

MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT

AGRICULTURE AND FOOD ECONOMY IN POLAND



WARSAW 2008

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**AGRICULTURE AND FOOD ECONOMY
IN POLAND**

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Dear Sirs and Madams

I have the honour to present to you another edition of 'Agriculture and Food Economy in Poland.' Its publication coincides with the opening of International Fair POLAGRA-FOOD and POLAGRA-FARMA. The book is intended for national and international audience, and is meant to supplement the on-site presentation - at the POLAGRA Fair - of the achievements of Polish agriculture, agri-food processing, fisheries, and the branches supporting food sector.

Special attention should be paid to the information on dynamic development of foreign trade in agri-food products, which is the best measure of growing competitiveness of Polish food sector. Polish food has been gaining recognition of consumers in Europe and beyond. The increase in Polish export is mainly a result of elimination of administrative constraints imposed by the European Union - Poland's major trade partner - which made it possible for us to present the assets of Polish food, namely its high health quality and consumption values.

Poland has adopted the EU policy to improve the quality of food products, among others by distinguishing the products of outstanding quality with the Try Fine Food mark, and by protecting unique products of specified geographic origin or produced traditionally. The richness of Polish cuisine and of exceptional agri-food products is demonstrated by the constantly growing number of products applying for registration with the European Commission as Protected Geographical Indication, Protected Designation of Origin, or Traditional Speciality Guaranteed. Currently, there are 30 such products, while on the national List of Traditional Products there are over 520. The products applying for registration with the European Commission include: cheeses, charcuterie, oils, fruit and vegetables, exceptional bakery and confectionary products, and honey.

The high quality of Polish food results, to a great extent, from the high quality of agriculture raw materials, obtained in clean environmental conditions and with a big contribution of farms producing traditionally. Organic farming has been developing dynamically, yet, in spite of its great potential, its role remains insignificant. At the same time, the integrated agricultural production is taking place, making use of balanced technical and biological progress in the field of cultivation, plant protection and fertilization, with special attention given to protect the environment.

A separate part of the publication covers the information on main elements of rural areas and agriculture policy, co-financed by the European Union and by the national budget. Fundamental changes have been taking place in this area - both in the scale of support, and as far as the principles of granting it. 2007 was the first year when the new 'Rural Development Programme for years 2007-2013' was implemented, and to this end EUR 17.2 billion will be made available, out of which EUR 13.2 billion will come from the EU budget, and EUR 4 billion - from the

national budget. Irrespective of the above, intervention and organisation of agricultural markets will be carried out within the framework of Common Agricultural Policy, and direct payments will still be made to arable land and some crops.

The full use of such abundant resources requires, on one hand, intensive activity on the side of beneficiaries, and, on the other hand, considerable involvement in helping to prepare and process the applications on the side of administration, governmental and professional organisations, agricultural units, and bodies working for agriculture and rural areas.

Four years after the EU accession, it can be stated that the positive tendencies in agriculture and in rural areas have been reinforced, thanks, in great part, to the increase in the inflow of funds, but also owing to farmers and processors who took advantage of the chances offered by opening to the world and free movement of goods and services.

I hope you will find our publication interesting to read.

Marek Sawicki



Minister of Agriculture and Rural Development

GENERAL INFORMATION ABOUT POLAND

Poland is a country in Central Europe, with a territory of 312.7 thousand km² (9th in Europe and 68th in the world), and a population of 38.1 million (8th in Europe and 31st in the world).

Since 1 May 2004, Poland has been a member of the European Union (EU). In terms of population, Poland ranks seventh among 27 Member States, while in terms of agricultural population it comes first. As regards a number of agricultural holdings, Poland comes second (after Romania). Poland covers 7.1% of the total EU area.

It borders with 7 countries, 4 of which are EU Member States (Germany, Czech Republic, Slovakia and Lithuania) and 3 are not (Russia, Belarus and Ukraine).



In the North, Poland borders the Baltic Sea; in the South there are two mountain ranges: the Carpathians with the highest Tatra Mountains (the highest peak Rysy – 2499 m above sea level) and the Sudetes with the Karkonosze (the highest peak Śnieżka – 1602 m above sea level). In the interior of the country there are the Świętokrzyskie Mountains (with the highest peak Łysica – 612 m above sea level).

Poland is characterised by a large variety of natural and environmental conditions. Special protection is granted to national parks with the area of over 317 thousand ha, to 1,407 nature reserves with the area of almost 167 thousand ha, to landscape parks with the area of 2,602 thousand ha, and to 34.5 thousand monuments of nature.

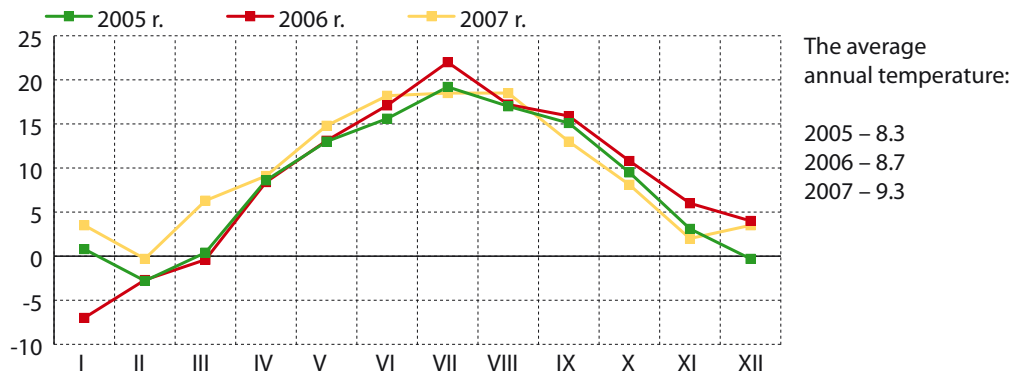
There are also protected forests with the area of 3,278 thousand ha. Many animal species are protected, among which the most important are: bison, chamois, bears, beavers, lynxes and wolves.

