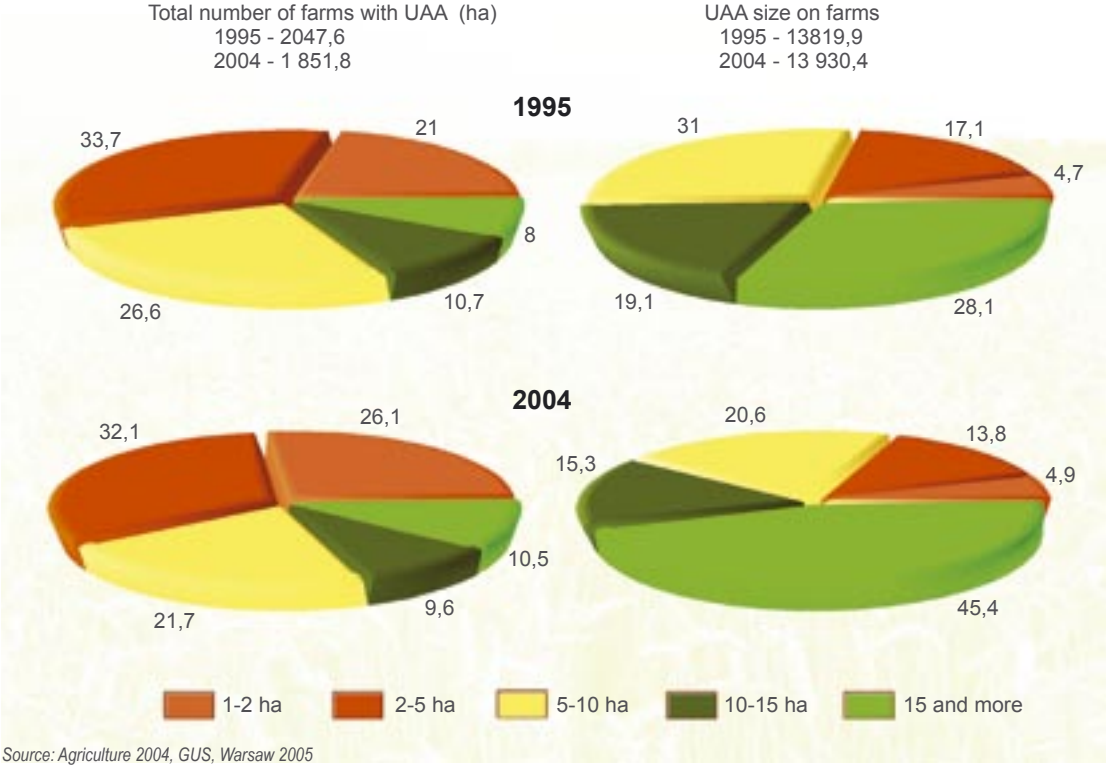
Source: Agriculture in 2004, GUS, Warsaw 2005.

T. Witczak

A characteristic feature of Polish agriculture is a large differentiation of farm sizes: from one hectare to several thousand hectares. The latter can be found both in private and in public sectors alike. The largest agricultural holdings were created on the former state-owned farms. The problem of farm fragmentation occurs only in the family farm sector. In 2004 there were 1 852 000 family farms. The average size of an individual agricultural holding is 7,5 ha of UAA with significant regional differentiation. In southern Poland an average farm size is 3,3 ha of UAA, in the northwest – over 20 ha of UAA. In 2000 in the EU-15 there were 6,7 million agricultural holdings, most of them in Italy (over 2 million), Spain (nearly 1,3 million), Greece (approx. 800 000) and in France (664 000). The average farm size in the EU was 18,7 ha, but in some EU countries there were farms even smaller than in Poland: in Greece (4,4 ha UAA) and in Italy (6,1 ha UAA). After 1990 the number of agricultural holdings has been going down steadily, mainly at the sacrifice of medium-size farms, while the number of the smallest and the biggest farms has been going up.

Although farms of over 10 ha constitute only 20% of all the holdings, they use more than 60% of UAA. Enlargement of the existing farms is a constant process supported by preferential credits.

Figure 7. Structure of individual farms according to UAA size in 1995 and 2004



Source: Agriculture 2004, GUS, Warsaw 2005

Since 2003 an interest in agricultural land purchases has been increasing, which is connected, mainly, with the expectations of improvement of agricultural production profitability after the implementation of the Common Agricultural Policy.

Table. 2. Average prices of arable land and of meadows in private trading in 1995 and 2004 (price for 1 ha)

Specification	Year	PLN	dt	
			Rye	Live pigs and slaughter
Arable land on average	1995 2004	2421 6634	90,2 149,4	9,3 16,5
- good quality (wheat-beet)	1995 2004	6712 9040	161,7 203,6	18,6 22,5
- average quality (rye-potato)	1995 2004	4920 6667	118,5 150,2	13,7 16,6
- poor quality (sandy)	1995 2004	2725 4194	65,6 94,5	7,6 10,5
Meadows of good quality	1995 2004	4883 5770	117,6 130,0	13,6 14,4
- poor quality	1995 2004	2753 3525	66,3 79,4	7,6 8,8

Source: Agriculture 2004, GUS, Warsaw 2005

Despite a rise in land prices, they are still low in Poland. In 2004 the average price, expressed in euro, of arable land was 1463 euro/ha (1981 euro/ha for good quality arable land), and the average price of good quality meadows - 1273 euro/ha. The rules of trade in land are regulated statutorily in Poland.

Real estate acquisition by foreigners is also provided for by the Act, which places an obligation on foreigners to obtain a permit, issued by the Minister of Internal Affairs and Administration, for property purchase, and for agricultural land – an additional permit from the Minister of Agriculture and Rural Development. The permit to acquire property may be issued only, if the foreigner declares that he or she will use the acquired land in accordance with its use specified in the land management plan. Preference in granting permits shall be given to people of Polish origin and those with "permanent residence cards".

In 2004, 433 applications for the area of 4210 ha were submitted to the Minister of Agriculture and Rural Development. Permits were granted in the case of 329 applications for the area of almost 1172 ha, which is 3,56 ha per one permit. In 2004, most applications were submitted by German citizens – 189, Dutch citizens – 48, Austrian citizens - 24 and British citizens - 23. Foreigners were mostly interested in agricultural land located in dolnośląskie, wielkopolskie, mazowieckie, zachodniopomorskie and opolskie voivodships.

The Minister of Agriculture and Rural Development also issued permits to foreigners (29 were considered favourably for 1056 ha) for the acquisition of shares and stakes in companies. Altogether, from 1990 to the end of 2004, 1428 permits were granted for property purchases of the acreage of 3827 ha, as well as 279 permits for the acquisition of shares or stakes in companies owning agricultural property of the acreage of 6238 ha.

Value of agricultural production and price relationship

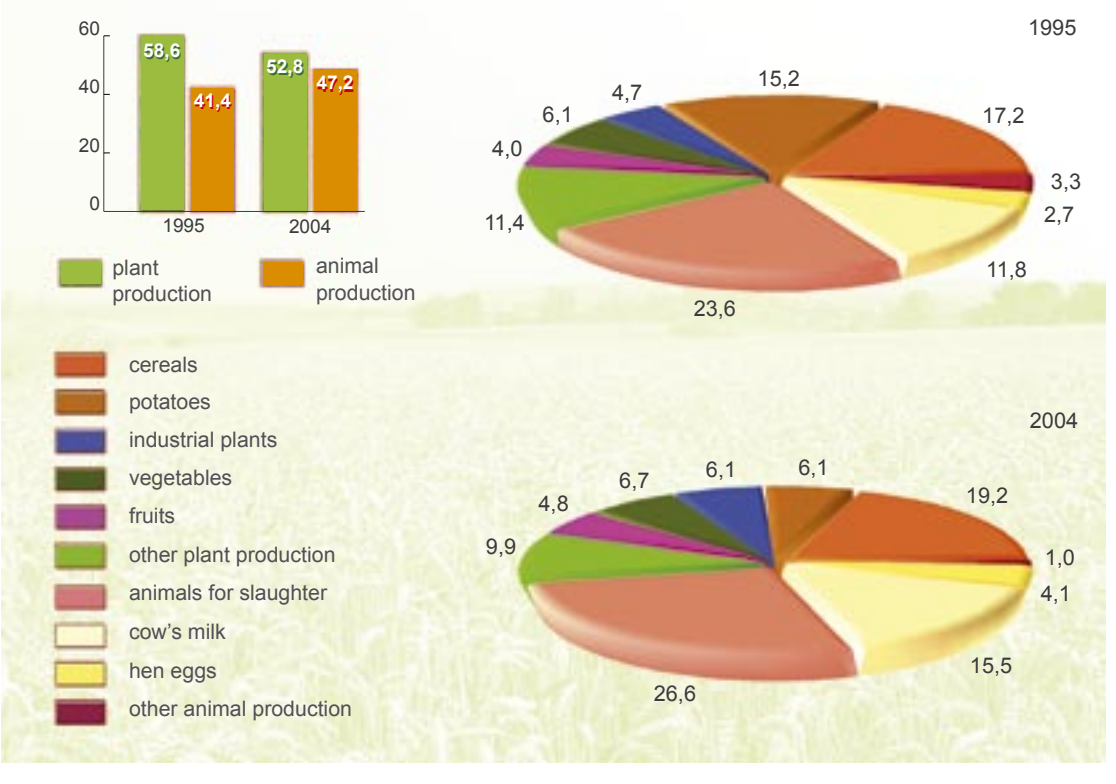
In 2004, the value of the total agricultural production was 66 billion PLN (14,6 billion euro). Although it was much higher than in 2003, it was still by almost 3% lower than in 1990. The decrease was observed in plant production and it amounted to 8,3%, while the value of animal production was by 0,8 % lower in the period in question.

Table 3. Dynamics of total agricultural production (in comparable prices)

Specification	2001	2002	2003	2004	2004	
	previous year = 100				1990=100	1995=100
Total agricultural production	105,8	98,1	99,2	107,3	96,9	105,2
plant	108,6	93,3	94,3	116,4	91,7	101,7
animal	102,5	103,4	104,8	97,2	99,2	108,3
Commercial production	102,9	104,2	105,2	103,2	112,0	126,9

Source: Agriculture 2004, GUS, Warsaw 2005

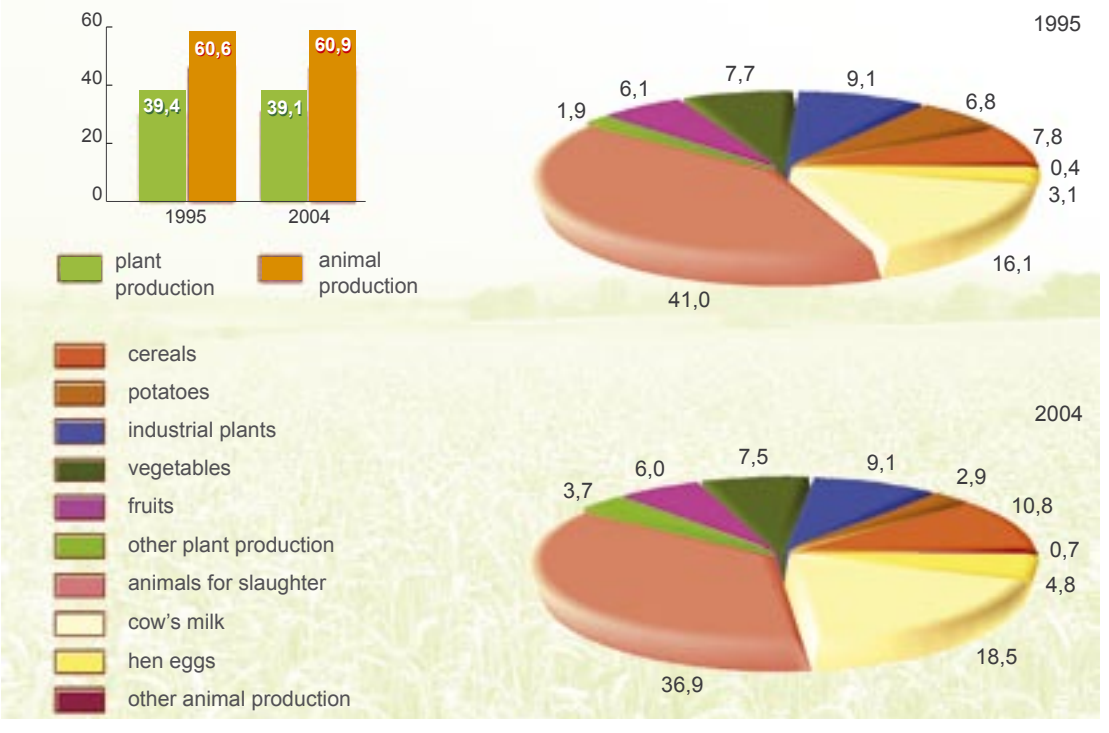
Figure 8. Structure of total agricultural production in 1995 and 2004 (%)



Source: Agriculture 2004, GUS, Warsaw 2005

After the transfer of agriculture to market conditions in 1989 (among others, release of agricultural prices, introduction of free trade in agricultural products in domestic and foreign trade), commercially oriented agricultural production fluctuated from 62,5% in 1990 to 50,1% in 1995, and to 64,4 % in 2004. These fluctuations were caused by limited options to sale agricultural products at profitable prices. With insufficient demand, excess supply or too low prices, internal usage of farms for the purposes of self-supply and animal feedstuffs was increased, thus ensuring an increase in the number of domestic animal herds.

Figure 9. Structure of total commercial agricultural production in 1995 and 2004 (%)



Source: Agriculture 2004, GUS, Warsaw 2005

T.Witczak

The volume of production and the level of agricultural product prices influence the value of agricultural production. For many years, prices of agricultural products have revealed a downward trend and an unfavourable relationship, as compared to prices of other products. The improvement of the situation in 2004 does not seem to be a permanent trend because of existing fluctuations of prices and lower yields forecasted for 2005.

Table 4. Relationship between prices of agricultural products and prices of goods and services purchased by agricultural holdings

Specification	2001	2002	2003	2004	2004	
	previous year = 100				1990 = 100	1995=100
1. Agricultural products	103,8	92,6	99,5	111,4	727,4	152,1
- plant	95,9	99,8	106,2	93,1	660,7	130,5
- animal	108,0	88,8	95,6	122,3	758,7	163,3
2. Goods and services purchased	106,5	101,9	102,1	108,6	1111,0	216,7
- consumer goods	104,6	101,3	100,5	104,1	1058,0	200,0
- goods for current agricultural production	106,9	101,9	102,2	108,9	1163,0	220,0
- investment goods	104,9	102,5	101,9	110,9	906,8	195,4
3. Price relationship "price squeeze" (1:2)	97,5	90,9	97,5	102,6	65,7	70,2

Source: Agriculture 2004, GUS, Warsaw 2005

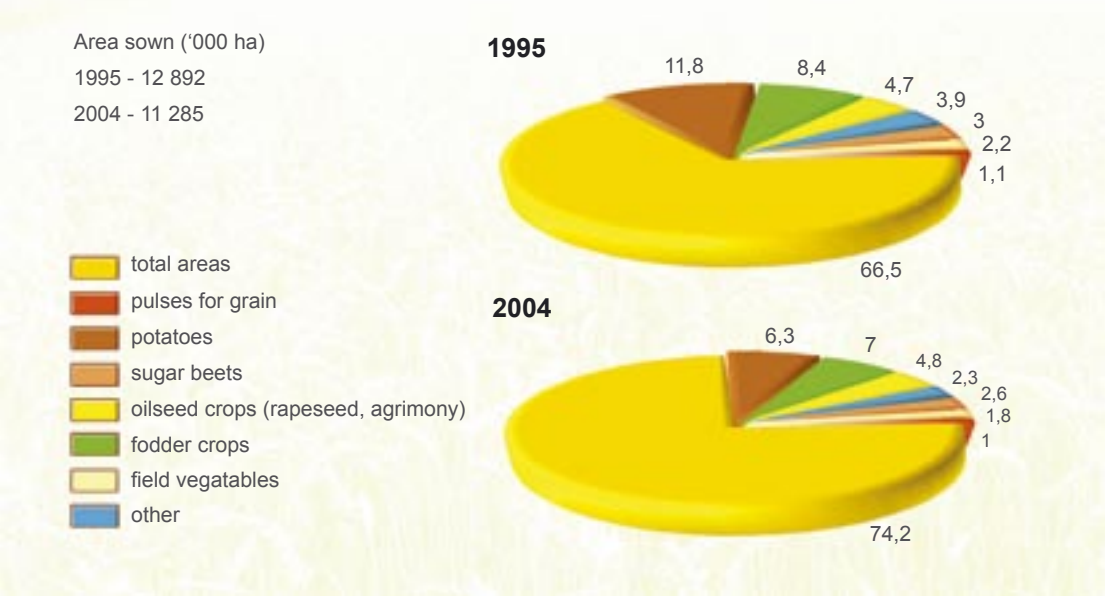
Within the whole period from 1990 to 2004 very rarely did agricultural product prices show an upward trend in real terms. This was observed during both the first years of socio-economic transformation, characterised by a high inflation rate, and in recent years when the inflation rate was considerably lower (in 1990 – 585,8%, in 1995 – 27,8%, in 2000 – 10,1%, in 2003 – 0,8% and in 2004 - 3,5%).

M.Czapka

Plant production

The total area sown to crops in 2004 was 11,3 million ha and it was bigger by 3,6 %, compared to the previous year. This way, a tendency to reduce agricultural use of land, observed for many years with varying intensity, was slowed down.

Figure 10. Structure of individual crops in 1995 and 2004 (%)



Source: Agriculture 2004, GUS, Warsaw 2005

The major crops in Poland are cereals, whose share within the crop structure has been constantly increasing, while the share of potatoes and fodder plants has been gradually decreasing.

The areas of individual crops were adjusted to sales possibilities and profitability of particular types of agricultural production. A supply surplus persisted on the market, except for the years characterised by extremely disadvantageous weather conditions.

In terms of agro-climatic conditions, 2004 was very favourable to plant production. Consequently, there were very high yields of almost all arable crops, which ensured considerable increase in yields of even those crops, whose sowing was diminished in 2004 (potatoes, fodder plants).

Despite a high share in the crop structure of cereals, Poland has been their net importer in majority of years. Imports do not only include rice and high-gluten varieties of wheat, for the cultivation of which there are no appropriate agro-climatic conditions, but also fodder grains (especially maize) and malting barley. High yields of cereals in 2004 stopped their import at the end of 2004. There were also large stocks of grains difficult to clear.