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

OGÓLNE INFORMACJE O POLSCE

The climate of Poland is characterised by considerable variations in the length of seasons. Within the last three years, the average air temperature has varied between 8.3 and 9.3°C, whereas the precipitation has ranged from 579 mm to 717 mm.

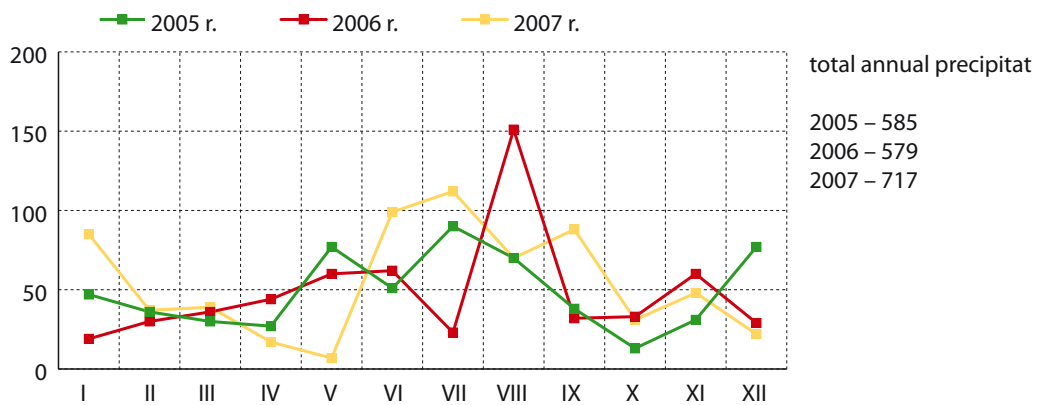
Fig. 1. Average monthly air temperature in Poland (in °C)



Source: INSTITUTE OF METEOROLOGY AND WATER MANAGEMENT.

Precipitation is the main source of water resources, and it is characterised by considerable annual, monthly and regional variations. As a result, there are drought and slightly flooded areas, with floods occurring occasionally.

Fig. 2. Average monthly precipitation between 2005 and 2007 (in millimetres)

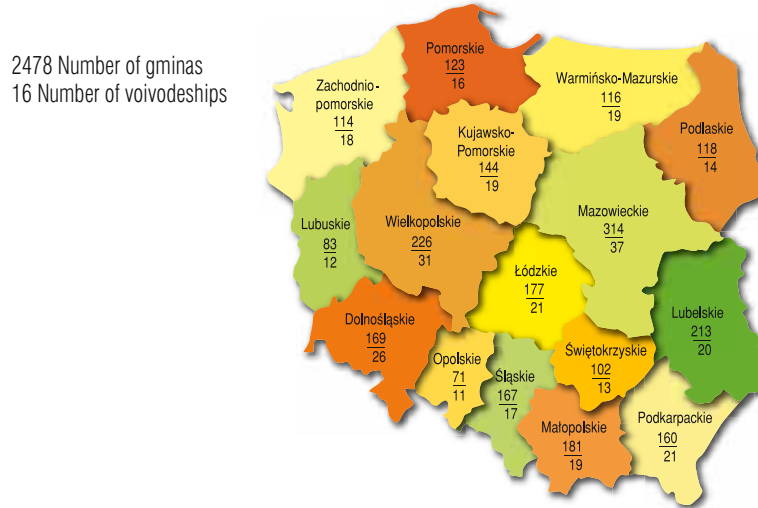


Source: INSTITUTE OF METEOROLOGY AND WATER MANAGEMENT.

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

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Fig. 3. Territorial division units in Poland

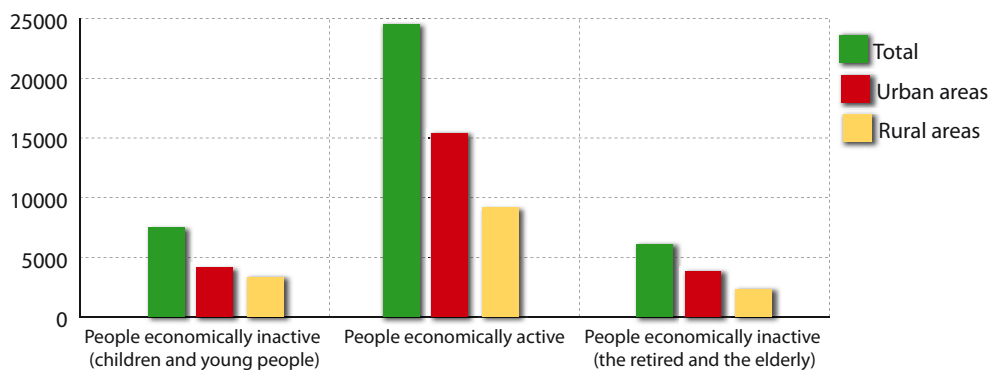


In 2007, a dynamic economic growth which started in 2004, was maintained. The growth tendencies, resulting from a huge domestic demand, both investment and consumer, concerned all main economic sectors. At the same time, the number of employed persons and new workplaces increased, whereas the unemployment dropped.