Table 5. Area, yields and production of major crops in 1996-2004

A area ('000 ha) B yield per 1 ha in dt C production ('000 t)

Type of crops	1996-2000	2000	2001	2003	2004		
						1996-2000 =100	2003=100
Total cereals							
area	8796,0	8820,0	8293,7	8163,3	8377,0	95,2	102,6
yields	28,6	30,6	32,4	28,7	35,4	123,8	123,3
production	25189,4	26960,3	26877,6	23390,8	29635,0	117,6	126,7
Total wheat							
area	2576,8	2627,0	2414,2	2308,0	2311,0	89,7	100,1
yields	34,0	30,6	38,5	34,0	42,8	125,9	125,9
production	8772,0	9283,0	9304,2	7858,2	9892,0	112,8	125,9
Rye							
area	2275,4	2002,3	1560,3	1479,3	1550,0	68,1	104,8
yields	22,7	24,3	24,6	21,4	27,6	121,6	129,0
production	5160,0	4863,6	3831,0	3172,2	4281,0	83,0	134,9
Total barley							
area	1142,6	1071,1	1051,7	1016,1	1014,0	88,7	99,8
yields	29,9	31,1	32,1	27,9	35,2	117,7	126,2
production	3420,0	3330,9	3369,9	2831,5	3571,0	104,4	126,1
Oats							
area	590,0	531,0	605,2	526,9	520,0	88,1	98,6
yields	24,4	24,6	24,6	22,4	27,5	112,7	122,8
production	1437,5	1305,2	1486,6	1181,9	1430,0	99,5	121,0
Total triticale							
area	663,4	838,3	943,9	985,6	1058,0	159,6	107,4
yields	30,2	32,2	32,3	28,5	35,2	116,6	123,5
production	2006,0	2697,9	3047,7	2811,6	3723,0	185,7	132,4
Potatoes							
area	1292	1194,2	803,4	765,8	713	55,2	93,1
yields	183,0	162,0	193,0	179,0	196	107,1	109,5
production	23620,0	19379,0	15528,4	13731,5	13999	59,3	101,9
Rapeseed and agrimony							
area	409,6	443,2	438,9	426,3	538,0	131,4	126,3
yields	20,7	24,0	21,6	18,6	30,3	146,4	162,9
production	846,7	1063,6	949,5	793,0	1633,0	192,9	205,9
Sugar beets							
area	395,4	317,5	303,0	286,3	292	73,9	102,1
yields	377,0	358,0	443,0	410,0	427	113,3	104,1
production	14920,1	11363,9	13432,1	11739,5	12499	83,8	106,5

Source: Agriculture 2004, GUS, Warsaw 2005

In 2004, the yields of cereals exceeded considerably (by 18%) the referential yields, established, in the amount of 3,0 t/ha, during the accession negotiations.

In 2004, the production limits agreed upon by the European Commission during the negotiation process for Poland's accession to the EU were not exceeded in any crops.

Vegetable and fruit crops are of great significance in some regions of the country. In 2004, an increase was observed in the area of crops and in yields of most types of field vegetables. The area of vegetables under covers also increased slightly. The agro-climatic conditions were favourable for the vegetation of basic field vegetables, except for the thermophilic ones (tomatoes, cucumbers), whose crops and harvest were lower than in the previous vegetation season.

Table 6. Area of crops, yields and production of field vegetables between 1996-2004

A - area ('000 ha) B - yields per ha (dt) C - production ('tonnes)

Specification		1996-2000[1)]	2002	2003	2004		
		Absolute figures				1996-2000[1)] = 100	2003 = 100
Total	A	243,6	171,3	198,4	207,8	85,3	104,7
	C	5345,7	3947,2	4419,5	4916,1	92,0	111,2
Cabbage	A	48,6	27,0	31,8	32,3	66,5	101,6
	B	380,0	440	389	424	111,6	109,0
	C	1846,0	1188,5	1236,7	1371,0	74,3	110,9
Cauliflower	A	13,0	9,8	10,4	10,2	78,8	98,8
	B	191	180	182	201	105,2	110,4
	C	248,0	176,4	188,8	205,7	83,0	108,9
Onion	A	33,8	27,7	32,5	36,5	108,3	112,6
	B	203	211	209	237	116,7	113,4
	C	684,4	584,9	678,3	865,7	126,5	127,6
Edible carrot	A	31,8	27,8	30,3	30,4	95,5	100,4
	B	279	249	276	305	109,3	110,5
	C	887,7	692,1	834,6	927,9	104,5	111,2
Red beets	A	21,0	10,2	13,5	14,0	66,8	103,7
	B	240	304	247	255	106,3	103,2
	C	503,1	311,2	333,5	356,9	70,9	107,0
Cucumber	A	27,6	18,2	20,2	19,9	72,0	98,2
	B	129	143	143	129	100,0	90,2
	C	357,3	259,7	289,7	255,9	71,6	88,3
Tomatoes	A	22,7	8,7	11,4	12,1	53,4	105,9
	B	128	253	205	176	137,5	85,9
	C	290,0	221,4	234,1	212,7	73,3	90,8
Other[2)]	A	45,1	41,9	48,3	52,3	115,9	108,2
	B	117	123	129	138	117,9	107,0
	C	529,2	513,0	623,9	720,4	136,1	115,5

1) annual average, 2) parsley, leek, celeriac, radish, salad, rhubarb, asparagus, dill and other
Source: Plant production output in 2004, GUS, Warsaw 2005

In Poland, vegetables grown under covers are mainly tomatoes and cucumbers, covering together 68,2% of the total area of crops under covers. Flowers are also grown under covers, and take up 6173 000 m^2, including 3 529 000 m^2 of the greenhouses area, 2618 000 m^2 of plastic-covered greenhouses and 26 000 m^2 of hotbeds.

In 2004 the receipts from export of fresh vegetables reached 226 million Euro, i.e. they were by 20% higher than in 2003. Export of fresh vegetables increased, mainly to the EU countries where 70% of it ended up. Export of processed vegetables, mainly frozen ones, also increased (by almost 10%) and amounted to 334 millions euro, including export to the EU countries which amounted to 233,5 million euro (increase of 3,5%).

Table 7. Area and yields of vegetables under covers in 2004

Specification	Vegetables total		of which:					
			Tomatoes		Cucumbers		Other	
Area	'000 m^2	2003 =100	'000 m^2	2003 =100	'000 m^2	2003 =100	'000 m^2	2003 =100
Total	54665	100,5	24192	100,7	13090	100,8	17382	99,9
Glasshouses	21457	100,5	11453	100,3	5459	100,5	4544	101,1
Plastic-covered greenhouses 1)	32791	100,8	12738	101,0	7562	101,2	12491	100,2
Hotbeds	417	812	x	x	69	93,1	348	79,2
Yields	' 000 tonnes	2003 =100	' 000 tonnes	2003 =100	' 000 tonnes	2003 =100	' 000 tonnes	2003 =100
Total	674	100,4	370	99,3	208	104,7	96	96,0
Glasshouses	353	100,1	220	98,7	108	103,6	25	98,1
Plastic-covered greenhouses 1)	319	100,8	149	100,2	100	105,9	70	95,5
Hotbeds	2	91,1	x	x	0,6	100,8	1	86,4

1) over 1,5 m in peak, Source: Plant production output in 2004, GUS, Warsaw 2005

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More than 1 020 000 t of fresh and processed vegetables were exported in total (out of which over 71% to UE) for the value of 560 million euro (76% of it to 24 EU countries).

Satisfactory output was achieved in fruit production. In 2004, the production of tree fruit, fruit bushes and berries amounted to 3521 000 t and was higher, by over 212 000 t, i.e. by 6,4%, than the production achieved in 2003.Production of tree fruit is dominated by apples, which constitute 80% of the total production. The pattern of apple trees' varieties has changed significantly during the last few years. New varieties, which have been introduced relatively recently, such as: *Jonagold*, *Szampion* and *Gloster*, are becoming more and more important. However, it is the Idared apple variety, the most of which is exported to the former USSR countries, that has the largest share in the yields of apples, followed only by the Jonagold and Szampion varieties. In 2004, these 3 varieties accounted for 37,2% of the total yields.

In 2004, fruit production from fruit bushes and berry plantations increased by 15,8%. The largest increase was observed in production of strawberries and strawberries had the largest share in the production.

Tab. 8. Number of fret-bearing trees, yields and production of tree fruit in 1996-2004

A - area (ha) B - yields per tree (kg) C - production ('000 tonnes)

Specification		1996-2000	2003	2004	2004	
		Absolute figures			1996-2000 = 100	2003 = 100
Total	A	98 932	136 517	143 725	145,3	105,3
	C	2 134	2 876	3 019	141,4	105,0
Apple tree	A	62 060	96 336	100 843	162,5	104,7
	B	28,3	25,2	25,0	88,3	99,2
	C	1 758	2 428	2 522	143,4	103,9
Pear	A	5 690	5 893	6 144	108,0	104,2
	B	12,0	13,1	14,2	118,3	108,4
	C	68	77	87	128,2	113,1
Plum trees	A	10 528	10 135	10 850	103,1	107,1
	B	10,3	10,8	12,2	118,4	113,0
	C	108	110	133	122,3	121,0
Sour cherry trees	A	15 140	18 220	19 700	130,1	108,1
	B	9,6	10,5	10,2	106,3	97,1
	C	145	191	202	139,0	105,6
Cherry trees	A	3 095	3 351	3 476	112,3	103,7
	B	12,1	13,2	13,9	114,9	105,3
	C	37	44	48	129,2	109,8
Peach trees	A	.	1 316	1 410	x	107,2
	B	.	9,5	10,1	x	106,3
	C	.	12,5	14,3	x	115,1
Apricot trees	A	.	515	547	x	106,2
	B	.	9,3	9,0	x	96,8
	C	.	4,8	4,9	x	101,6
Walnut trees	A	.	750	763	x	101,8
	B	.	11,3	10,7	x	94,7
	C	.	8,5	8,2	x	96,6

Source: Plant production output in 2004, GUS, Warsaw 2005.

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In 2004, the export of fresh fruit from Poland was 6415000 t, and its value was 203,7 million euro. It means an increase of 30% in quantity (by almost 182 000 t) and an increase of 33% in value (by almost 69 million euro) in exports, as compared with 2003. In addition, exports of processed fruit increased in terms of quantity by almost 9% (to more than 607 000 t), and in terms of value it decreased by 6% (from 559,0 million euro in 2003 to 528,6 million euro in 2004).

Table 9. Area, yields and production of fruit from bushes and berries in 2000-2004.

A - area ('000 ha) B - yields per 1 ha in dt C - production ('000 t)

Fruit type		2001	2002	2003	2004	
					2004	2003=100
Total berries	C	523,4	414,5	433,3	502,0	115,8
Strawberries	A	65,8	38,0	43,9	52,4	119,3
	B	37,0	40,0	30	35	116,7
	C	242,1	153,1	131,3	185,6	141,3
Raspberries	A	12,9	13,4	13,3	14,2	106,9
	B	35,0	33,0	32	40	125,0
	C	44,8	44,9	42,9	56,8	132,4
Currants	A	34,5	42,3	38,9	38,9	100,0
	B	51,0	37,0	49	50	102,0
	C	175,3	157,5	192,5	194,5	101,1
Gooseberry	A	5,8	3,6	3,6	3,6	100,6
	B	51,0	60,0	56	55	98,2
	C	29,6	21,7	20,2	19,9	98,5
Other: aronia, bilberry and other	A	4,5	8,4	7,6	7,8	102,7
	B	70,0	45,0	61	58	95,1
	C	31,6	37,3	46,3	45,2	97,7

Source: Plant production output in 2004, GUS, Warsaw 2005.

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Animal production

For many years, in Poland, the stock of cattle, sheep and horses has been going down, whereas the stock of pigs has been fluctuating, and both the stock and production of poultry kept increasing every year, after a temporary fall following the year 1990. 2004 was a period of further fall of the stock of cattle and sheep. Simultaneously, the stock of pigs decreased considerably, due to deterioration of profitability of production of pigs for slaughter in 2003. Production of poultry kept increasing.

Table 10. Livestock numbers – situation in June (thousand head of animals)

Specification	1990	1995	2000[1)]	2003[1)]	2004[1)]	2004[1)]/1990 =100
Cattle	10049	7306	6083	5489	5353	53,3
of which cows	4919	3579	3098	2897	2796	56,8
Pigs	19464	20418	17122	18605	16988	87,3
of which sows	1837	1875	1577	1782	1659	90,3
Sheep	4159	713	362	362	318	7,6
of which ewes	2564	450	223	223	200	7,8
Horses	941	636	550	333	321	34,1

1) pig – situation at end of July

The decrease in stock of cattle and sheep resulted in the fall of animal density per 100 ha of utilised agricultural area (UAA). In 2004, animal density was as follows:
- cattle – a decrease from 54 head in 1990 to 33 head/100 ha of UAA
- sheep – a decrease respectively from 22,2 head to 1,9 head/100 ha of UAA
- horses - a decrease from 5,0 head to 2,0 head/100 ha of UAA in 2004

and density of pigs remained at the level from 1990, namely 104 head/100 ha of UAA; however, in 2003 it was 115 head/100 ha of UAA.

Preparations for accession to the EU, and consequent necessity of sanitary and veterinary adjustments not only in the agri-food processing, but also in agricultural holdings, accelerated the process of concentrating slaughter animals and milk cows' rearing and, in result, led to the elimination of small producers from the market. It was especially noticeable in the case of milk cattle rearing, where small farms resigned from rearing 1-2 cows.

Despite an increase in the concentration of domestic animals' rearing, it still remains low and does not threaten the environment. National regulations on the environmental protection, controls of compliance with such regulations on pig farms, as well as activities of local self-governments are aimed to slow down excessive concentration of pig production.

Poland entered the EU as an important producer of meat and milk, with the stabilised market for these products. The integration with the EU made it possible to enhance the profitability of beef and milk production.

Thanks to attractive prices, offered on the EU market, the export of live cattle to the EU-15 increased in terms of quantity by 44 %, and in terms of value by 78%.

Export of beef went up even more - in terms of quantity by 161%, and in terms of value by 129%. In 2004 the geographic pattern of export of dairy products changed. Nearly 70% of dairy exports were to the EU countries. The overall value of exports of dairy products was 555 million euro, and was higher by 70 % than in 2003.

The situation is different in the case of beef production. Profitability of production does not result from the integration with the EU, but mainly from the costs of production. Productivity of beef and milk cattle is much lower in Poland than the average in the EU-15 whereas that of pigs is at a similar level, which is connected with different conditions of cattle rearing (low usage of industrial fodder in feeding in Poland).

Table 11. Production of major animal products in 1990-2004

Type of production	Unit	1990	2000	2001	2002	2003	2004
Total slaughter animals by live weight, including:	'000 t	4493	4112	4107	4369	4776	4560
- pigs	'000 t	2341	2501	2419	2601	2833	2538
- cattle	'000 t	1428	635	562	523	591	611
- calves	'000 t	105	83	81	76	76	53
- poultry	'000 t	474	834	994	1134	1228	1309
- horses	'000 t	37	45	36	30	30	32
- sheep	'000 t	96	7	6	5	6	5
Milk	million l	15371	11543	11538	11527	11546	11477
Eggs	million units	7597	7621	8081	8925	9168	9250
Wool	T	14783	1320	1339	1317	1218	990

Source: GUS

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According to the 2000 data, the yield of beef per head of cattle was, on average, 278 kg in the EU and 148 kg in Poland, that of pork: 87 kg and 86 kg in the EU and Poland respectively, while the milk yield per cow was 5753 litres in the EU and 3778 litres in Poland.

Progressing, though slow, concentration of cow rearing resulted in an increase in milk yield per cow. In 2004 an average annual milk yield per cow went up to 4082 litres, i.e. by 113 litres more, as compared to 2003, and by 946 litres against 1995. On the other hand, no increase was noted, during the last two years, in the average number of eggs per laying hen, which was 198 eggs annually, against 203 eggs in 2003 and 163 eggs in 1995.

Zbiory archiwalne MRiRW

Organic farming

The basic rule of organic production is elimination of synthetic plant protection substances, namely, fertilisers, pesticides and other substances of this kind, from agricultural production. Organic farming is the most environmentally friendly method of agricultural production and it makes increase in soil fertility, as well as maintenance of biological and landscape diversity possible.

Organic production in Poland is subject to strict supervision, which is regulated by the law. Polish system of inspection and certification scheme are run in Poland by: the Minister of Agriculture and Rural Development, who grants authorisations to certifying bodies; the Agriculture and Food Quality Inspection as the supervisory authority of the authorised certifying bodies and authorised certifying bodies accredited by the Polish Accreditation Centre. In 2005, the following certifying authorities are responsible for control and certification in organic farming in Poland:

- EKOGWARANCJA PTRE Sp. z o. o., 20-834 Lublin, ul. Irysowa 12/2;
- Organic Food Certification Unit PNG Sp. z o.o. in Zajączkowo (Jednostka Certyfikacji Produkcji Ekologicznej PNG Sp. z o. o. w Zajączkowo), 26-065 Piekoszów;
- COBICO Sp. z o. o., 31-203 Kraków, ul. Lekarska;
- BIOEKSPERT Sp. z o. o., 00-621 Warszawa, ul. Boya-Żeleńskiego 6, lok. 34;
- BIOCERT Sp. z o. o., 31-503 Kraków, ul. Lubicz 25 A;
- Polish Testing and Certification Centre, Office for Testing and Certification, Branch in Piła (Polskie Centrum Badań i Certyfikacji Biuro ds. Badań i Certyfikacji Oddział w Pile), 64-920 Piła, ul. Śniadeckich;

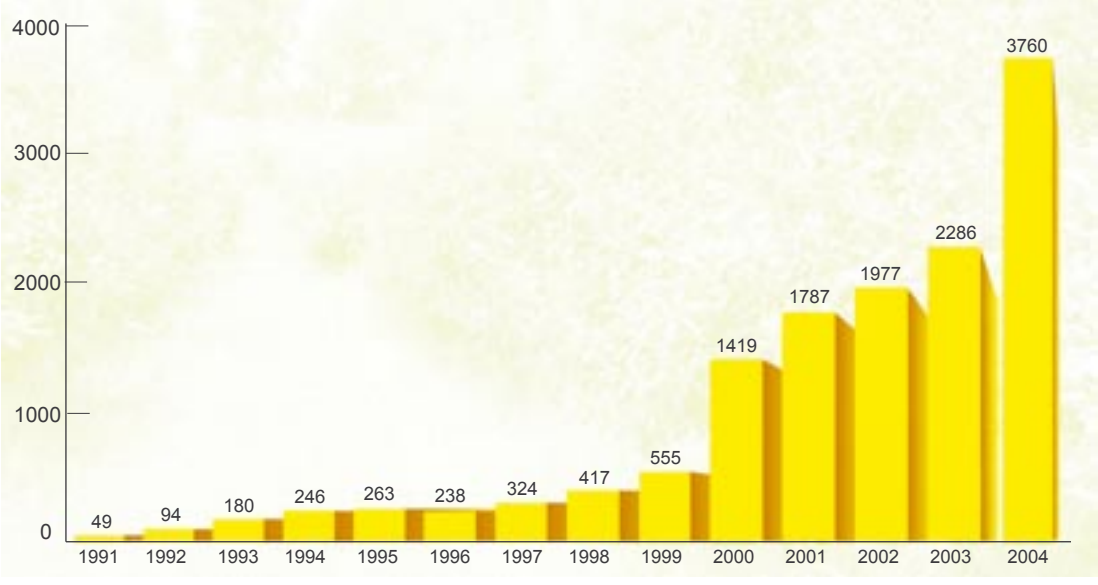
Financial support for organic farming in Poland, as in all the EU member states, derives from two sources:

1) the national budget, through which it is possible:
- to help financing tests concerning organic farming, including conducting analyses to check the content of substances, the usage of which is prohibited in organic farming;
- to grant subsidies to help financing the costs of inspection of agricultural holdings,
- to subsidise promotional activities in organic farming.