According to preliminary estimations, Gross Domestic Product in 2007 was higher by 6.5% (in real terms), as compared to 2006 (6.2 %); in 2005 it increased by 3.6% and in 2004 by 5.3%.

The year 2007 was the ninth subsequent year in which a negative balance of external migration was noted, resulting in real reduction in population. In comparison to the year 2000, the population decreased by 138 thousand people. However, the drop was noted only in cities (247 thousand people) as in rural areas there was an increase in the number of inhabitants (+ 109 thousand).

Fig. 4. Population as of 31.XII.2007 (thousand people)



Source: *Population, status and structure in territorial aspect*. Główny Urząd Statystyczny (Central Statistical Office). 2008.

In 2007, a slightly higher birth rate was observed: live births for 1,000 inhabitants amounted to 10.2 against 9.8 in 2006, and as far as deaths are concerned, the rate was respectively 9.9.

AGRICULTURE

General profile of the Polish agricultural sector

Polish agriculture is characterised by significant dispersion, as an average size of agricultural holdings is 7.8 ha of agricultural land, and more than half of the holdings produce only or mainly for their own use, thus reducing their expenses on the purchase of food as well as other family expenses. Such agricultural holdings of a relatively small area employ traditional production methods, consisting in limited use of mineral fertilisers and chemical plant protection products, as well as of industrial feed in feeding farm animals, especially cattle. Despite these phenomena and the prevalence of soils with low usefulness for agriculture, Poland is an important European and global producer of agricultural and horticultural products, as well as products of animal origin.

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

Production of some agricultural products	Share		Place	
	in the world	in the EU	in the world	in the EU
wheat	1.2	5.6	18	5
rye	19.8	40.1	3	2
potatoes	2.9	15.8	7	2
sugar beet	4.5	9.7	7	3
rape	3.4	10.3	7	4
apples	3.6	20.2	4	1
meat	1.3	8.3	14	5
cow's milk	2.2	8.1	11	4
Stock:				
cattle	0.4	6.2	45	7
pigs	1.9	11.8	7	3

Source: Statistical yearbook of agriculture and rural areas 2007 Data from 2006.



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

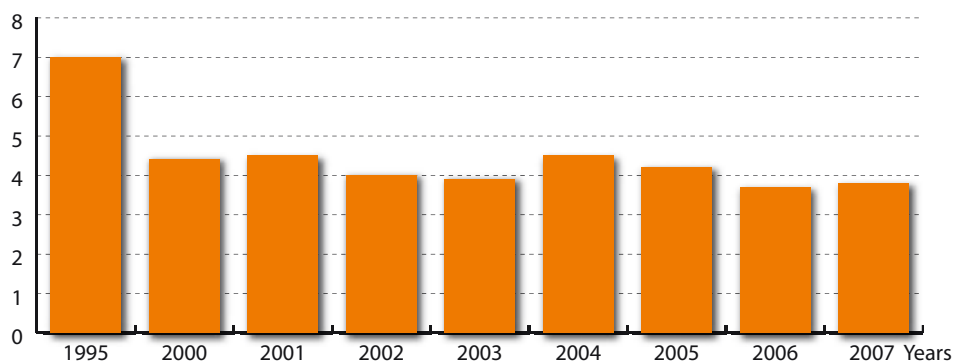
Soil and climatic conditions, as well as regional traditions, determine production specialisation.

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

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

In 2007, after two years of decrease, agricultural production showed very good results, which was reflected by a share of agriculture in Gross Domestic Product (GDP).

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



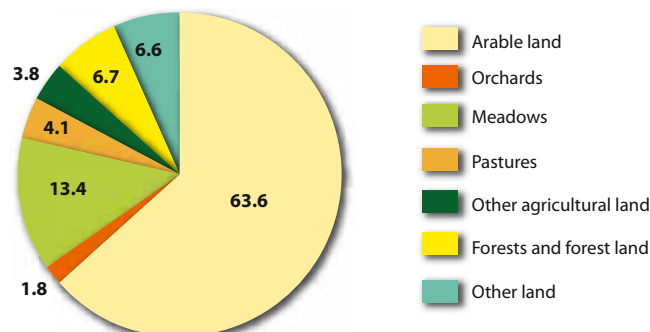
Land resources and their utilisation structure

The area of agricultural holdings in Poland amounted to 18.7 million ha, out of 31.3 million ha of the total area of the country, and constituted 59.7% of it. The total area of farmland increased in 2007 by 319 thousand ha, as compared to 2006, with the prevalence of private sector controlling over 17.9 million ha.

The area of agricultural land in agricultural holdings is almost 16.2 million ha, out of which approximately 15.5 million ha are in good agricultural condition.

Within the area of agricultural land in good agricultural condition, the arable land in agricultural holdings maintained, in accordance with the norms, in good agricultural condition covers 11.9 million ha and constitutes 76.6% of the area of agricultural land in good agricultural condition, and 63.6% of the overall area within agricultural holdings. Orchards cover 336.8 thousand ha (2.1% of agricultural land and 1.8% of the overall area of agricultural holdings), whereas permanent grassland covers 3.3 million ha (20.2% and 17.5%, respectively).

Fig. 6: Structure of utilisation of total land in agricultural holdings (in %)



Source: Land use, sown area and farm animals stock in 2007, CSO (GUS) Warsaw, 2007.

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

Soil valuation indicator, which is a quotient of conversion hectares to physical farmland, is 0.82 in Poland. Unfavourable soil conditions, accompanied by worse climatic conditions, result in lower land productivity, as compared to the EU average. 2007 was another year in which a reduction of fallow lands took place, resulting from the application of direct payments per hectare used for agricultural purposes and from the increase in agricultural land prices.

Table 2. Fallow land on arable land

	2002	2003	2004	2005	2006	2007
<u>Total fallow land</u>						
- in thousand ha	2303	1761	1399	1029	984	413
- share in arable land in %	17.8	13.9	8.6	8.4	7.9	3.5
<u>including: in individual holdings</u>						
- in thousand ha	1834	1305	1031	713	703	328
- share in arable land in %	16.0	11.9	9.3	6.7	6.4	3.1

Source: Agriculture in 2007. CSO (GUS). Land use, area CSO (GUS), 2007.

In 2007, according to general results of a representative survey “The structure of agricultural holdings” conducted by CSO (GUS), the number of agricultural holdings and agricultural parcels came to 2,579 thousand, of which 2,578 were units of private sector.

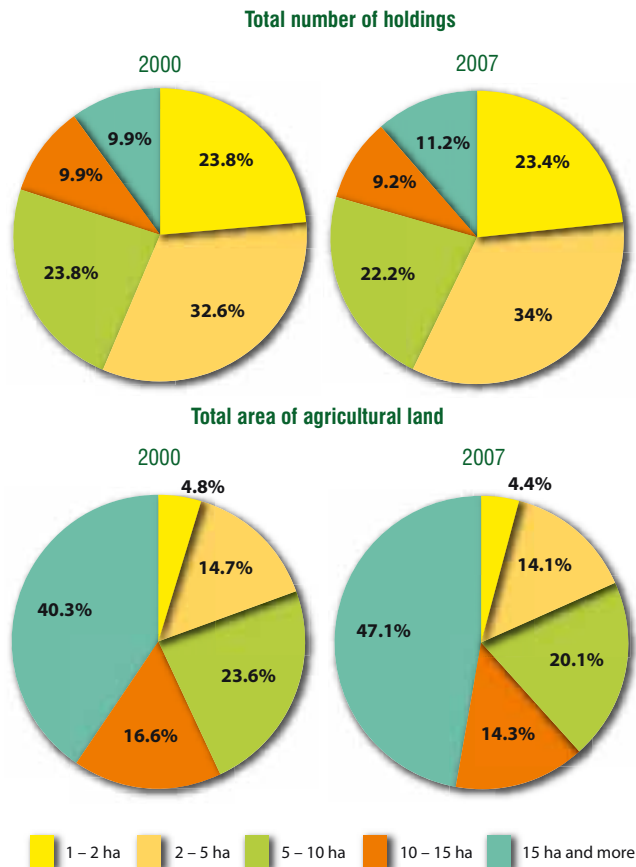
There were 1,808 thousand agricultural holdings with the area above 1 ha of agricultural land. As compared with findings of the Polish Agricultural Census 2002, the number of agricultural holdings dropped by 354 thousand, that is by 12.1%.

The decrease was most dynamic in the group of holdings comprising of up to 1 ha of agricultural land; the number of such holdings dropped by 21.1% as compared with 2002. On the other hand,

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the number of biggest holdings, namely those comprising 50 ha of agricultural land and more, has increased by 21.6%, reaching 24.1 thousand. The number of holdings comprising over 1 ha of agricultural land has decreased in total by 7.6%, whereas the group of holdings of 50 ha and more has increased by 25.5%.

Fig. 7: Structure of individual farms by area groups of agricultural land in 2000 and 2007 (in %)



Source: *Agriculture in 2007*, CSO (GUS). Warsaw, 2008.

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

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

Table 3. Average prices of arable land and meadows in private trade
Price per 1 ha

		In PLN	rye in dt	slaughter livestock pigs in dt
Arable land	2000	4786	115.3	13.3
	2005	8244	237.8	21.1
	2007	12.134	183.7	33.8
- fertile (wheat and beet root)	2000	6712	161.7	18.6
	2005	11001	317.3	28.1
	2007	15325	232.0	42.7
- medium (rye and potato)	2000	4920	118.5	13.7
	2005	8603	248.1	22.0
	2007	12654	191.6	35.2
- barren (sandy)	2000	2725	65.6	7.6
	2005	5843	168.5	14.9
	2007	9228	139.7	25.7
Meadows good	2000	4883	117.6	13.6
	2005	6144	177.2	15.7
	2007	9433	142.8	26.3
Meadows poor	2000	2753	66.3	7.6
	2005	4003	115.5	10.2
	2007	6743	102.1	18.8

Source: *Agriculture in 2007, CSO (GUS). Warsaw 2008.*

Agricultural Property Agency (APA) plays a substantial role in agricultural land marketing, focusing on purchase and lease of agricultural property owned by the State Treasury.