2) financial resources from the EU budget are intended for subsidies to one hectare of organic crop yield on the basis of applications for payments by way of support of agricultural projects and improvement of animal welfare.

In recent years, the number of organic farms in Poland kept growing by several dozen percent annually. However, their total number and overall acreage is relatively meagre, as compared to other European countries, and constitutes merely 1% of organic farming on our continent.

Figure 11. Number of organic farms inspected in Poland in 1991 - 2004



Source: Ministry of Agriculture and Rural Development

According to preliminary forecasts, the number of inspected farms may go up by 100 % in 2005, which is a sign of a substantial increase in farmers' interest in this kind of agricultural production.

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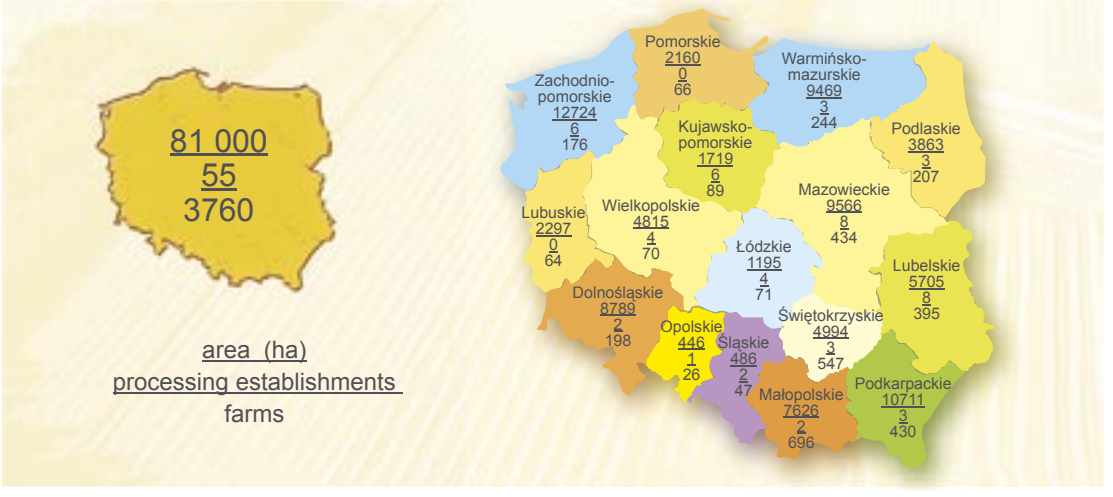
Figure 12. Organic farming in 2004



In 2004 the land was intended, first of all, for basic cultivation, such as: meadows and pastures, agricultural crops, orchards and berries, as well as vegetables. In organic farms 7788 cows were kept, all of which together produced over 26 000 litres of milk. 2004 was dominated by production of cattle livestock (639 t), pig livestock (1170 t) as well as mutton livestock (490 t).

The agricultural and environmental conditions in Poland are favourable for organic farming development; ecological quality of production space in agriculture and its biological variety are among the best in Europe.

Agriculture in regions

Agricultural production is diversified in particular voivodships due to the farm size, type of land ownership, quality of soils, as well as traditions and sales options, mostly conditioned by the location of processing plants, proximity to urban agglomerations and the distance from the country's border.

The amount of yields and the usage of industrial means of production prove best the intensiveness of plant production. With the average yield of cereals of 35,4 dt/ha in 2004, in particular voivodships it fluctuated from 28,2 dt/ha to 50,6 dt/ha. The potato yields fluctuated from 170 dt/ha to 230 dt/ha, with the average potato yield of 196 dt/ha in the whole country.There are also considerable differences in the usage of mineral fertilisers, whose average usage for crops was 99,3 kg of NPK/ha in 2004.

The highest average rate of fertilising in a voivodship was 150 kg of NPK, and the lowest 73 kg of NPK. Per 1 ha, 44 dt/ha of natural fertilisers were used on average, with the lowest level of 17 dt and the highest one of 55 dt.

Cereals are cultivated in the whole country, however, northeastern and northern regions, which are characterised by large-area farms, have the largest share in cereal grains production. The southern region, with its farm fragmentation, produces relatively the least of cereals.

Table 12. Yields of cereals and potatoes, compared with other factors of plant production in 2004

Voivodships	Yields of cereals per 1 ha in dt	Yields of potatoes per 1 ha in dt	Usage of fertilisers	
			Mineral fert. of NPK per 1ha of UAA in kg	Natural fert. of NPK per 1ha of UAA in kg
Poland	35,4	196	99,3	44
Dolnośląskie	46,5	221	93,8	18
Kujawsko-pomorskie	38,7	223	132,5	55
Lubelskie	31,3	193	99,5	34
Lubuskie	37,6	202	111,9	17
Łódzkie	30,8	192	111,1	50
Małopolskie	33,3	170	83,2	49
Mazowieckie	28,9	188	78,0	53
Opolskie	50,6	212	150,1	32
Podkarpackie	32,1	181	65,3	31
Podlaskie	26,9	186	86,2	70
Pomorskie	33,3	218	122,9	40
Śląskie	37,8	196	96,0	47
Świętokrzyskie	28,2	175	73,0	38
Warmińsko-mazurskie	33,6	197	88,3	44
Wielkopolskie	39,5	215	111,1	56
Zachodniopomorskie	39,5	230	110,8	17

Source: Plant production output in 2004, GUS, Warsaw 2005.

There is a distinct concentration of production in the cultivation of some specific plants like e.g. buckwheat, millet, hop, and tobacco. Over 55% of buckwheat crop was collected in lubuskie and dolnośląskie voivodships; 68% of millet was produced in świętokrzyskie and lubuskie voivodships. Hop plantations are situated mainly in lubelskie and wielkopolskie voivodships, and those of tobacco in lubelskie, małopolskie, świętokrzyskie, podlaskie and podkarpackie voivodships. Potatoes, whose crops rank Poland as the sixth in the world and the third in Europe, are cultivated in most agricultural holdings. They are, however, most largely grown in eastern and central regions, which are related to farm fragmentation, pig-rearing intensity, as well as the possibility of potato exportation to the east.

The situation looks different, as far as the cultivation of sugar beets is concerned. They are scarcely grown in the southern region and mostly grown in northern, northwestern and eastern regions, where there are sugar factories.

Vegetables, cultivated for commercial purposes, are located mostly in eastern and central regions, and also around large urban agglomerations. Mazowieckie, łódzkie, małopolskie and wielkopolskie voivodships have the highest share in the crops of field vegetables.

Orchards and berry plantations are mostly situated in Mazovia (region around the town of Grójec), in lubelskie voivodship, in the region of the town of Sandomierz, and also in Wielkopolska and in łódzkie voivodship.

Animal production is also characterised by regional differentiation. 44 % of cattle stock and 44,6 % of cow stock was in mazowieckie, podlaskie and wielkopolskie voivodships in 2004. On the other hand, the stock of pigs is mostly in kujawsko--pomorskie, mazowieckie and wielkopolskie voivodships – inclusively there is 46,5% of stock there.

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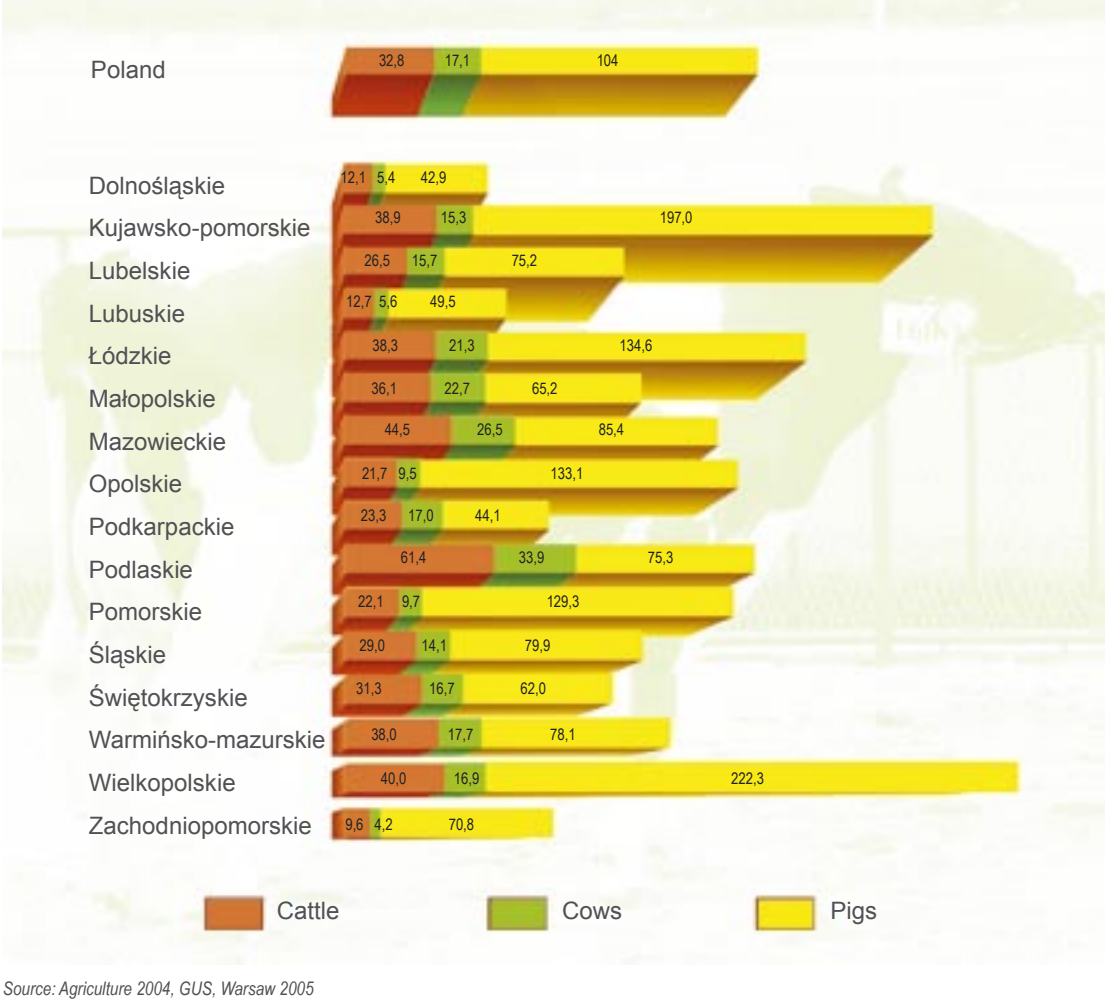
The criterion of intensity of domestic animal rearing in particular voivodships is animal density per 100 ha of utilised agricultural area.The greatest concentration of cattle stock is in podlaskie voivodship, and that of pigs in wielkopolskie voivodship.

Sheep stock, whose number in 2004 is only 8 % of that in 1990, (318 000 of head in 2004 against 4159 000 of head in 1990), is most numerous in małopolskie and wielkopolskie voivodships. Sheep density per 100 ha of UAA fluctuated from 0,7 head in świętokrzyskie voivodship to 11,2 head in małopolskie voivodship in 2003.

Figure 13. Stock of cattle, cows and pigs per 100 ha of UAA by voivodships in 2004 (head)



Source: Agriculture 2004, GUS, Warsaw 2005

General information on rural areas

Rural areas in Poland constitute 93,4% of the country's area and are inhabited by 14,7 million people, i.e. 38,5% of the total population. Polish villages are characterised by a spread settlement area, which hampers its development, increases the costs of infrastructure and often makes it impossible to take up off-farming activities. There are 53 000 rural localities, including 42 800 villages and 10 200 colonies and settlements.

On average, population density in rural areas, i.e. the number of people per 1 km2 of the country's area, was 50 people, against 122 people on average in Poland and 1116 in towns and cities.

The biggest spread of rural settlement areas – below 120 localities per 1000 km^2 – is in northeastern and southeastern regions as well as in opolskie voivodship. On the other hand, the greatest density is in central Poland – above 225 localities per 1000 km^2. In more than 80% of rural localities the number of inhabitants is 500 or less, in 15% it is less than 100.

Zbiory archiwalne MRiRW

Taking advantage of natural and environmental values, rural tourism and agro-tourism are being developed in rural areas.

In Poland there are 23 national parks with the area of 317 400 ha and 1385 natural reserves with the area of 162 400 ha, and also 120 scenic parks with the areaof 2603700 ha. There are also many protected landscape areas and monuments of nature. Well-preserved biological diversity, low level of chemicalisation of agriculture and good standard of natural environment enhance the attractiveness of rural areas as places of residence and relaxation.

In 2004 over 8,200 of agricultural holdings were involved in agro-tourism business (only 600 in 1990), offering almost 90 000 places of accommodation, including almost 2 000 in organic farms. The recreational offer, combining the tourists' expectations with regional possibilities, is becoming more and more attractive. There is both active leisure offer, such as e.g. scenic wandering, horse-riding, hunting, fishing, mushroom picking etc., as well as passive leisure offer, enabling the tourists to take advantage of spa treatment, try regional cuisine specialties, and get to know traditions and culture typical of particular regions of Poland. The quality of provided agro-tourism and tourism services is becoming higher and higher and the offer is richer and richer.

Rural and agricultural population

The number of people in rural areas has been increasing since 2001. It is due to many reasons, for example, to the fact that people from urban areas choose to settle in the countryside, while fewer inhabitants of rural localities search for work in towns, and people who lost their jobs in towns tend to return to rural localities. The status of localities, moreover, has changed. People living in the countryside are on average younger than people living in towns. Out of the total number of 14 690 000 of people living in the countryside, 28,5% (22,8% in towns) are aged below 20, and 17,1% (16,9% in towns) are 60 or even older. As regards the education level, rural population lags behind urban population, although, the situation has been improving systematically.

The level of education in rural areas is still too low and it often creates an obstacle in taking up jobs other than agricultural ones, including self-employment. Young people in rural localities, far more frequently than in towns, decide to learn in vocational schools. The reasons are, first of all, economic (more difficult income situation of rural population, commuting expenses etc.).

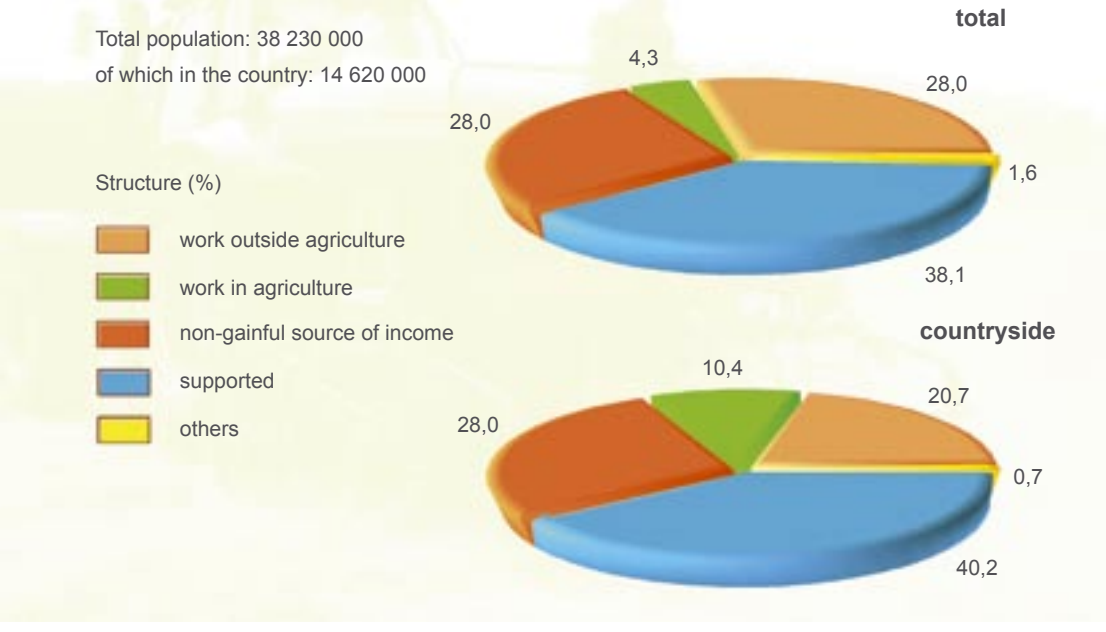
Table 13. Population at the age of 15 and more, by education level and place of residence in 1988 and 2002 (%)

Specification	Year	Education				
		higher	post--secondary	basic	primary	incomplete[2] primary
Total	1988	6,5	24,7	23,6	38,8	6,5
	2002	10,2	32,6	24,1	28,2	4,9
Towns[1]	1988	9,4	31,8	23,2	32,3	2,9
	2002	13,7	38,6	21,1	22,2	1,5
Countryside[1]	1988	1,8	13,1	24,2	49,2	11,2
	2002	4,3	22,4	29,2	38,3	5,0

1/ data do not include persons with unestablished education 2/ including persons without school education and with unestablished education
Source: Report on General Census 2002 results, GUS, Warszawa 2003

There is a large, and still growing, share of persons living of old-age or disability pensions or who are supported, mainly children. Out of the total number of people living in agricultural households. Only 12,3 % earn their living solely from work in agricultural holdings, while 1,5% make their living mainly from work in agriculture, and up to 21,2% - solely or mainly from work outside agricultural holdings.