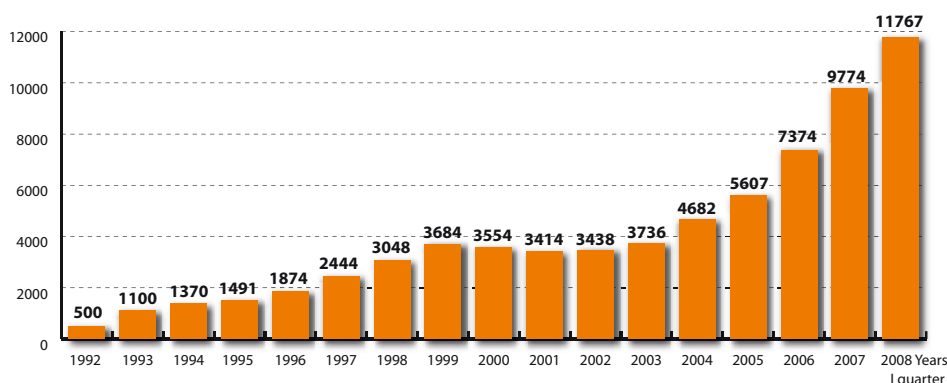
At the same time, pursuant to the Act of 11 April 2003 on shaping the agricultural system, the Agency may acquire agricultural property on private market. Until the end of 2007, on the basis of the above-mentioned Act, the APA exercised a pre-emptive right by intervening on the private market in relation to 12.2 thousand ha.

Sale of agricultural property is exercised by the Agency by means of open invitations to tender or invitations to tender restricted to specific categories of people entitled to purchase, for example individual farmers planning to enlarge their own family holdings. Part of the sale is done by way of pre-emption to which the existing leaseholders are entitled.

Starting prices of tenders are established on the basis of market criteria. In sale transactions of arable land constituting the Stock (excluding developed land of special character, for example with ores of minerals, under water etc.), the average price per 1 ha in 2007 amounted to PLN 9,774. In the first quarter of 2008, the average transaction price was PLN 11,767 per 1 ha.

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Fig. 8. Sale prices of agricultural property owned by the APA in PLN/ha, between 1992 and 2008



Source: APA.

Agricultural properties constituting the Stock of the State Treasury may also be purchased by foreigners, after they obtain appropriate authorisations (of the Minister of Interior and Administration and the Minister of Agriculture and Rural Development). From the beginning of APA's activity until the end of 2007, foreigners purchased 1,361 ha (that is approximately 0.08% of all land sold) from the Stock, pursuant to 181 agreements concluded. In 2007, foreigners purchased 47 ha on the basis of 12 agreements.

Value of agricultural production and price relationship

In 2007, the value of global agricultural production reached the level of PLN 81.7 billion and was by 6.1% higher than in 2006, of which the value of plant production, amounting to PLN 45.4 billion, was by 9.5% higher, and animal production reaching the level of PLN 36.3 billion was by 2.6% higher than in the previous year. Commercial production constituted 64.3% of the global production value and it amounted to PLN 52.6 billion.

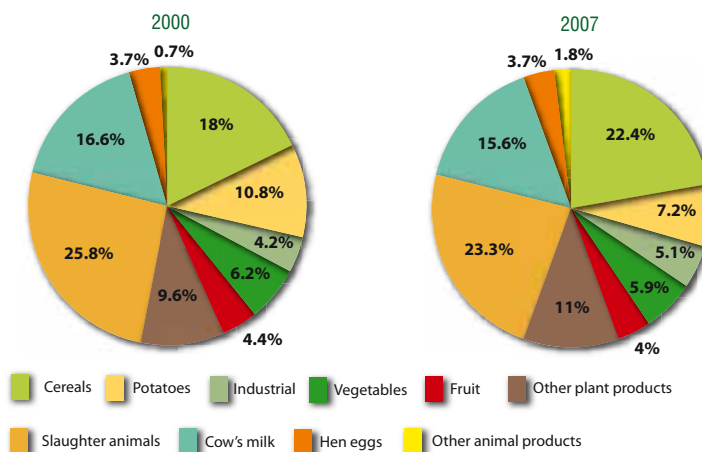
Table 4. Dynamics of global and commercial agricultural production (in % - current prices)

Specification	previous year = 100				2007		
	2003	2004	2005	2006	2000=100	2005=100	
Total global production	99.2	107.5	95.7	98.8	106.1	111.0	104.8
- plant production	94.3	116.7	88.1	94.8	109.5	101.8	103.8
- animal production	104.8	97.3	105.2	102.6	102.6	119.7	105.3
Total commercial production	105.2	103.3	95.4	104.2	101.6	117.7	105.9
- plant production	101.1	112.2	87.0	103.7	100.3	111.5	104.0
- animal production	107.7	97.5	102.1	104.6	102.5	122.1	107.2
A share of commercial production in global production	64.9	66.3	67.7	70.5	64.3	x	x

Source: Agriculture in 2006 and in 2007, CSO (GUS).