Figure 14. Population structure in agricultural holdings by sources of income in 2002



Source: Statistical yearbooks, GUS

Professional activity and unemployment in rural areas

Economic activity of people aged 15 and older in rural areas is bigger than that of urban population. The employment rate is also higher.

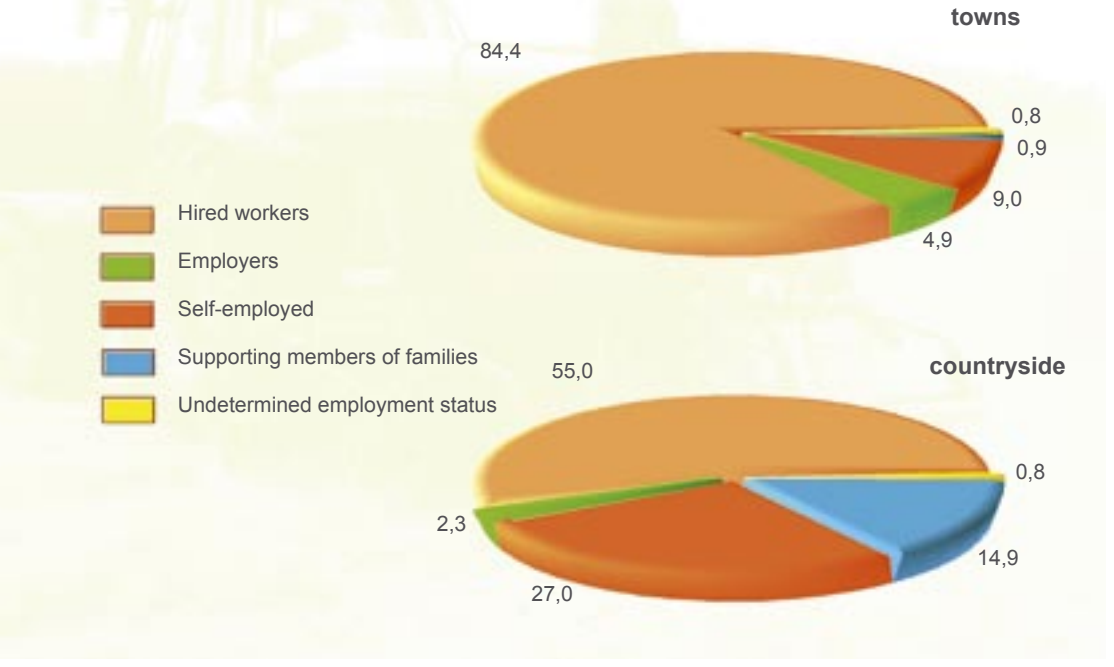
Table 14. Economic activity of people aged 15 and older in 1995-2004 (%) *1)*

Specification	1995	2000	2004	2004 quarter 4
Professional activity rate:				
Total	58,4	56,4	54,7	54,9
including: towns	57,2	55,8	54,0	54,1
countryside	60,5	57,5	56,0	56,3
Employment rate:				
Total	50,7	47,4	44,3	45,1
including: towns	49,3	46,3	43,3	43,8
countryside	53,1	49,3	46,1	47,2

1) / 1995 - data of November, 2000 - data for quarter 4, 2004 - midyear data and for quarter 4, Source: Statistical yearbooks, GUS

It results from the fact of classifying people from agricultural holdings as active and employed, even if they do very little work at these holdings. In 2004, there were 209 4000 people working in agriculture, i.e. by 0,3% more than in 2003 and by 51% fewer than in 2000.

Figure 15. Working people by employment status and place of residence in 2002 (%)



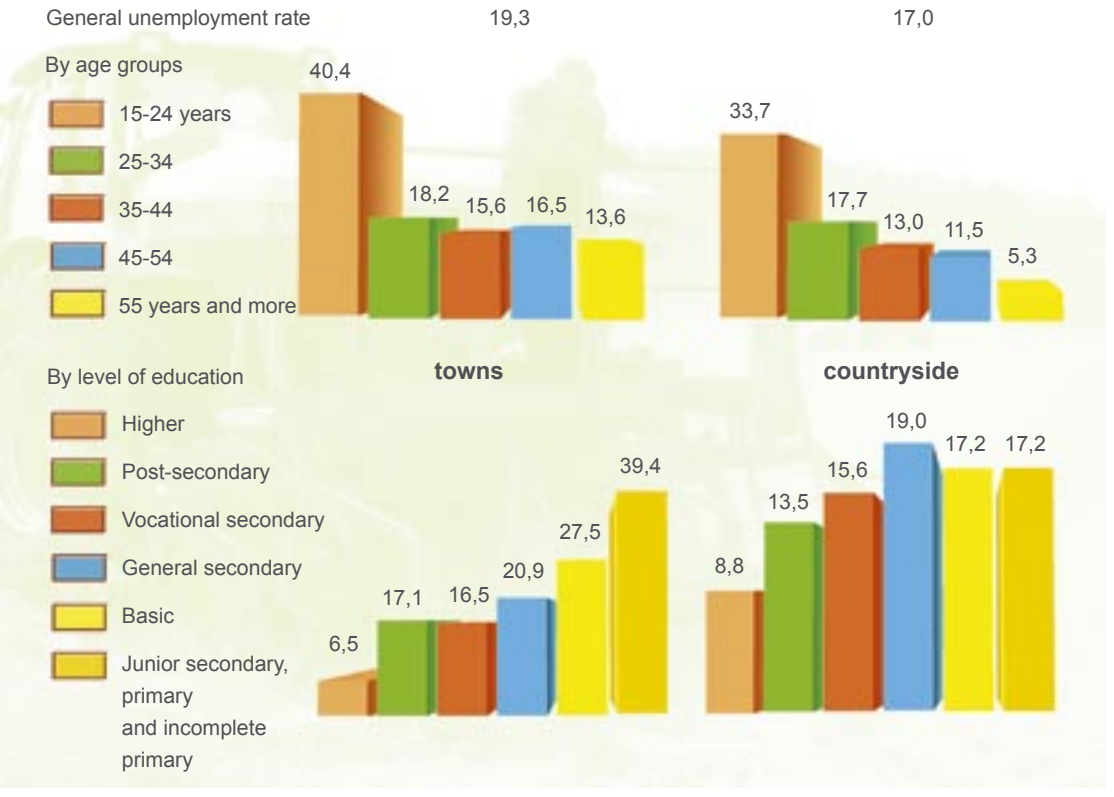
Source: Statistical yearbooks, GUS

The proportion of working people by employment status is different in the countryside and towns. In towns 84,4% of employees are hired workers, and only 9% are self-employed, while in the countryside the corresponding numbers are 55% and 27%.

At the end of 2004 the unemployment rate in Poland (according to the number of persons registered in Employment Agencies) was 19,1% against 20% in 2003. According to the Survey of Economic Activity of the Population (BAEL- proportion of the number of the unemployed to the number of the professionally active), a midyear unemployment rate in the countryside was 17,6%, including 17% in quarter 4.

Both in towns and in the countryside, the largest group of the unemployed are young people. The share of jobless people by level of education looks slightly different.Although the unemployment in rural areas is lower in towns, it is more difficult to reduce, because of a smaller number of companies, particularly in small rural localities. Moreover, in agricultural holdings there is hidden unemployment. Comparing the agricultural labour force resources in Poland with those of the EU states, one can observe a big excess of people working in agriculture. The share of people professionally active in agriculture is over 18% in Poland, against about 5% in the EU. The age structure of farmers in Poland is more advantageous than the age structure of farmers in the EU. About 17% of farmers in Poland are aged below 34, whereas in the EU only 8-9%.

Figure 16. Unemployment rate – following BAEL – in quarter 4 of 2004 by age groups and level of education (%)



Source: Statistical yearbooks, GUS

Rural infrastructure

Rural areas are characterised by lower basic technical infrastructure, compared to urban areas, and at the same time, by quickly growing inputs for this purpose. Numerous programmes, implemented after 1990, were supported with national and local self-government budget resources, environmental protection funds, resources from foundations operating in the scope of agriculture and rural areas, as well as the EU funds (Phare programmes, SAPARD, structural funds) and the World Bank and the European Investment Bank credits. The body administering the resources for support of infrastructure construction is the Agency for Restructuring and Modernisation of Agriculture. Since its establishment in 1994, the Agency has offered help within the scope of ASAL-300 programme co-financed from the World Bank's financial resources.

In 2004, 5,4 billion PLN was allotted for basic infrastructure investments i.e. waterworks systems, sewage systems as well as roads in poviats and gminas.

85,8% out of the total number of villages has a collective waterworks facilities and 12,7% have collective sewage systems.
89,3% out of more than 3 million agricultural holdings and agricultural parcels are connected to collective waterworks facilities, 18,9% - to sewage systems, and 0,9% have separate sewage treatment facilities.

Considerable financial resources are directed to construction of roads in gminas and poviats as well as access roads to fields. A problem lies not only in an insufficient density of road networks, but also in the necessity to modernise and repair a substantial number of existing roads.

In 2004 a further improvement in access of rural population to telephones was achieved. In rural areas the number of subscribers per 1000 inhabitants was 19,9, against 17,4 in 2000, while in towns it was respectively 39,8 and 35,1. Dynamically developing cellular telephony supplements the stationary telephone network.

The number of people using gas facilities in rural areas considerably differs as compared to towns. About 20% of rural population has access to a gas network, whereas in towns about 80%.

Supply of and access to gas cylinders have improved. Rural power networks supply electric energy from low voltage grids to over 5 million consumers of electricity and from medium voltage grids to about 10 000 consumers.

Zbiory archiwalne MRiRW

General information about the food industry.

Food industry, comprising the production of foodstuffs and beverages as well as tobacco products, accounts for about 1/5 of the total sales of the Polish industry and provides employment to almost 17 % of persons working in all industries. Over 30 000 of entities declare that they are involved in food processing industry, however, in 2004 only 1498 enterprises employed 50 people and more, and over 1 200 medium-size companies employed 9-50 people. The remaining ones are small establishments, with limited capacities, which operate on local markets.

The majority of the Polish food industry is privately owned. In 2004, within the group of the biggest enterprises (50 and more employees) as little as 5,4% of product and raw material sales came from establishments of the public sector.

Table 15. Sold output[1)], average employment and remuneration in 2004 in enterprises employing 50 and more persons

Sections, subsections and groups	Sold output		Average employment		Average monthly gross remuneration	
	PLN mln	2003=100	('000)	2003=100	PLN	2003=100
Industrial processing	**546 231,9**	**113,7**	**1944,8**	**100,5**	**2575**	**104,8**
Production of foodstuffs and beverages	**86 692,8**	**107,1**	**282,2**	**98,4**	**2151**	**103,1**
Production, processing and preservation of meat and meat products	21 358,8	104,5	83,7	101,6	1567	101,8
Processing and preservation of fish	2 311,4	125,5	9,1	103,2	1627	104,5
Fruit and vegetable processing	8 040,8	107,0	32,2	105,2	2097	101,7
Production of oils and fats of plant and animal origin	2285,1	106,3	2,5	90,3	3507	105,7
Production of dairy products	14 835,9	110,8	42,1	95,1	2130	107,3
Production of grain milling products, starch and starch products	2675,5	98,3	6,4	95,1	2438	107,4
Production of animal feedstuffs	6035,3	111,6	6,1	94,4	4269	109,8
Production of other foodstuffs	17788,7	110,9	73,8	97,3	2231	102,9
Production of beverages	11361,3	99,2	26,3	90,9	3369	105,1
Production of tobacco products	**3460,9**	**106,7**	**6,3**	**101,8**	**4463**	**100,8**

1) at current prices; dynamics at constant prices, Source: Inputs and outputs of industry 2004

Compared with the period prior to the economic transformation, the output of food, beverages and tobacco products has increased by more than 40 %. One of the major factors of the food industry development has been export, in particular within the last two years.

As regards the average monthly remuneration calculated in euro, in 2004 it amounted to about 570 euro in the industrial processing sector (before taxation), 470 euro in food and

beverage establishments, and 980 euro in the tobacco industry.

Even though the production intended for export increased, most of it (90%) is still sold on the domestic market. The share of exports in the total revenues of the food industry increased from 8,8% in 2003 to 10,6% in 2004. Despite the fact that multinational companies have a significant share in the tobacco industry, the exports of tobacco products remained at a low level (4,6% in 2004 against 2,5% in 2003).

Poland's major exports include fish products (41%) and fruit and vegetable products (29%), as well as processed potatoes (25%).

Accelerated industrialisation of agricultural produce processing (an increase of large industrial establishments' share in production) has been an important feature of food industry development in recent years. This is an effect of acceleration of adjustment processes to the EU standards and conditions for conducting business operations on the European market. The share of food industry in utilisation of agricultural production remains low, despite a considerable progress, and is equal to ca 25-30% in vegetable and potato processing sector, and nutritive fodder production, nearly 50 % in slaughters of animals for slaughter, about 65% in cereals and milk processing, and over 80% in fruit processing.

T. Witczak

Adjustment processes contributed to a significant investment recovery taking place since 2003, after a 3-year decline in expenditure on fixed assets. In 2004, investment expenditure rose by over 33% and amounted to nearly 6 billion PLN. Investment outlays were mainly allocated for modernisation processes, adaptation to sanitary and veterinary as well as quality and environmental protection requirements. Expenditure on machinery and technical equipment accounted for 58% of total outlays in the food industry. Currently, 1700 plants have the right to place their products on the whole EU market, and 721 enterprises have been granted transitional periods, and 121 plants have already adapted the EU requirements. Nearly 2300 plants are entitled to produce for the domestic market, and more than 500 plants carry out production for the so-called direct sale. 18 plants have export entitlements for export of red meat to the Russian Federation. 35 dairy plants also have such entitlements. Moreover, several meat plants and some dairy plants possess export entitlements for the markets of such countries as the USA, Canada, and Korea.

Economic situation of the food industry

In 2004 there was an improvement of economic results in the food industry. The production of food and beverages has achieved much better results than the tobacco industry. Out of 1498 food industry establishments, employing 50 and more persons, 79% generated net profit (74% in 2003).

Table 16. Costs and profitability of the food industry in enterprises employing 50 persons and more in 2002-2004.

Specification	Cost level index		Profitability*			
			gross		net	
	2003	2004	2003	2004	2003	2004
Total food industry	97,7	95,7	2,3	4,4	1,4	3,6
including: public sector	103,8	91,8	-3,1	10,8	- 3,9	8,3
private sector	97,3	95,9	2,7	4,1	1,8	3,3
Production of foodstuffs and beverages	97,6	95,3	2,5	4,9	1,5	3,9
including: public sector	103,9	91,5	- 3,2	11,2	- 4,0	8,7
private sector	97,0	95,5	3,0	4,5	1,9	3,6
Production of tobacco products	99,1	99,2	0,9	0,8	0,7	0,7
including: public sector	99,6	104,4	0,4	-4,4	0,3	- 4,5
private sector	99,0	99,1	0,9	0,9	0,7	0,8

** relation of the gross or net financial result to revenues from all operations*
Source: GUS – data not published

A share of enterprises operating at a profit in the food and beverage industry exceeded 79 %, while in the tobacco industry it was only 30% (3 out of 10 plants generated profit). In the range of animal product processing the profitability improved in dairy, meat and fish industries in 2004, and deteriorated in the poultry industry. In plant product processing enterprises operating in almost all industries obtained financial results more favourable than in 2003; the best results were achieved in potato processing, fruit processing, potato starch processing and cereals milling. The most substantial improvement was brought about in the sugar industry (from -10% of profitability to +15% in 2004).

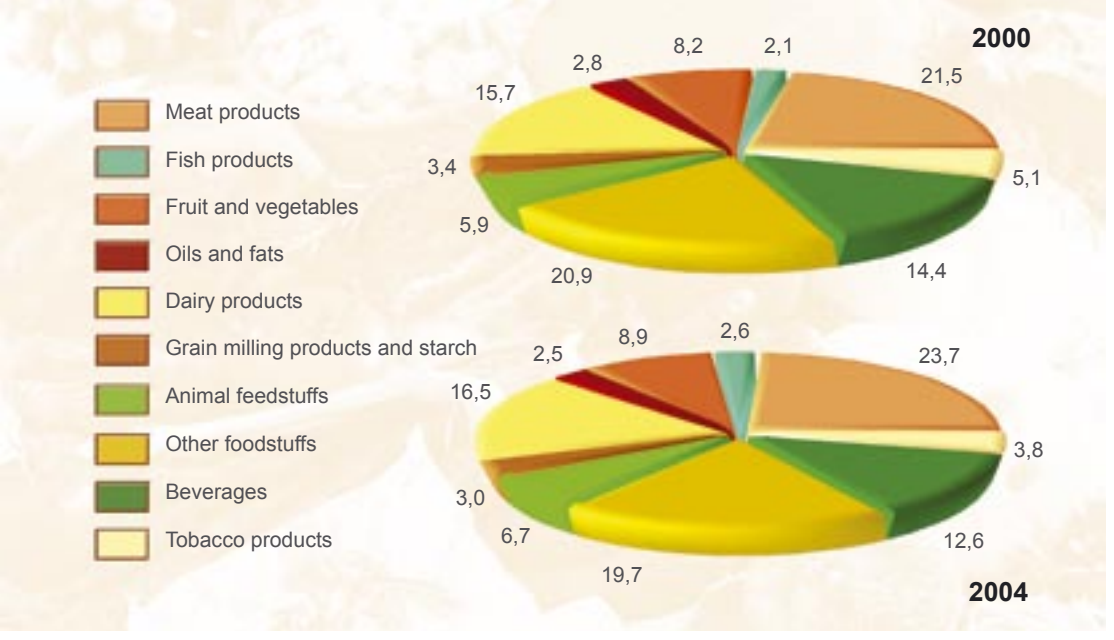
Derivative processing (non-alcoholic beverages industry, as well as baking, spice, dietary supplement, coffee and tea, animal feedstuff, and confectionary industries), as well as production of stimulants (spirit, beer and tobacco industries) traditionally generate relatively highest profits, except for the wine industry.

Food industry output

For many years, meat, dairy products and beverage sectors have had the biggest share in the sales pattern of the food industry output.

T. Witczak

Figure 17. Pattern of sales of product groups in food industry in 2000 and 2004 (%)



Source: Statistical yearbooks, GUS

In 2004, the output of meat products, most dairy products, chocolate and chocolate products, spirit products, animal feedstuffs and cigarettes increased. Production of vegetable fats, fruit and vegetable juices decreased.

Incomes of the population, which determine the demand for food, are a derivative of the growth in GDP, which increased by 5,4 % in 2004, as compared to 2003. The total food consumption increased by 3,4%, the average remuneration in the enterprise sector increased in real terms gross by 1,5 %, the average old-age and disability pensions from the non-agricultural social insurance system - by 4,4%, and from the agricultural social insurance system - by 2,5%.

In 2004 food expenditure in private households rose, as a result, in the first place, of the increase in prices of agri-food products.

The consumption of particular products fluctuated, depending on their prices, which were obviously determined by supply and by export of products at profitable prices as well as by import.

As for the meat pattern consumption in 2004, the previous year's changes continued, namely a decline in beef and a rise in poultry meat consumption.

Consumption of various products differs among main socio-economic groups of households, though an average energy and nutritious value of a daily food intake differs insignificantly.

In addition, as for product consumption, there is also a difference conditioned by the family size, the education level, the place of residence, etc.

There are considerable differences in the consumption level of staple foodstuffs between Poland and the EU, and also between particular EU Member States. The consumption of main products in Poland, excluding fruit, beef, fish and milk, is within the brackets to be found in the EU. The consumption of the aforementioned products is lower, mainly due to their relatively high prices or to the culinary habits in Poland. The consumption of eggs, vegetables oils, animal fats and meat is lower, excluding pork, the consumption of which is higher.

Table 17. Annual consumption per capita of staple foodstuffs in 1995-2004 (kg/l/unit)

Specification	1995	2000	2001	2002	2003	2004
Processed cereals	120	119	119	120	120	120
Potatoes	138	132	130	131	130	129
Vegetables	120	120	121	111	110	111
Fruit	40,9	51,1	57,1	56,7	54,5	55,0
Meat and offal	63,4	65,4	65,9	69,5	72,4	71,5
including: total meat	59,4	61,4	61,8	65,3	67,7	67,0
- pork	39,1	38,0	38,2	39,2	41,2	39,2
- beef	8,7	6,8	5,5	5,2	5,8	5,3
- poultry meat	10,2	14,1	17,0	19,8	19,7	21,5
Edible fats by marketable weight	25,3	28,4	29,5	30,8	29,2	30,7
including: animal fats	7,2	6,6	6,7	6,7	6,9	6,8
vegetable fats	14,4	17,6	18,5	19,5	17,6	19,5
butter	3,7	4,2	4,3	4,6	4,7	4,4
Cow milk (l)	195	191	187	182	181	170
Hen eggs	154	186	198	211	214	212
Sugar	41,9	41,2	41,2	43,6	40,5	37,0
Spirits, liqueurs and other alcoholic beverages per 100% in l	3,5	2,0	1,7	1,7	2,4	2,6
Tobacco cigarettes in number	2591	1954	1956	2010	1920	1926

Zbiory archiwalne MRiRW

PDŻ – Try Fine Food Programme

On 1 May 2004 the Minister of Agriculture and Rural Development took a decision to embark on a new Programme, namely PDŻ - Try Fine Food that was to replace the "Polish Fine Food" programme. The main objective of Try Fine Food Programme is to inform consumers of high quality food products. This programme is voluntary and open to each entrepreneur from every EU Member State.

The PDŻ-Try Fine Food quality mark will be assigned only to those products, which comply with the criteria, specified by the Scientific Council for Food Product Quality, composed of independent experts. The PDŻ – Try Fine Food quality mark is a piece of information that is to help the consumer to choose the product matching his/her needs. Simultaneously, the objective of the Community food policy is being pursued, i.e. extending the range of high quality on the Common Market.

This quality mark should, moreover, reinforce consumer's confidence in the food product by means of information on its high and stable quality.

It is only the producers who have the right to apply for PDŻ Try Fine Food quality mark and the application is free of charge.

The Programme covers the following groups of products:

1)meat and meat products
2)eggs and egg products
3)milk and milk products
4)fruit, vegetables (including potatoes), mushrooms and preparations thereof
5)cereals and preparations thereof, including bakery goods
6)fish, seafood and preparations thereof
7)non-alcoholic beverages
8)mineral waters
9)honey
10)sugar confectionary and cakes
11)spices and herbs
12)consumer fats and oils
13)mixed and highly processed products based on the above mentioned raw materials

The Scientific Committee for Food Product Quality inspects the products that are awarded the PDŻ – Try Fine Food quality mark through numerous independent control units

Zbiory archiwalne MRiRW

In order to maintain the invariably high quality of the products with the quality mark as well as reliability as to the origin of raw materials, the Programme provides for the maximum periods of quality mark validity:
- up to three years, when granted for the first time
- up to five years, if continued.

Before the expiry of the logo validity, producers may apply for the renewal, and then the products will undergo a renewal procedure. If they fail to comply with the quality requirements, the Scientific Council prior to the expiry of its validity may withdraw the mark.

The PDŻ – Try Fine Food quality marks were awarded for the first time during the International Food Industry POLAGRA-FOOD Fairs on 21 September 2004. Up to now, 354 products from 59 food companies have been awarded the PDŻ quality mark.

Detailed information and full application documents, together with the required attachments can be found on the Internet website of the Ministry of Agriculture and Rural Development www.minrol.gov.pl. Additional information can be obtained from the employees of the Programme's technical committee, phone number. (+48-22) 623-20-69, fax (+48-22) 623-16-08, e-mail: pdz@minrol.gov.pl

Zbiory archiwalne MRiRW

Regional and traditional products

Poland adopted the EU policy of improvement of agri-food products' quality through protection of unique products of specific geographical origin or produced in a traditional way. Such products can have their unique character confirmed after registration, protection and receipt of logos: "Protected Designation of Origin", "Protected Geographical Indications" or "Specific Character Designation".

The system of registration of regional and specific products was regulated by the Act of 17 December 2004 on registration and protection of designations and indications of agricultural products and foodstuffs as well as on traditional products. The Act was based on the Regulation of the Council of the European Economic Community (EEC) No 2081 2082 of 1992.

The Act grants the Ministry of Agriculture and Rural Development the competencies to control issues connected with designations of origin, geographical indications and specific character designations.

The introduced system of control guarantees invariable quality of a final product. Thanks to this the confidence of purchasers in designated products increases and, consequently, demand for such products grows. The graphic symbols confirming the product's regional and traditional character are recognised all over Europe. Information and promotion campaigns are conducted, financed from the EU budget.

Graphic symbols emphasizing a unique character of the product:

Protected Designation of Origin

Protected Geographical Indication

Traditional Speciality Guaranteed

Additionally, the Polish Act made it possible to create a List of Traditional Products. The procedure required to be entered onto the List is much simpler than the designation registration in the EU. Wines and spirit beverages can be included in the List. Pursuant to the Act, if the product is to be regarded as one that meets the requirements of the List, it has to be proved that the product has been in production for at least 25 years. Detailed information on registration procedures of the discussed products, as well as benefits related to participation in the system of protection of product names, can be seen on the Internet website of the Ministry of Agriculture and Rural Development. Detailed information can be received from the employees of the Institute of Geographical Indications tel. (048 22) 623 27 07, e-mail: oznaczenia@minrol.gov.pl.

Zbiory archiwalne MRiRW

General information on fisheries

Fisheries in Poland include the Baltic Sea fisheries, deep-sea fishing and inland fisheries. The coastline, including the Hel Peninsula, the Szczecin Bay and the Vistula Bay, is 788 km long. The internal seawaters occupy 1991 km^2, and the territorial sea - 8 682 km^2. The Baltic Sea coastal zone contains 36 gminas in 18 poviats in pomorskie, zachodniopomorskie and warmińsko-mazurskie voivodships.

Poland is a country with a relatively large number of lakes; there are more than 7000 reservoirs of more than 1 ha, and their total area exceeds 280 000 ha.

In 2004 the supply of fish for human consumption on the domestic market was 438 500 t, and although there was a rise of 10,5% as compared to 2003, it is still lower by 9 %, as compared to 2000, and remained at the same level as in 1995. For many years Polish sea fishing has shown a downward tendency, which has been partly compensated by import growth. An increase in catches was observed for the first time in many years in 2004.

Zbiory archiwalne MRiRW

Table 18. Fish balance in Poland, by live weight ('000 t) in 1995-2003

Specification	1995	2000	2003	2004	2004		
					1995=100	2000=100	2003=100
Sea catches	405,2	220,5	160,3	172,7	42,6	78,3	107,7
including: Baltic Sea	129,6	141,1	142,7	153,7	118,6	108,9	107,7
deep sea	275,6	59,0	17,6	19,0	6.9	32,2	108,0
buying in of fish in deep sea	-	20,4	-	-	-	-	-
Inland fisheries, aquacultures catches	45,0	55,0	50,0	48,9	108,7	88,9	97,9
Import	316,1	456,2	424,5	479,6	151,7	105,1	113,0
Export	327,6	249,8	238,0	262,7	80,2	105,2	110,4
including: export							
- from vessels	196,8	86,7	66,3	58,6	29,8	67,9	88,4
- from land	130,8	163,1	171,7	204,1	156,0	125,1	118,9
Supply of fish for human consumption on the domestic market	438,7	481,9	396,8	438,5	100,0	91,0	110,5

Source: Institute of Agriculture and Food Economics (IERiGŻ) based on the Marine Fishery Institute (MIR) and Inland Fisheries Institute (IRŚ) data

Fish consumption in Poland is rather low. In 2004 it was equal to 11,5 kg per capita, and was on average by 52% lower than in the EU countries, and by 31% lower than the world average. Out of the 25 EU countries fish consumption in Hungary, the Czech Republic, the Slovakian Republic, Germany and Latvia is as low as in Poland, or even lower. Sea fish, the consumption of which exceeded, in 2004, 10 kg per person, dominates fish consumption in Poland. Herring remains the fish consumed most often (3,11 kg per person), then wall-eye pollock (2,66 kg per person) and sprat (1,18 kg per person). In 2004, freshwater fish consumption was equal to 1,31 kg per capita, of which carp consumption was equal to 0,51 kg and trout consumption - 0,25 kg.

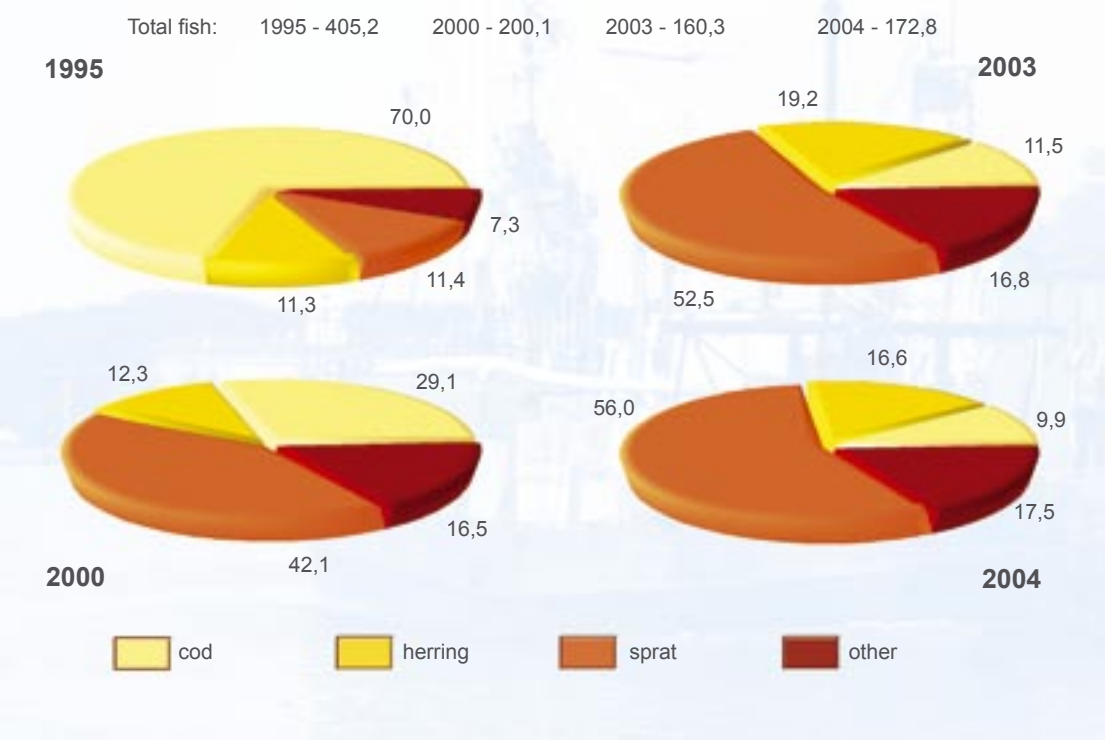
Sea fishing

In 2004, 5 vessels (4 private and 1 public owned by "Dalmor" company from Gdynia) were engaged in deep-sea fishing. Private vessels fished in the north-Atlantic fisheries, and the "Dalmor" vessel fished for Atlantic horse mackerel and krill in the fisheries of the southwest Atlantic and the Antarctic Atlantic. In the 90s the deep-sea fishing fleet comprised 86 vessels.

In 2004, 138 vessels were withdrawn due to the adjustment of the Baltic Sea fishing potential to the fishing quotas granted to Poland. In 2004, the Baltic Sea fishing fleet had 1107 vessels of various lengths. Most (646) of them were 10 metre long vessels; while 164 were 19,5 metre and longer.

The pattern of marine fish catches has changed since 1990. Currently, the sprat is dominating, whereas in 1995 it was the cod. In 2004, Baltic Sea catches constituted 89% of total catches against 32% in 1995. The maximum Baltic Sea catches depend on the size of annual fishing quotas determined by the International Baltic Sea Fishery Commission for four species: sprat, herring, cod and salmon.

Figure 18. Pattern of marine fish catches by major fish species ('000 t)



Source: Ministry of Agriculture and Rural Development

Inland fisheries

Production of inland fisheries in Poland covers:
- rearing and breeding of carp and trout, as well as African catfish, tench, and sturgeon,
- professional lake and river fishing,
- amateur fishing in inland waters (angling).

Since the year 2000, aquaculture production of fish (mainly carp and trout production facilities) has been between 32-34 000 t annually. In 2004 unfavourable weather conditions caused a decline in carp production, which dropped below 32 000 t.

Table 19. Production of freshwater fish (without breeding material) – '000 t

Year	Total	Aquaculture including:		Professional lake catches	Angling	Total
		carp	trout			
1990	26,4	22,0	4,0	6,2	24,5	57,1
1995	25,0	19,6	5,0	4,0	15,7	44,7
2000	35,4	23,5	10,2	3,4	13,7	52,5
2003	33,2	19,5	11,7	3,6	13,2	50,0
2004	31,9	18,3	11,8	3,4	13,5	48,9
2004 1990=100 2000=100 2003=100	 120,8 90,1 96,1	 83,2 77,9 93,8	 295,0 115,7 100,9	 54,8 100,0 94,4	 55,1 98,5 102,3	 85,6 93,1 97,8

Source: Inland Fishery Institute.

There has been a decrease in importance of angling catches, which at present account for merely 28% of total freshwater catches, as compared to 43% in 1990.
Poland is one of the largest producers of carp in Europe.

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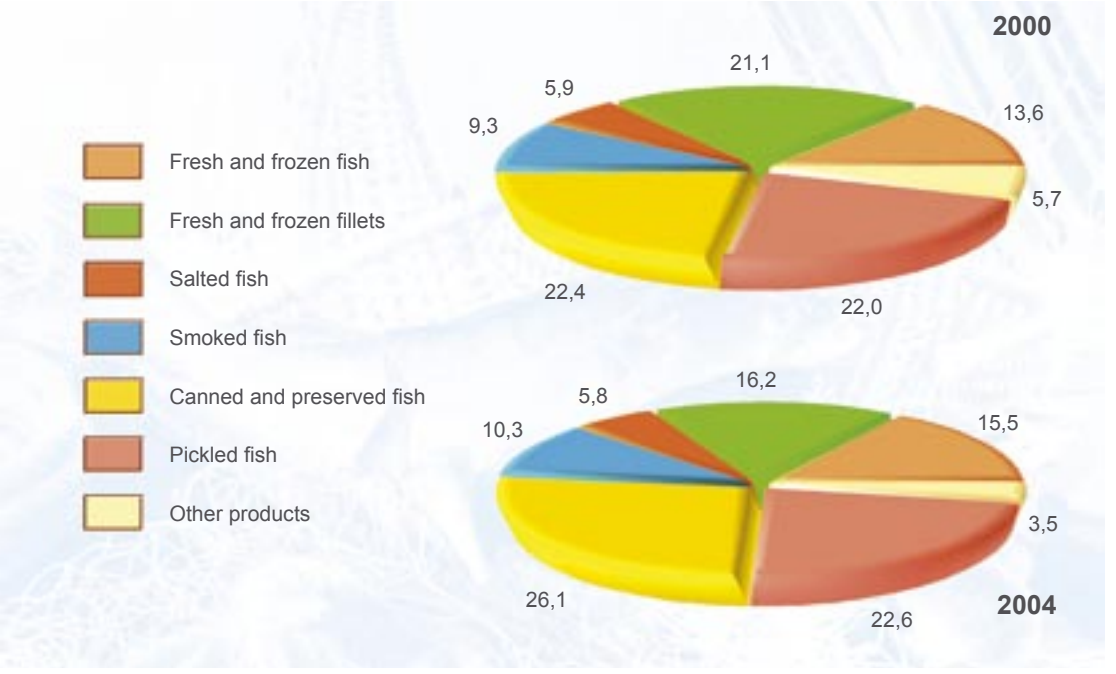
Fish processing

Following 1990, a rapid growth in the number of private fish processing establishments has been observed in Poland. In mid-1990s the largest number of them was recorded, - about 400. However, since then it kept decreasing and at end of 2004 reach 323. In the register of the Main Veterinary Inspectorate, there were listed 167 establishments licensed to trade in fish products within the EU area. 56 fish processing plants are listed as establishments covered by the transitional period. There are about 100 fish processing plants operating on local markets.

Similarly to agri-food processing sector, fish processing establishments made numerous modernisation investments to adjust the production process to the EU sanitary and veterinary, as well as quality requirements.

In 2004 the fish processing industry output was 290 000 t, valued at 2,6 billion PLN, which is by 5,3% more in terms of tonnage, and by 13% in terms of value, than in 2003.

Figure 19. Pattern of processed fish production in 2000 and 2004. (%) [1)]



1) in 2000 production in plants employing 10 and more persons; in 2004 plants employing 50 and more persons.
Source: Marine Fishery Institute (MIR)

Zbiory archiwalne MRiRW

General information on foreign trade in agri-food products

2003 saw for the first time in 10 years a surplus in foreign trade in agri-food products. In 2004 this trend continued, and the positive trade balance almost doubled (from 446,5 million euro in 2003 to 853,2 million euro in 2004).

What is increasing is, first of all, the amount of export, which is by 50% bigger than in 2002 and by 30 % bigger than in 2003, while the amount of import is bigger by 15 % and 23 %, respectively.