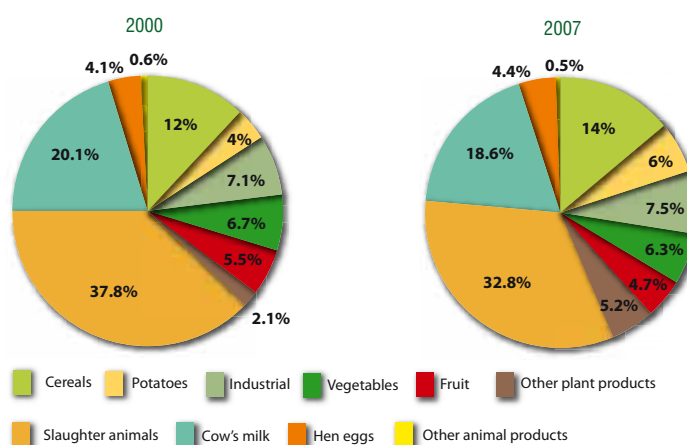
There have been significant variations in the dynamics of plant and animal production over the years, resulting above all from the variability of atmospheric conditions, which leads to a decreased volume of yields and harvest and, as a consequence, to reduced feed reserves and to increase in their prices. This, in turn, affects the volume of animal production.

Fig. 9. Structure of global agricultural production in 2000 and 2007 (in % - current prices)



Source: *Agriculture in 2007*, CSO (GUS), Warsaw, 2008.

Fig. 10. Structure of commercial agricultural production in 2000 and 2007 (in % - current prices)



Source: *Agriculture in 2007*, CSO (GUS).

In 2007, market conditions for agricultural production improved, as compared to the previous year. An average rise in prices of agricultural products sold by individual holdings exceeded the increase of prices of goods and services purchased by these holdings for the needs of current production, investment and consumption. In 2007, the average prices of basic agricultural products, above all of cereals, slaughter poultry, and milk, were much higher than in previous year. High increase of prices obtained by farmers for their agricultural products, accompanied by more than two times lower increase in prices of goods and services purchased by farmers, resulted in the index of price relations (“price scissors”) that was advantageous for agriculture and which amounted to 107.7%.

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Table 5. Price relations of agricultural products to goods and services purchased by agricultural holdings

Specification	2000	2003	2004	2005	2006	2007	2007		
							2000	2005	
							=100	=100	
			previous year = 100						
Total prices of agricultural products sold	114.7	99.5	111.4	97.9	102.6	114.5	122.5	117.5	
- plant products	107.4	106.2	93.1	94.8	114.7	125.1	128.7	143.5	
- animal products	118.8	95.6	122.3	99.7	96.7	108.4	117.2	104.8	
Prices of goods and services purchased	111.4	102.1	108.6	102.0	100.6	106.3	131.2	106.9	
Index of price relations ("price scissors") of the products sold to prices of goods and services purchased	103.0	97.5	102.6	96.0	102.0	107.7	93.5	109.9	

Source: Agriculture in 2007, CSO (GUS).

In 2007, the price index of goods and services (inflation) was 103.2% as compared to 2006, which means that a relatively high increase in prices of agricultural products was accompanied by a relatively low increase in prices of other goods and services. In this context, there was a relatively high increase in goods and services intended for agriculture, as well as for current agricultural production needs and investment purposes. Seeds for sowing, young trees, and cuttings were the elements that went up most in price, by more than 26%. The prices of feed rose by 16%, of mineral fertilisers - by more than 6%, and of building materials-by 13%. Retail prices of plant protection products and veterinary services went up slightly, by over 1%. Differences in the increase of prices of specific agricultural products and agricultural production inputs resulted in different profitability of specific lines of production. Milk and cereal producers were in favourable position, whereas pork and cattle producers found themselves in a difficult situation. In 2007, the average prices of wheat purchase increased by 57.9% as compared to 2006, those of rye by 56.3%, of triticale by 65.7%, of poultry by 27.3%, and those of milk by 15.3%, while the prices of potato purchase dropped by 3.6%, of pork by 2.6%, and of cattle by 2.4%.

Agricultural population income

Pursuant to the data of CSO (GUS), between 1 June 2006 and 31 May 2007, 2,387.2 thousand house holdings with a user of individual holding received income from agricultural activity. Holdings with agricultural land area exceeding 1 ha constituted 1,742.6 thousand of them. Agricultural activity was the main source of income (more than 50% in total) for 25.3% of the total number of holdings (26.9% in 2005) and for 33.7% of those with the area of agricultural land exceeding 1 ha (36.3% in 2005).

Apart from agriculture, these holdings earned income from the following sources:

- pensions and retirement pension - 52.5% of the total number of holdings (42.8% in 2005),
- paid employment- 51.5% (41.5% in 2005)
- business activity - 14.2% (8.4% in 2005)
- social benefits other than pensions and retirement pension - 11.4% (4.4% in 2005).

Pensions and retirement pensions are the main sources of income of almost one in four holdings with a holder of agricultural holding, whereas for one holding in three the main source of income is paid employment, and for only one holding in twelve it is agricultural activity or other source.

The bigger the area of holding, the larger the number of holdings making a living of agricultural activity. In the area group from 0 to 1 ha, the income from agricultural activity exceeded 50% of the overall income in 2.5% of the holdings, while in the area group ranging from 1 to 2 ha the share was equal to 6.5%, against 89.7% in the area group from 50 to 100 ha of agricultural land. The share in the area group of 100 ha and more amounted to 86.4%. In the last group, the income from paid employment exceeded 50% of the total income only in 1.6% of the holdings.