Figure 20. Results of foreign trade in agri-food products in 2002-2004 (million euro)

Source: CIHZ

In recent years, the increase in exports of agri-food products was higher than that of all other products exported from Poland, which provided for an increase in it's the share of exports of agri-food products in the total export.

Import developed slightly differently; it grew more slowly in agri-food products in 2003 and more rapidly in 2004.

Table 20. Share of agri-food products in Poland's total foreign trade (%).

Share of agri-food products in:	1996	2000	2002	2003	2004
total export	11,3	8,4	8,0	8,4	8,7
import	10,7	6,5	6,5	5,9	6,1

Source: CIHZ

An improvement in trade balance of agri-food products and considerable growth of their exports resulted, mainly, from liberalisation of agricultural trade with the EU. Thanks to the abolition of import barriers by the EU side, Polish traders could take advantage of a more and more modern processing industry and relatively low production costs in Poland, offering competitive Polish products on the most important for us, foreign markets of the EU states.

Geographical pattern of export and import

The EU states are Poland's major trading partners, both in exports and imports. In 2004 the share of the EU-24 in general export was 79%, of which 72 % was in agri-food products and the share of import was 68% and 62%, respectively. The importance of trade with the EU has been systematically growing, especially of trade with the "old" members of the EU.

States belonging to the Independent States Community (ISC) are Poland's second largest trading partner. They are mainly purchasers of Polish agri-food products, while their share in imports is 2%.

Table 21. Foreign trade in agri-food products by groups of countries in 2003-2004 (million euro)

Specification	Export			Import			Balance	
	2003	2004	%	2003	2004	%	2003	2004
Total	4003	5223	130	3557	4370	123	447	853
UE-25	2635	3751	142	2185	2722	125	450	1029
including - 15 UE	2042	2969	145	1855	2350	127	187	619
- 10 UE	593	782	132	330	372	113	263	410
ISC	576	688	119	79	92	118	497	596
EU candidates[1]	136	137	100	87	115	132	49	22
EFTA[2]	51	60	117	150	176	117	- 99	- 116
NAFTA[3]	198	195	99	102	111	108	96	84
Other	407	391	96	953	1153	121	- 546	-762

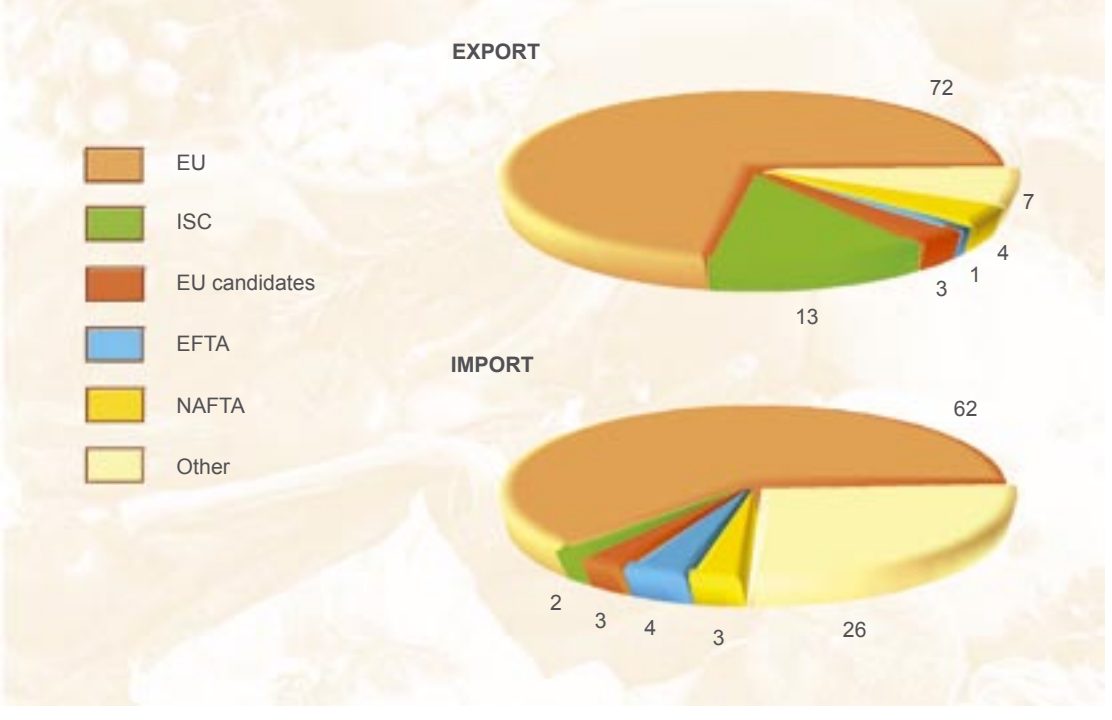
1) Romania, Turkey Bulgaria, Croatia 2) Norway, Switzerland, Island, Liechtenstein 3) USA, Canada, Mexico , Source: CIHZ

For years, among the EU Member States, Poland's major trading partner has been Germany (36% share in export to the EU and 24% share in import to the EU), with which Poland has a high positive trade balance (410 million euro). Poland's second largest trading partner from the EU has been the Netherlands, but the balance of trade with this country is negative (-117 million euro). Great Britain, Italy and, among the new EU members, the Czech Republic and Lithuania are of considerable importance, as far as export of agri-food products is concerned. There is a relatively high share of import to Italy, Spain, France, Denmark and Hungary. Besides Germany, Poland has a high positive trade balance with Great Britain, Lithuania and the Czech Republic, whereas a negative trade balance Poland has, besides the Netherlands, with Spain, France, Denmark,

Greece and Estonia. Among the ISC countries, Poland's major trading partner is Russia (59% of export to all the member ISC states and 37% of import) and Ukraine (respectively 20% and 52%). Poland's trade of balance with all the ISC states is positive.

Exports to other countries – outside the EU and ISC – accounted for only 15% of the total export of agri-food products, and import was equal to 36%. The USA is a significant importer of Polish food – above 3% (161 million euro), and Argentina, China and Brazil are important exporters to Poland (inclusively 13%).

Figure 21 Geographical pattern of trade in agri-food products in 2004 (%)



Source: CIHZ

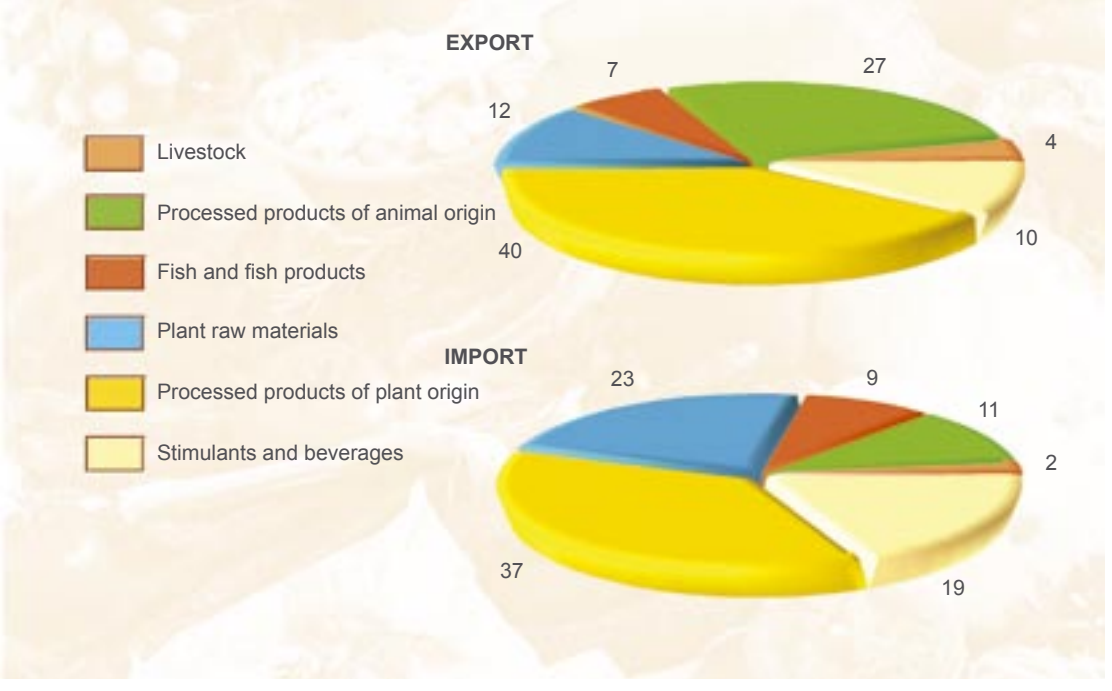
Commodity pattern of export and import

In 2004 there was a rise in trade in all groups of agri-food products, both as regards exports and imports.

Like in 2003, processed plants and animals dominated exports, whereas processed products of plant origin, raw materials of plant origin, southern fruit as well as stimulants and beverages dominated imports. As for exports, the biggest rise was noted in case of processed products of animal origin (meat and dairy products), i.e. by 37%, as compared to 2003 , for plant raw materials by 33 %, for processed products of plant origin by 20%, and for stimulants

and beverages by 47%. There was the highest rise in the value of imports for livestock - by 80 %, and for processed products of animal origin - by 67%.

Figure 22. Commodity pattern of agri-food trade in 2004 (%)



Source: Poland's foreign trade in agri-food products in 2004. FAPA June 2005.

Export: Plant raw materials and products

Fresh and processed fruit as well as sugar are Poland's most important plant products among agri-food exports.Fresh fruit and vegetables have the greatest share in raw materials of plant origin, in which there was a rise in prices apart from the rise in export volume.

There was a reverse situation for processed fruit, of which more was exported in terms of quantity, but a smaller value was gained due to lower prices. An increase in fresh fruit exports is a result of more purchases by the EU states, as well as the former Soviet Union states.

Table 22. Poland's export of more important raw materials and products of plant origin in 2003-2004

Specification	2003	2004	%	2003	2004	%
	million EUR			('000) tonnes		
Total	2 199,1	2 699,2	122,4	x	x	x
Plant raw materials	**453,0**	**602,2**	**132,9**	**x**	**x**	**x**
Cereals	64,7	35,8	55,3	575,0	287,1	49,9
Oilseeds	3,2	65,7	20x	8,9	296,6	33x
Fresh fruit	135,0	203,8	151,0	459,7	641,5	139,5
Fresh vegetables	181,8	226,2	124,4	458,9	464,8	101,3
Processed plant products	**1 303,2**	**1 493,2**	**114,6**	**x**	**x**	**x**
Oils and vegetable fats	16,9	38,0	224,9	28,2	59,2	209,9
Grain milling products	11,1	11,0	99,1	23,9	24,0	100,4
White sugar	87,0	163,9	188,4	425,6	432,4	101,6
Molasses	22,2	13,6	61,3	292,8	188,7	64,4
Sugar confectioneries	239,7	335,5	140,0	102,9	152,5	148,2
Processed fruit	559,0	528,6	94,6	557,3	607,3	109,0
Processed vegetables	304,5	334,1	109,7	493,0	555,4	112,7

Source: Poland's foreign trade in agri-food products in 2004. FAPA June 2005

Poland exports mainly apples and soft fruit, such as strawberries and raspberries, and as regards processed fruit products – frozen fruit (strawberries, raspberries, blackberries) and fruit juices, mainly apple juice. A share of the 24 EU states in Polish export of fresh fruits was 43% that of processed fruit even 88%. The EU states also have a decisive share in fresh and processed fruit export – over 70%. As regards fresh vegetables, Poland exports mostly onion, and as regards processed vegetables – frozen vegetables. In 2004 sugar confectioneries and white sugar had an important and growing share in export; the sale of sugar increased slightly, but financial revenue almost doubled, due to an increase in prices of sugar exported to the EU states. In 2004 an average transaction price was 379 euro/t, whereas in 2003 it was at the level of 205 euro/t. An average price on the EU market reached the level of 579 euro/t, and prices to third countries fluctuated between 180-230 euro/t. Free access to the EU market evoked changes in geographical directions of export of sugar and sugar confectioneries. Almost half of the sugar was exported to the EU states. The ISC states and the states of East –Central Europe (Russia, Ukraine, Belarus, Tajikistan) were also a large importer of Polish sugar. As for the export of sugar confectionary industry products, there was an increase in sugar confectioneries including cocoa (in terms of quantity by 73%, and in terms of value by 54%).

The EU states, in particular the EU-15, were the main market for Polish sweets.

Livestock and processed products of animal origin

Animal products play a significant role among Polish exports. The share of livestock ex--portation is going down, although, in terms of number and value, the export of livestock has considerably increased. On the other hand, both the share and dynamics of export of processed meat and milk is increasing.

Table 23. Exports of livestock as well as meat and processed meat products in 2003-2004

Specification	2003	2004	%	2003	2004	%
	million EUR			('000) tonnes		
Livestock	**151,0**	**218,1**	**144,4**	**95,4**	**120,3**	**126,1**
including: cattle	96,0	146,7	152,8	66,2	77,5	117,1
Meat and processed meat	**592,8**	**754,4**	**127,3**	**439,0**	**433,9**	**98,8**
- red meat	269,9	363,0	134,5	270,5	246,9	91,2
- poultry meat	213,7	244,2	114,3	100,7	114,9	114,1
- processed meat	97,8	131,3	134,3	35,7	45,7	128,0
- animal fats	11,4	15,9	139,5	32,1	26,4	82,2

Source: Poland's foreign trade in agri-food products in 2004. FAPA, June 2005

There was a rise in export value of almost all products belonging to the group of animal products. As regards livestock, in 2004 the export of cattle, in terms of value, accounted for 67 %, horses- 18%, pigs - 6%, sheep and domestic goats - 2% and other animals - 7%. Livestock, except for pigs, which are sent to Russia, Lithuania, Latvia and Romania, is mainly exported to the EU states (mostly to Italy). As for trade in meat in 2004, pork, whose main recipients were Belarus, Russia and Ukraine, was of greatest significance. At the end of 2004 r. there were some difficulties with the export to Russia, which in September began to demand uniform veterinary certificates and conducted veterinary inspections of Polish meat processing establishments, issuing export permits only to 19 establishments.

The EU states, in particular the Netherlands, Italy, Great Britain, Germany and Ireland, are major recipients of Polish fresh and cooled pork. Chicken meat products (carcasses and parts) were the most important items in the commodity pattern of Polish export of poultry meat. Traditionally, the European Union was the place of destination for most of the exportation of poultry meat from Poland.

The abolition of barriers between Poland and the EU contributed to an increase in Poland's export. Germany, the Netherlands, the Slovak Republic and the Czech Republic are the main recipients of eggs, which in 2004 were exported in total of 30900 t, for the value of 22,8 million euro (an increase respectively by 13,6% and 1,2%).

Dairy products

2004 was characterised by an unusual increase in dairy exports, which directly resulted from opening of the EU borders. Traditionally, most revenues were received from export of two products: instant milk, mainly low fat, as well as cheeses and cottage cheeses.

Table 24. Export of dairy products in 2003-2004

Specification	2003	2004	%	2003	2004	%
	million EUR			('000) tonnes		
Dairy products	368,5	613,1	166,4	249,8	396,3	158,6
- instant milk	146,0	205,8	141,0	107,6	128,6	119,5
- cheeses, cottage cheeses	118,4	188,9	159,5	52,0	80,0	153,8
- casein	39,5	58,2	147,3	12,3	12,4	100,8
- ice creams	9,7	10,6	109,3	6,2	8,1	130,6
- butter and dairy fats	19,0	65,1	342,6	9,2	27,1	294,6
- liquid milk and cream	0,3	27,9	93x	0,4	49,6	124x
- yoghurt	9,3	16,6	178,5	9,9	20,0	202,0
- other milk beverages	8,4	19,2	228,6	10,1	23,5	232,7
- whey	18,0	20,6	114,4	42,1	47,0	111,6

Source: Foreign trade in agri-food products no 21, IERiGŻ, ARR, MRiRW. Warsaw, May 2005.

An increase in export value results, to a large extent, from higher trade prices obtained from the EU states. Only in the export of ice creams, yoghurt and some beverages were the prices lower than the ones in the previous year.

Instant milk was sent mainly to the EU-15 and developing countries, including Algeria. An average price in export was 1600 euro/t and was by 245 euro/t higher than the year before. Cheeses and cottage cheeses were sold mainly to the EU-25 states, including the Czech Republic, Germany and the Netherlands. The sale prices were only a little higher than in 2003.

Following the integration, there has been an increase in exportation of milk and cream for processing, as well as yoghurts and milk beverages. That was a new phenomenon. The demand for the Polish raw materials was particularly strong on the German and Dutch markets. The largest amounts of butter were exported to Belgium, Germany and the Netherlands. Fish fillets, as well as canned, processed and smoked fish have the greatest share in export of fish. In terms of tonnage, Poland exports most sprat, herring, cod and salmon and in terms of value – salmon, cod and herring.

Import

In 2004 there was an increase in the import value almost in all commodity groups. Plant raw materials and products dominated, accounting for nearly 60% of Polish agri-food imports. These groups were dominated by fresh fruit (bananas, citrus fruit) as well as fodder for animals, mainly ground grain and post-extraction oilseed cakes, as well as ready animal feedstuffs.

Table 25. Import of agri-food products in 2003-2004

Specification	2003	2004	%	2003	2004	%
	million EUR			('000) tonnes		
Livestock	38,6	69,4	179,8	7,7	25,5	335,5
Processed products of animal origin	**245,0**	**428,6**	**174,9**	**x**	**x**	**x**
including - red meat	76,5	157,5	205,9	57,3	117,7	205,4
- poultry meat	17,2	65,9	383,1	20,3	85,3	420,2
- other animal products	134,0	172,7	128,9	100,2	94,8	94,6
Dairy products	**50,4**	**64,1**	**127,2**	**x**	**x**	**x**
- milk, cream and ice-cream	22,9	26,0	113,5	20,6	22,8	110,7
- butter	9,1	10,5	115,4	5,3	4,4	83,0
- cheeses and cottage cheeses	18,4	27,6	150,0	5,7	8,5	149,1
Fish and processed fish	**326,3**	**391,4**	**119,9**	**234,8**	**270,2**	**115,1**
Plant raw materials	**842,9**	**986,1**	**117,0**	**x**	**x**	**x**
including - cereals	106,5	176,4	165,6	591,9	838,5	141,7
- fresh fruit	489,5	514,1	105,0	918,0	1006,3	109,6
- fresh vegetables	89,8	112,2	124,9	181,5	198,9	109,6
Processed products of plant origine	**963,3**	**1133,7**	**117,7**	**x**	**x**	**x**
including - oils and vegetable fats	212,3	243,6	114,7	352,5	393,2	111,5
- ground grain post-extractive oilseed cakes	315,0	359,6	114,2	1605,5	1645.1	102,5
- sugar confectionery	130,6	164,9	126,3	68,0	108,3	159,3
- processed fruit	130,6	151,7	116,2	141,8	169,8	119,8
Stimulants and beverages	**704,4**	**828,4**	**187,6**	**x**	**x**	**x**
including - coffee, cocoa, tea	428,0	431,3	100,8	248,4	260,7	105,0
- tobacco and tobacco products	59,6	135,1	226,7	22,3	48,0	215,2
- alcohols and alcoholic beverages	114,0	137,5	120,6	104,5	72,7	69,6
- water and non-alcoholic beverages	19,5	28,9	148,2	3485,7	4316,4	123,8

Source: Poland's foreign trade in agri-food products in 2004. FAPA, June 2005

Stimulants, particularly coffee, tea, cocoa and spices, similarly to southern fruit, are among products not produced in Poland, for which, however, there is a heavy and constant demand. In import, prices of some items were lower than in the previous year, which led to a growth in volume of importation rather than in value. It refers, for example, to poultry meat, fresh fruit, sugar confectioneries.

Trade balance in agri-food products

A greater increase in exports, rather than imports, of most agri-food products positively affected the trade balance. A negative trade balance was noted in fish and processed fish, plant raw materials, particularly fresh fruit, cereals and flowers, in processed plant products, such as oils and vegetable fats, fodder, as well as stimulants and beverages, excluding waters and non-alcoholic beverages. Only in case of tobacco and tobacco products, alcohols, as well as various animal products (e.g. animals' intestines, bristles) was there a decline in foreign trade results.

T. Witczak

Financial support from the national and EU budgets

Poland's membership in the European Union has resulted in a considerable increase in the amount of financial support allocated for agriculture. The EU budget subsidies for payments made within the scope of the Common Agricultural Policy, as well as investment subsidies from the EU funds, have influenced significantly the aforementioned favourable trend. Following the EU accession, there was a change in funding of agriculture, which consisted in a reduced share of indirect subsidies for subsidies obtained directly by agricultural producers. However, most payments from the EU budget require national co-funding.

Table 26. Expenditures for agriculture and rural areas development in 2003 – 2004 (million PLN)

Specification	2003	2004
I. Expenditures from national budget including:	4 378,3	4 609,9
Expenditures for agriculture	**550,7**	**608,0**
including:		
- biological advancement in plant production	57,0	38,0
- biological advancement in animal production	104,6	104,2
- subsidies to calcium fertilisers	54,2	19,8
- plant protection	6,4	9,0
- organic farming	7,1	7,5
- subsidies to interest on working capital banking credit	74,6	99,7
Expenditures for rural areas development	**1 934,4**	**2 444,5**
including:		
- Agency for Restructuring and Modernisation of Agriculture	1 602,5	1 320,6,0
- national co-financing programme SAPARD	320	423,2
- national co-financing of Rural Areas Development Plan (in 2004 – for the supplementation of direct subsidies)	x	84,3
- intervention on the agricultural market	x	604,9
Expenditures for agricultural markets	**781,7**	**874,0**
including:		
- Agricultural Market Agency	753,1	835,7
Expenditures for agriculture from voivodship budgets	**1 111,5**	**683,4**
II. Expenditures from the EU budget	**603,8**	**2 127,8**
- subsidies within the SAPARD programme	603,8	1 009,1
- direct subsidies to utilised agricultural areas – from the EU budget	x	771,1
- subsidies within the Rural Areas Development Plan (in 2004 – for the supplementation of direct subsidies)	x	220,2
- intervention on the agricultural market	x	127,4
JOINT expenditure for agriculture and rural areas development from the national and EU budgets.	**4 982,1**	**6 737,7**

Source: Ministry of Agriculture and Rural Development

In addition, covered from the national budget forms of assistance, which constitute the so called existing assistance, including, among others, subsidies to interest on bank credits, are registered with the European Commission.

Crediting of agriculture

In 2004 banks cooperating with the Agency gave the total of 20 369 investment credits with the Agency's subsidies to interest for the total sum of 1 902 036 000 PLN. These were, among others, credits for young farmers, credits for investments in agricultural holdings and in agri-food processing, credits for equipment, restructuring and modernisation of waste management industry, credits for the implementation of branch programmes, as well as for the elimination of effects of natural disasters in agriculture. In 2004, in total, there were 18 preferential credit lines.

From the beginning of the Agency's performance till 31 December 2004, banks cooperating with the Agency gave 313 300 investment credits with the Agency's subsidies to interest for the total amount of 18 726,2 million PLN. By 2004, this form of aid had been functioning for eleven subsequent years.

The amount of an agricultural credit may account for up to 80% of investment expenditures for an agricultural holding, not more than 4 million PLN, for special sectors - 8 million PLN, and for agricultural processing - 16 million PLN. Credit term is, depending on the credit line, from 8 to 20 years, and repayment grace period 2-3 years. Interest paid by the debtor is, depending on the credit line, from 0,25 to 0,65 of annual bill of exchange rediscount rate, however, not less than 1,0% for new technologies, 1,2% for young farmers, for purchase of land, for family household arrangement as well as for disaster credits, 2% for branch credits, and 3% for other credit lines.

In 2004 there were also preferential credits, the so called working capital credits, given for purchase of agricultural produce, storage of some food product stock, for the elimination of effects of natural disasters, as well as for purchase of agricultural production means being an equivalent of 10 q of rye per 1 ha. In 2004, 296,200 working capital credits were granted for the amount of more than 6 million PLN, and subsidies to interest on these credits reached over 99 million PLN.

SAPARD Operational Programme

Within the SAPARD Operational Programme – being the EU pre-accession financial aid to prepare agriculture in candidate countries for EU membership – 31 000 applications were submitted for the total sum of more than 6 billion PLN, of which in 2004 – 16 000 applications, i.e. over 50% of the total number. Signing of the agreements with the beneficiaries was completed on 15 August 2004.

The joint amount of financial resources allocated by the European Union for co-financing of projects implemented within the SAPARD programme from Annual Financial Agreements 2000-2003 was, including national co-financing, about 4,1 billion PLN. The European Commission – following the application by the Ministry for Agriculture and Rural Development – agreed to fund projects within the SAPARD programme with an additional amount of 140 million euro of resources within the Rural Areas Development Plan, of which 105 million euro came from the EU resources and 35 million euro from national funds. The above decision made it possible to ensure the financing of all duly completed and submitted on time applications within:
Priority 1 "Improvement of agricultural and fisheries product processing and marketing ",
Priority 2 "Investments in agricultural holdings",
Priority 4 "Diversification of economic activities in rural areas".

Unfortunately, the available amount did not make it possible to conclude agreements for all favourably evaluated projects in Priority 3 "Development and improvement of general rural infrastructure".

Because gminas and poviats submitted in total 4 493 applications for financial aid within Priority 3 of the SAPARD programme, the Minister of Agriculture and Rural Development took a number of actions aiming to leverage additional funds for local self-government infrastructure investments. Thanks to this the joint amount available in Priority 3 rose to over 2 billion PLN and is by nearly 900 million PLN higher than the funds originally allocated for this Priority.

In accordance with settlements made with the European Commission, signing contracts for financial resources within the SAPARD programme was finished on 30 September 2004. In total 24 400 contracts were concluded for the amount of 4,8 billion PLN.

By the end of June 2005, the Agency for Restructuring and Modernisation of Agriculture made 19,600 payments for beneficiaries in the total amount of 3,3 billion PLN, namely 70% of available resources.

Direct payments

Direct payments are one of the best-known instruments of financial aid for agriculture in the countries of the European Union. An advantage of this instrument, influencing for the rest of the nation, is the fact that it enables farmers to increase their income without the need to raise prices of consumer agricultural products. In 2004, in Poland, a uniform area payment financed from the EU budget constituted 25% of payments applicable in the EU, and with supplementary payments financed from the national and EU budgets within the Rural Areas Development Plan – 55%. Holding an identity number given by ARMA (entry in the registry of producers), and then submission of application for direct payments, are prerequisites for applying for the aid. By 31 December 2004, 1 646,800 entities were entered into the registry of producers.

The discharge of direct payments' began on 18 October 2004.

The payment was made according to the following scheme:
- at the first stage, payment was calculated for agricultural producers who submitted correctly completed applications for direct payments for utilised agricultural area or for payment to support agricultural activity on unfavourable natural conditions (ONW) areas, provided that their agricultural land is not located in the areas with unfavourable natural conditions and their applications have not been selected for on the spot check,
- at the second stage, payment was calculated for agricultural producers, who own agricultural land located in the areas with unfavourable natural conditions,
- at the third stage, payment was calculated for applications selected for field control.

The order of payments at each stage is established by drawing. 2,8 billion PLN was paid within a uniform area payment. 5,7 billion PLN was paid under supplementary area payments.

Rural Areas Development Plan (RADP)

Rural Areas Development Plan is to support a balanced development of rural areas and to improve the standard of agricultural holdings.
To implement the Plan, 3 592 million euro will be allocated in 2004 – 2006, of which 2 866 million euro will come from the EU budget and 726 million euro from the national budget. The following programmes were carried out under the Rural Areas Development Plan:

1. structural disability pensions, for which there were 28 000 applications submitted by the end of June 2005 and 100 million PLN was paid. An average granted disability pension was 1450 PLN
2. support for semi-subsistence farms – the submission of applications expired on 23 March 2005; there were almost 117 000 applications. Financial resources of 603 million PLN were involved in the implementation of this programme.
3. support for farming activity conducted on areas with unfavourable natural conditions – in 2004 campaign, there were nearly 626 000 applications submitted, and the amount of 1 142,2 million PLN was paid for their implementation.
4. support for agri-environment measures and improvement of animals' welfare – the application process was held on 15 June 2005. Payments were made on applications submitted in September-October 2004, in the amount of 33 million PLN for 3,500 farmers.
5. forestation of agricultural land – 2209 applications were submitted in the 2004 campaign. The Agency for Restructuring and Modernisation of Agriculture, implementing this programme, issued almost 2 000 decisions of forestation of more than 9 000 ha for the amount of 54 million PLN.

6. harmonisation of agricultural holding standards with those of the European Union – due to insufficient financial resources allocated for this programme, applications were accepted only till 15 March 2005. There were nearly 74 000 of them for the sum of over 2,6 billion PLN. Payments will be made in the second half of 2005.
7. agricultural producer groups – by end-July 2005, groups entered in the register submitted, in total, 24 applications for financial assistance to establish and administer a group's activity. 17 positive decisions were issued. The forecasted amount is more than 4,5 million PLN.

Within RADP two more programmes are financed: supplementary area payments and technical assistance programmes.

Sectoral Operational Programme
Restructuring and modernisation of the ford sector and Rural Development in 2004-2006 **(SOP)**

The work on the Sectoral Operational Programme „Restructuring and modernisation of he food sector and Rural Development in 2004-2006" (SOP) was finished in March 2004. On 7 July 2004 it was accepted the European Commission Decision.

Project implementation procedures and executive provisions were developed for particular SOP undertakings, including, among others, those concerning the mode of application and the specimen of applications for subsidies to projects, as well as provisions concerning specimen agreements for subsidies to particular undertakings. The implementation of 10, out of 13, undertakings under the Programme began in 2004. The following undertakings, among others, are supported within the Programme: investments in agricultural holdings, facilitating the start of young farmers, development and improvement of technical infrastructure, support for agricultural advisory services, land consolidation, improvement of processing and marketing of agricultural products, management of agricultural water resources, trainings, restoring forest production potential destroyed by natural disasters, village rehabilitation and preservation and protection of cultural heritage.

The two measures: Facilitating the start to young farmers and Investments in agricultural holdings arouses most interest among farmers.

43,600 applications, for the amount of over 4 billion PLN, were submitted from the time of the Programme's initiation (16 August 2004) till 30 June 2005. More than 13 000 agreements were signed and over 200 million PLN was paid (till the end of the first half of 2005) to beneficiaries of the measure "Facilitating the start to young farmers".

In 2004 – 2006, under the Sectoral Operational Programme, Polish villages will receive financial assistance of 1,784 million euro, of which 1,193 million euro will be from the EU budget and 591 million euro will come mainly from the national budget.

Payments under the Programme's measures will be made after the completion of investment by beneficiaries and will commence in the second half of 2005. The only measure financed after signing the agreement, is "Facilitating the start to young farmers".

The number of already submitted applications indicates that contracts for all financial resources allocated for the Programme implementation will be signed by end of 2006.

Sectoral Operational Programme
Fisheries and fish processing 2004-2006

On 2 August 2004 the Sectoral Operational Programme Fisheries and fish processing 2004-2006 was initiated, which is co-financed from the budget of the Financial Instrument for Support of Fishing (FIFG). Approx. 373 million euros have been allocated for the programme's implementation, of which almost 202 million euro will come from the European Union budget and 80 million euro from the state budget. The remaining financial resources (92 million euro) come from private entities applying for support on the principle of co-financing and co-responsibility for the implementation of a project within the EU structural funds, as well as in compliance with the Common Fishery Policy. Within the programme, it is possible to grant financial aid to entities connected with deep-sea fishery, fish processing and fish market, and inland fisheries, with special support offered to areas relying on this sector of economy.
Separate measures of the programme (18) were divided into 4 priorities:
- adjustment of fishing effort to the resources;
- renewal and modernisation of fishing fleet;
- protection and development of aquatic resources, aquaculture, fishing port facilities, processing and marketing, inland fishing,
- other measures.

From 2 August 2004 to 30 June 2005, 1 250 applications for subsidies of fishing measures were submitted with Regional Subsidiaries of the Agency for Restructuring and Modernisation of Agriculture for the amount of 443 million PLN, accounting for 40 % of all allocated resources. The applicants most often ask for support within the Measure: Socio-economic measures, Loss of work places on a fishing boat, (553 applications), as well as within the Measure: Scraping of fishing boats (320 applications). By the end June 2005, 690 contracts worth more than 300 million PLN were signed. 250 payments for the sum of nearly 98 million PLN were made for the benefit of the Programme's beneficiaries in the first half of 2005.

Rural Areas Activation Programme (PAOW)

The implementation of the Rural Areas Activation Programme is based on a loan agreement, signed between the Republic of Poland and the International Bank for Reconstruction and Development on 25 July 2000. The Programme is financed with the sum of 118,8 million euros from a loan granted by the World Bank. PAOW was started in 2000 and a planned closing date was fixed for 30 June 2005.

The programme's objective is to put in a financial investment contribution, as well as a know-how contribution, for a broadly understood economic development of rural areas. Measures, which are supported within the Programme, are those leading to an increase in off-farming employment in rural areas, decentralisation of public administration and regional

development, as well as help in building institutional potential necessary to obtain and use the pre-accession and structural funds from the European Union.

According to the preliminary roundup, the following effects were achieved within the PAOW:

- 4655 micro-loans were granted to direct beneficiaries for the amount of 42 million PLN, as well as 2944 subsidies for the amount of 10,6 million PLN to create off-farming work places and for the development of small and medium enterprises in rural localities in kujawsko-pomorskie, małopolskie, podkarpackie, warmińsko-mazurskie and zachodnio-pomorskie voivodships;
- 72000 beneficiaries used the services of the Reorientation/Retraining Programme, including trainings, vocational counselling and temporary employment. 6 incubators of entrepreneurship were created and subsidies were granted to 157 centres for entrepreneurial support. The value of involved financial resources reached 132,6 million PLN;
- 1271 rural schools were renovated for the value of 171 million PLN and 187 school common rooms for 8,6 million PLN; 425 school common rooms were equipped for the sum of 5,7 million PLN and 212 pre-elementary class rooms were equipped for the value of 1,3 million PLN. In the first stage (2001 – 2003), renovations and equipping of schools and school common rooms covered 7 voivodships, while since 2004 all 16 voivodships have been included;
- educational software for the total worth of 4,4 million PLN was supplied to schools in 2003 and materials and didactic aids worth 22,6 million PLN were supplied in 2004;
- 8979 people participated in didactic training for teachers and headmasters, conducted in 2004, under the contract worth 10,2 million PLN, whereas, IT trainings, worth 6,3 million PLN, were attended by 7716 teachers and headmasters;
- an Internet portal of Educational Resources Centre www.scholaris.pl, created within the PAOW programme, has been operating under the supervision of the Ministry for National Education and Sport since April 2004;
- 4555 persons have been trained within the countrywide Educational Programme for members of management boards, employees and councillors of local self-government units.
- 589 projects, whose aim was to improve the work of local self-government units, were prepared under the Institutional Development Programme;
- gminas and poviats signed 723 contracts, worth 471 million PLN under the Component C - Rural Infrastructure; the implementation of 693 of the projects was finished by end of 2004, which brought the following material effects:
- 800 km of water supply system, 12 water treatment facilities, 10,500 connections to households;
- 900 km of waste water management system, 20 collective sewage treatment facilities, 19 000 connected households;
- 700 km of renovated local roads;
- 4 landfill sites for over 18 000 households.

PHARE Programmes

In 2004, 32 PHARE projects from institutional development range were being implemented in the department of agriculture. Their aim was to strengthen Poland's ability to accept and implement acquis in agriculture, development of modern and effective public administration, streamlining its structures, human resources and management skills, as well as adjustment of public administration units to the membership standards. Out of ten PHARE 2000 projects, three were completed in 2003, and the implementation of the remaining seven was completed in 2004. They concerned the common market organisation CAP, phytosanitary administration, food control, as well as institutional development in rural areas, for the benefit of agro-environment and forestation and early-age retirement pensions.

Table 27. Expenditure of financial resources PHARE 2000, 2001, 2002 and 2003 under agricultural projects in 2004.

Programme	Expenses made in 2004	
	'000 EUR	'000 PLN*
PHARE 2000	3 596 575,64	14 670 432,04
PHARE 2001	16 698 105,20	68 111 571,11
PHARE 2002	1 728 967,49	7 052 458,39
PHARE 2003	517 022,19	2 108 933,51
Razem	**22 540 670,52**	**91 943 395,05**

** as per the exchange rate of the National Bank of Poland (NBP) of 31 Dec. 2004 (1EUR = 4.0790*

PHARE 2001 projects implemented in 2004 dealt with, among others, the organisation of fishing market, strengthening of Polish advisory services for farmers concerning methods of agricultural production in compliance with environmental requirements, the veterinary standards and food control, and construction of an Integrated System of Management and Control as well as a System of Identification and Registration of Animals. Measures to prepare Poland for the Common Agricultural Policy were also financed: trainings within the field of the common market organization, as well as development of the System of Agricultural Information. The implementation of seven projects was ended in 2004. As regards the remaining three Projects, the term of expenditure of resources was expanded.