Among the holdings where main source of income consisted of agricultural activity, the highest proportion of people running a holding had agricultural education.

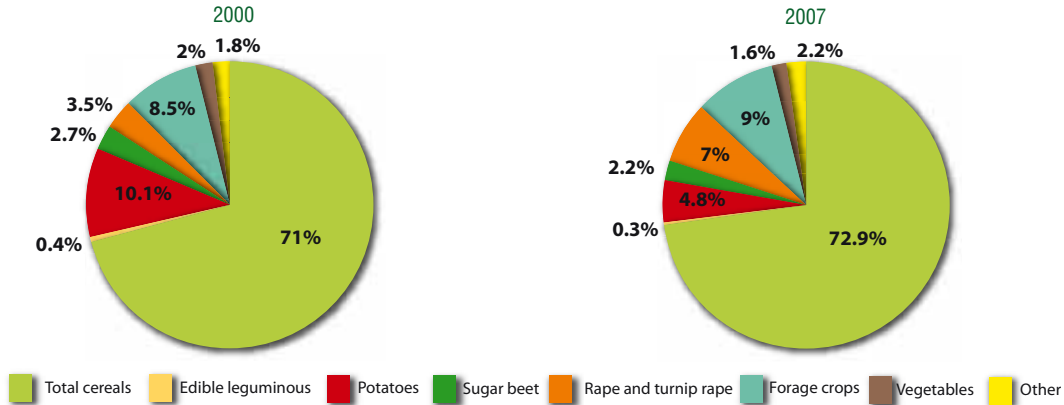
Plant production

In 2007, the overall area of sowings for crops amounted to 11.5 million ha and was by 9.2 thousand ha (by 0.1%) smaller than previous year. The total area of cereals production (that is basic cereals, including cereal mixed, maize, buckwheat, millet, and others) amounted to 8.3 million ha and approximated that of the last year, and of the 2001 to 2005 average. In 2007, efforts were channelled into reducing the potato crops and increasing the area of rape and turnip rape growing, which is related to the use of rape seeds for the biofuels production.



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Fig. 11. Crop structure in 2000 and 2007 (in %)



Source: *Land use, sown area and farm animals stock in 2007, CSO (GUS). Warsaw, 2007.*

In 2007, the total number of holdings engaged in the growing of agricultural and horticultural crops amounted to 1,897.6 thousand, that is 73.6% of the total number of agricultural holdings, and 79.4% of holdings involved in agricultural activity. The highest number of holdings (1,666.4 thousand, which constitutes 87.8%) involved in growing of agricultural crops were engaged in cereals production. The average area of cereal sowing in one holding amounted to 5.01 ha. Despite the fact that potato crops were reduced, 1,187.3 thousand holdings are still involved in their growing (62.6% of the overall number of holdings with sown land). Significantly fewer holdings, that is 66.9 thousand constituting 3.5% of the total number of holdings with sown land, are engaged in sugar beet growing, as well as in rape and turnip rape growing - 78.3 thousand of holdings, that is 4.1% of the total number of holdings with sown land.

In 2007, the agri-meteorological conditions were conducive to plant production, with the exception of fruit production. As compared to 2006, an increase in yields and harvest of basic agricultural crops was observed, the same as in majority of plants, as compared to the 2001 - 2005 average.



Table 6. Area of crops, harvest and yields of basic agricultural crops 2007

Type of crops		1996-2000	2001-2005	2006	2007	1996-2000	2001-2005	2006
		annual average				= 100	= 100	= 100
Total cereals	A	8 796.0	8396.7	8 381.1	8 352.9	95	99	99.7
	B	28.6	31.9	26.0	32.5	114	102	125.0
	C	25 189.4	26 758.3	21 775.9	27142.8	108	101	124.6
Total wheat	A	2 576.8	2375.6	2175.7	2112.0	82	89	97.1
	B	34.0	38.0	32.4	39.4	116	104	121.6
	C	8 772.0	9 022.0	7 060.0	8317.3	95	92	117.8
Rye	A	2 275.4	1601.0	1 318.0	1316.2	58	82	99.9
	B	22.7	24.4	19.9	23.7	104	97	119.1
	C	5 160.0	3 910.0	2 621.0	3125.6	61	80	110.2
Total barley	A	1 142.6	1053.0	1221.0	1232.4	108	117	101.0
	B	29.9	31.7	25.9	32.5	109	103	125.5
	C	3 420.0	3 337.0	3 161.0	4 008.1	117	126	126.8
Oats	A	590.0	544.4	539.1	582.6	99	107	108.1
	B	24.4	24.7	19.2	25.1	103	102	130.7
	C	1 437.5	1 346.0	1 035.0	1.462.3	102	109	141.3
Total triticale	A	663.4	1 004.4	1 194.3	1 260.2	190	125	105.5
	B	30.2	32.2	26.8	32.9	109	102	122.8
	C	2006.0	3 237.0	3 197.0	4 147.1	207	128	129.7
Potatoes	A	1 292.0	813.0	597.2	569.6	44	70	95.2
	B	183.0	180.0	150.0	207.0	113	115	138.0
	C	23 620.0	14 600.0	8 982.0	11 791.1	50	81	131.3
Rape and turnip rape	A	409.6	479.4	623.9	796.8	195	166	127.7
	B	20.7	24.6	26.5	26.7	129	109	100.8
	C	846.7	1 178.0	1 652.0	2 129.9	252	181	129.0
Sugar beet	A	395.4	298.0	262.0	247.4	63	83	94.4
	B	377	411	438	513	136	125	117.1
	C	14 920.1	12 236.0	11 475.0	12 681.6	85	104	110.5

A - area in thousand ha

B - yields of 1 ha in dt

C - harvest in thousand tonnes

Source: CSO (GUS): Agriculture in 2007. Plant production results in 2007.