Seven projects were implemented within PHARE 2002 by the department of agriculture in 2004. They concern the support for Poland in the development of an institutional system for management and implementation of structural funds EAGGF (the European Agricultural Guidance and Guarantee Funds) and FIFG (The Financial Instrument for Fisheries Guidance), as well as in the preparation of the Agricultural Market Agency to function as a paying agency in the future. The following are also financed under PHARE 2002: creation of an Integrated System of Information in verification and trade of seed material, measures

at protecting against the BSE in Poland, as well as construction of national laboratory for veterinary research in Puławy.

In the final edition of PHARE 2003, eight projects are implemented. Some of them are continuations of those initiated under PHARE 2002, i.e. projects concerning the protection against the BSE, the investments in National Veterinary Institute in Puławy and further enforcement of the institutions involved in the implementation of measures for rural development financed from the budget of EAGGF. The other projects are to further strengthen the veterinary, phytosanitary and seed administration, as well as fisheries. Measures concerning fighting rabies in wild-living animals in Poland, and the improvement of Land Parcel Identification System (LPIS), as well as control methods of technology of Geographical Information Systems (GIS) will also be financed.

Organisation of agricultural markets

In 2004 Poland implemented the EU common organisation of agricultural markets whose aim is to stabilise the supply and demand for particular products, to the advantage of both producers and consumers alike.

The implementation of particular mechanisms regulating the markets is performed by the Agency for Agricultural Market (20 commodity groups), as well as by the Agency for Restructuring and Modernisation of Agriculture (2 markets), as paying agencies.

In the first year of the EU membership, the 2 agencies jointly spent more than 340 million PLN to implement particular instruments of market organisation.

Among the most important regulated markets were:

- the grains market, on which the AAM began interventional purchases on 1 November 2004. 1,1 million t of grains were offered for sale; by the end of 2004, the AAM paid about 73 200 PLN to entrepreneurs for taking over and storing grains,
- the meat market, on which there was, until 1 May 2004, an intervention sale of pork sides from the AAM stock, and subsidies to export. 113 million PLN was spent for this purpose.

After 1 May 2004, on the beef and veal markets, the Agency paid export refunds in the amount of over 11 million PLN, on the pork market - in the amount of about 73 000 PLN and on the poultry market - over 250 000 PLN;

- the dairy market was covered by removal refunds for the total value of 31,8 million PLN, there were interventional purchases of low-fat instant milk and butter, subsidies to private storage of cheeses, as well as to the consumption of milk and processed milk products in educational institutions and also to purchases of butter by non-profit establishments.

In addition, milk output quotas were introduced; more than 354 000 decisions were issued granting quotas in the amount of 7 407,500 t of milk to wholesale suppliers and 78 000 decisions granting quotas in the amount of 457,300 t to direct suppliers. The amount of national reserves quota was over 1 million t, of which 722 000 t were dispensed for direct and wholesale suppliers.

- the sugar market, on which export refunds were applied (134 million PLN), as well as subsidies to sugar processing for non-consumption purposes (0,4 million PLN).

Export refunds were also applied to export of potato starch, of fruit and vegetables, as well as some processed products (from grains and rice, sugar and isoglucose, low-fat and full-fat instant milk, butter).

248 million PLN was inclusively paid to all export products. There are subsidies also for producers of tobacco raw materials and dry fodder, in the total amount 40 million PLN.

In 2004, Poland as the only country among the new EU members, implemented the programme „Supplying food surpluses to the populations in need". 10 000 t of food products worth around 105 million PLN were assigned for charitable purposes.

Other programmes and measures for agriculture and rural development

In 2004, under national aid – apart from co-financing of the EU agricultural and structural Policy – programmes and measures were implemented, most of which are already in the disappearing phase. The introduction of support mechanisms, compliant with the EU policy, results in gradual departure from old forms of aid, such as: subsidies to interest on working capital and investment banking credits (discussed previously), subsidies to biological advancement in agricultural production, subsidies to scientific researches etc.

The following measures, implemented in 2004, are among the most important ones (not discussed previously):

- subsidies to biological advancement in plant production,

Programmes of plant breeding and maintenance of gene resources were supported. 38 million PLN was spent for these purposes. 437 new species of cultivated plants were entered to the register (121 agricultural plants, 293 vegetable species and 23 orchard species). At the end of 2004 there were 2589 varieties of cultivated plants in the national register.

- subsidies to biological advancement in animal production.

In total 104,2 million PLN was spent on improvement of mass population by means of shift of genetic advancement from elitist breeding with the use of modern techniques of reproduction (inseminations and embryo transfer), creation of conditions for general use of assessment of usable and breeding value, as well as for support of implementation of breeding programmes.

- 7,5 million PLN was allocated for co-financing of organic farming through subsidies to costs of organic farms inspections and for conducting scientific research in this respect, as well as for coordination of agricultural counselling and analyses of contents of forbidden substances,
- subsidies to fight infectious animal diseases, to plant protection, maintenance of drainage equipment etc.

- guarantees of credits raised for implementation of agricultural investment projects, projects in agri-food processing and in agricultural services, as well as of credits raised by students living in villages.

Moreover, many units operating in agriculture, or for the benefit of agriculture, such as: veterinary inspection, inspections dealing with plant and seed protection, trade quality of agri-food products, as well as scientific and agricultural counselling units, are financed from the budget.

Zbiory archiwalne MRiRW

Agricultural Market Agency (AMA)

The Agricultural Market Agency, which was established in 1991 in order to stabilise the agricultural market and to protect incomes from agricultural production, has, since 1 May 2004, played the role of paying agency, responsible for administering mechanisms of Common Agricultural Policy on 20 markets of agricultural products.

The CAP mechanisms, which are administered by the Agency, are intended, first of all, for traders, enterprises dealing with storage, processing and producing plants, as well as groups of producers and farmers.

There are more than 485 000 entities, collaborating with the AMA, registered in the Central Register of Entrepreneurs; these entities can participate in the implementation of the CAP mechanisms.

Out of 51 instruments of assistance, for which AMA is responsible, more than half was initiated in the first year of the membership, for the amount of 318,7 million PLN.

The Agency is responsible for the following CAP mechanisms:

- intervention purchases and sales of cereals, butter, low-fat instant milk, beef and sugar,
- subsidies to private storage of cheese, butter, low-fat instant milk, meat as well as table wine and grape must,
- subsidies to processing of butter and cream, as well as flax and hemp straw,
- subsidies to purchases of butter by non-profit institutions and establishments,
- subsidies to processing, i.e., utilising in processing, of olive oil, grape must and condensed grape must, low-fat instant milk for production of fodder, casein and caseinians, butter used in direct human consumption, starch used for non-consumption purposes, sugar used in chemical industry,
- assigning quotas of milk production, raw tobacco, potato starch,
- subsidies to dried fodder production,
- subsidies to consumption of milk and dairy products in educational institutions,
- support for bee keeping and sale of honey,
- allocation of fruit and vegetables not for sale,
- supply of food to the poorest.

AMA administers, moreover, financial mechanisms from the national budget, namely:

- payments to producers of potatoes for potato starch production and to producers of raw tobacco. 140 million PLN was paid within the scope of these payments by May 2005;
- resources of Dairy Industry Promotion Fund.

AMA is responsible for administering commodity trade in agri-food products with foreign countries, i.e.:

- issues and settles agri-food product import and export licences,
- issues documents required to calculate and disburse export refunds and import levies,
- deals with financial security,
- calculates and disburses export refunds and import levies,
- imposes and enforces administrative penalties.

From 1 May 2004 to 31 May 2005 the Agency issued over 6900 export and import licences; most licences were issued for beef and veal, fresh fruit and vegetables, cereals, wine, milk, sugar and poultry.

Agency for Restructuring and Modernisation of Agriculture (ARMA)

The Agency for Restructuring and Modernisation of Agriculture, supporting Polish farmers, entrepreneurs operating in processing industry and rural area inhabitants since 1994, mainly through subsidies to interest on banking working capital and investment credits, as well as co-financing rural infrastructure and measures aimed at training and education of the youth and adults, became the second, beside AMA, paying agency for the CAP and structural policy mechanisms in agriculture in 2004.

The Agency's scope of responsibility has been considerably expanded with the following programmes and measures:

- direct payments to arable land,
- common organisation of fruit and vegetable, as well as fish and processed fish markets,
- Rural Areas Development Plan (RADP),
- Sectoral Operational Programme "Restructuring and modernisation of food sector and rural areas development 2004-2006",
- Sectoral Operational Programme "Fisheries and fish processing 2004-2006".

In addition, ARMA continues the implementation of national aid schemes, mainly preferential credits and the SAPARD programme, but also the Phare projects. The Agency participates in implementing financial part of tasks from the Rural Areas Activation Programme, financed through loans from the World Bank, as well as in implementing the "Plan for Reduction of Flood Effects" (EBI-bis)", co-financed by a loan from the European Investment Bank. Thus, the Agency administers the biggest financial resources, coming from the EU budget, national budget and foreign credits, and which are intended for support of agriculture and rural development..

In order to efficiently perform its new functions, the Agency implemented an "Agricultural Parcel Identification System" (LPIS)", as well as "Animal Identification and Registration System (IRZ)", on the basis of which an IT system called "Integrated Administration and Control System" (IACS) was initiated.

These systems were made from scratch in the Agency, which was related to the change of the ARMA organisational structure and development of relevant procedures for receipt and examination of applications, as well as for control of payment disbursement correctness.

Besides the head office and 16 regional (voivodship) branches, 314 ARMA poviat offices were set up under the new structure, ensuring farmers an easier access to aid, especially direct payments.

The IT software operating in the Agency is an integral part of the national food security system. In 2004 the Agency initiated all the measures included in the Sectoral Operational Programmes, and seven out of nine measures included in the Rural Areas Development Plan.

Agricultural Property Agency (APA)

APA is a state legal entity, which operated, from 1992 to 15 July 2003, as the Agricultural Property Agency of the State Treasury (APAST). The Agency has been entrusted, by the State treasury, with the power to exercise the ownership right and other property rights in respect to state-owned agricultural property.

APA carries out tasks related to setting up family farms, improving agrarian structure, creating conditions for a rational use of the State Treasury Agricultural Property Resource production potential, restructuring and privatising State Treasury property utilised for agricultural purposes, trading in property and other State Treasury assets used for agricultural purposes, administering the State Treasury property resources intended for agricultural purposes, securing the State Treasury property and supporting the establishment of private farms on the State Treasury land.

APA operates on the self-financing basis. The main sources of its income are revenues from property sales and leases. In the initial years of its operation, a significant part of such revenues was allocated for the repayment of commitments (debts of state agricultural holdings) taken over and worth almost 2 billion PLN. At present, most funds gained from the privatisation of APA Resource are channelled to the national budget.

On 16 July 2003, the provisions of the Act on shaping the agricultural structure entered into force. The provisions lay down the Agency's new tasks and instruments to implement those tasks. The provisions enable the Agency to control that part of trade in agricultural property that has remained beyond its control so far, and to intervene, in justified cases, in order to achieve the objectives of the Act, i.e. to improve the agrarian structure of agricultural holdings, to counteract excessive concentration of agricultural property and to ensure farming in agricultural holdings by persons with appropriate qualifications. The objectives constitute the implementation of the provisions of Article 23 of the Constitution of the Republic of Poland; pursuant to which a family farm is the basis of the agricultural structure in Poland.

The Agency can supervise trade in agricultural property thanks to new rights it was granted i.e., the pre-emption right (in the case of sale agreements) and the so-called buyout right (for other agreements transferring the ownership of agricultural property).

In addition to the aforementioned tasks, the Agency performs ownership functions in crops breeding companies and animal breeding companies, indicated by the Minister of Agriculture and Rural Development as particularly important for the national economy. Currently, APA exercises ownership right in relation to 59 such companies. The property taken over by the Agency by end-May 2004 included 4,7 million ha of land, of which nearly 80% was from the 1666 former state-owned farms (PPGR) of an average area of 2250 ha. So far 1.7 million of ha of land has been permanently distributed, of which

1,4 million ha has been sold. At present, there is 3 million ha of land in the Agency Resource, of which 2,4 million (78%) has been leased. In the Agency Resource there is still about 500 000 ha of land to be distributed, largely of little agricultural usability.

The property taken over by the Agency from the former PPGR included objects of a special character such as agri-food processing plants, as well as manor houses and palaces with parks. Most of such objects have been sold or rented.

The main method of distributing the property taken over is sale and lease through Agency's branches and local offices, via oral public tenders (auctions) and, in justified cases, via tenders involving written bids (competitions of bids).

State Agricultural Advisory Services

In 2004 there were structural changes in agricultural advisory services financed from the national budget. New advisory units, having legal personality, were formed on the basis of the former ones. Besides financing from the budget, they can also obtain financial resources for paid services, including the use of the EU Funds.

Currently in Poland, according to the provisions in force, advisory services points are the following:
- Agricultural Advisory Centre, based in Brwinów with branches in Poznań, Kraków and Radom,
- 16 voivodship advisory centres, whose range of operation covers the voivodship area relevant to the office of a given centre,

Agricultural advisory centres are obliged to provide advisory services free of charge i.e. to train farmers on how to run a modern agricultural holding, on agricultural accountancy, on the use of the CAP and structural policy instruments, on improvement of production quality, on popularisation of information about scientific achievements as well as to instruct farmers and other inhabitants of villages how to improve their vocational qualifications etc. The centres can also provide services for payment, within the following fields: keeping the books of accounts, promotional activity of agricultural holdings, publishing activity, research activity, hotel services within the possessed property, as well as making analyses (on order), evaluations and plans and filling in applications for financial aid.

Agricultural Chambers

Polish agricultural chambers, being a form of common agricultural self-government, were re-established on the basis of the Act of 1995. Membership is obligatory for all agricultural taxpayers and payers of income tax on specific sectors of agricultural production, as well as members of agricultural production cooperatives that possess land contribution in such cooperatives. Agricultural chambers are financed mainly from 2% agricultural tax deduction.

The representation of agricultural chambers at the national level is the National Council of Agricultural Chambers (KRIR) composed of Presidents of 16 voivodship chambers and delegates elected by the General Assembly of each chamber (one delegate form each chamber).

Agricultural Chambers are to offer a comprehensive help to farmers and to cooperate in creating conditions making it possible to improve living standards of the rural population. The Chambers participate in talks with government representatives, in works of the Parliament, in negotiations with representatives of processing industry and trade, as well as representatives of other organizations, whose aim is to create law and to define priorities in aid for agriculture and rural population, as well as to make an assessment of work of institutions for agriculture and rural development.

KRIR collaborates with foreign partners as well, mainly with chambers in the old and new EU countries. This cooperation aims to make use of the knowledge and experiences of particular chambers, as well as to make them take up tasks together. Such tasks may include: exchange of the youth from agricultural schools, improvement of labour organisation, agrotourism development, etc. An important element of KRIR's cooperation is an exchange of experiences concerning the use of accessible aid instruments within the Common Agricultural Policy and structural policy.

Agricultural Circles

The National Union of Farmers, Agricultural Circles and Organisations (KZRKiOR) is the biggest socio-professional organisation in Poland. Agricultural circles constitute a trade union of private farmers, as well as a national, self-governing association of Agricultural Circles and Rural Housewives' Circles (KGW), of local farmers' unions, agricultural circles and organisations, Cooperatives of Agricultural Circles, as well as other agricultural organisations associated on a voluntary basis. Agricultural circles bring together about 1.2 million members and KGW – 850 000 members associated in 25 000 KGWs.

As a socio-professional organisation, agricultural circles have a 142-year old tradition and Rural Housewives' Circles – a 135-year old tradition.

In principle, the circles' scope of activities is similar to that of agricultural chambers, which means comprehensive undertakings for agriculture and rural areas development. KZRKiOR has significantly contributed to the integration process of Polish agriculture with the EU agriculture through monitoring all the decisions connected with the EU accession. KZRKiOR is a member of "COPA-GOGECA".

ADRESSES OF INSTITUTIONS RELATED TO AGRICULTURE

MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT (MARD)
00-930 Warszawa, ul. Wspólna 30
tel./fax (0 22) 623 10 00; (0 22) 629 55 99
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 (0 22) 661 72 72; (0 22) 628 93 53
http://www.arr.gov.pl e-mail: b.demska@arr.gov.pl

AGENCY FOR RESTRUCTURING AND MODERNISATION OF AGRICULTURE (ARMA)
00-175 Warszawa, Al. Jana Pawła II 70
tel./fax (0 22) 318 53 30; (0 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 (0 22) 635 80 09; (0 22) 635 00 60
http://www.anr.gov.pl

FOUNDATION OF ASSISTANCE PROGRAMMES FOR AGRICULTURE (FAPA)
00-930 Warszawa, ul. Wspólna 30
tel. /fax (0 22) 623 16 03; (0 22) 628 93 87
http://www.fapa.com.pl e-mail: fapa@fapa.com.pl

FARMERS' SOCIAL SECURITY FUND (KRUS)
00-608 Warszawa, Al. Niepodległości 190
tel./fax (0 22) 825 99 41; (0 22) 825 95 97
http://www.krus.gov.pl e-mail: centrala@krus.gov.pl
http://www.stat.gov.pl e-mail: rzecznik@stat.gov.pl

AGRICULTURE AND FOOD QUALITY INSPECTION
00-930 Warszawa, ul. Wspólna 30
tel./fax (0 22) 621 64 21; (0 22) 621 48 58
http://www.ijhar-s.gov.pl e-mail: sekretariat@ijhar-s.gov.pl

GENERAL VETERINARY INSPECTORATE
00-930 Warszawa, ul. Wspólna 30
tel./fax (0 22) 628 85 11; (0 22) 623 14 08
http://www.wetgiw.gov.pl e-mail: wet@wetgiw.gov.pl

PLANT PROTECTION AND SEEDS INSPECTION SERVICE (PIORIN)
00-930 Warszawa, ul. Wspólna 30
tel./fax (0 22) 623 23 02; (0 22) 623 23 04
http://www.piorin.gov.pl e-mail: gi@pior.gov.pl

NATIONAL ADVISORY CENTRE FOR AGRICULTURE
05-840 Brwinów, ul. Pszczelińska 99
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NATIONAL COUNCIL OF AGRICULTURAL CHAMBERS
00-930 Warszawa, ul. Wspólna 30
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http://www.krir.republika.pl e-mail krir@z.pl

NATIONAL UNION OF FARMERS, AGRICULTURAL CIRCLES AND ORGANISATIONS
00-006 Warszawa , ul. Szkolna 2/4
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