Concise Statistical Yearbook of Poland, CSO (GUS), Warsaw 2007.

In 2006/2007 marketing year, market of seeds enjoyed some growth. There were 16.4% more cereal seeds than the previous year, and the supply of grass seed more than doubled. Seed production of fine-grained papilionaceous plants also stepped up.

In 2007, the area of certified seed plantations amounted to 86.8 thousand ha, being 15.5% bigger than a year ago. In the national register of plant varieties there are 1,230 varieties of seeds registered, 45% of which are foreign varieties. National varieties predominate in registers of varieties of cereals, potatoes, leguminous plants and mangold, while the share of Polish varieties in grass production has experienced a substantial increase. There has also been an increase in the number of varieties from the Common Catalogue, not registered in Poland, whose seed is produced in our country. In 2007, their share in the area of seed plantations amounted to 8.6%. In marketing of certified seed of cereals, leguminous plants, potatoes, rape, and grass, the seeds and cuttings produced in the country predominate.

The year 2007 saw an increase by 13% in outdoor vegetable crops.

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Table 7. Area of crops, yields and harvest of outdoor vegetables 2007

Type of vegetables		2001- 2005	2006	2007	2001-2005 =100	2006 =100
Total outdoor vegetables	A	207.9	223.5	217.1	104.4	97.2
	C	4 652.7	4 408.0	4 986.6	107.2	113.1
Cabbage	A	34.5	33.9	33.4	96.8	98.3
	B	396	351	397	100.3	113.1
	C	1 365.1	1 189.4	1 325.3	97.1	111.4
Cauliflowers	A	10.9	11.6	10.8	98.7	92.9
	B	188	183	212	112.8	115.8
	C	205.1	211.8	227.8	111.1	107.5
Onions	A	33.1	34.9	34.4	104.1	98.5
	B	212	169	219	103.3	129.6
	C	700.5	590.2	752.5	107.4	127.5
Carrots edible	A	30.9	32.5	31.4	101.5	96.6
	B	278	256	299	107.6	116.8
	C	861.1	833.2	938.2	109.0	112.6
Beetroot	A	14.5	15.3	14.3	98.9	93.3
	B	252	222	262	104.0	118.0
	C	364.8	340.6	374.7	102.7	110.0
Cucumbers	A	21.1	20.9	19.7	93.6	94.6
	B	133.0	130	149	112.0	114.6
	C	280.5	271.9	293.3	104.6	107.9
Tomatoes	A	13.0	13.4	13.5	103.7	100.3
	B	181	184	206	113.8	112.0
	C	234.8	246.7	277.4	118.1	112.4

A - area in thousand ha

B - yields of 1 ha in dt

C - harvest in thousand tonnes

Source: Plant production results in 2007, CSO (GUS).

The year 2007 witnessed a reduction by 3.6% in cultivation under covers, accompanied by a simultaneous increase by 7.2% in the area of crops of flowers. The cultivation of vegetables under frames sharply decreased. Owing to the increase in yields, the harvest of vegetables increased its volume, with the exception of cucumbers and crops under frames.

Table 8. Area and harvest of crops under covers in 2007

Specification	Vegetables in total		Tomatoes		Cucumbers		Other	
	in thousand m ²	2006 =100	in thousand m ²	2006 =100	in thousand m ²	2006 =100	in thousand m ²	2006 =100
Area								
Total	53 251.7	96.4	24 512.8	95.8	12 858.1	95.8	15 880.9	97.7
- greenhouses	20 158.8	96.4	11 105.6	95.4	5 150.1	95.8	3 903.1	100.4
- plastic tunnels ^{1/}	32 854.0	96.8	13 407.2	96.2	7 645.0	95.9	11 801.8	98.1
- frames	238.9	56.5	X	X	63.0	82.8	175.9	50.7
Harvest	in thousand tonnes	2006 =100	in thousand tonnes	2006 =100	in thousand tonnes	2006 =100	in thousand tonnes	2006 =100
total	722.9	101.5	412.4	101.8	218.1	99.1	92.5	106.2
- greenhouses	363.0	100.9	233.4	100.6	103.8	99.6	25.7	109.5
- plastic tunnels ^{1/}	358.5	102.3	178.9	103.5	113.6	98.8	66.0	105.7
- frames	1.4	76.1	X	X	0.7	94.3	0.8	65.6

^{1/} over 1.5 m at the top

Source: Plant production results in 2007, CSO (GUS).



Flower cultivations covered 7,235.4 thousand m², including 3,824.1 thousand m² in greenhouses and 3,387.6 thousand m² in plastic tunnels.

In 2007, the atmospheric conditions were not favourable for fruit production. In comparison with 2006, the volume of harvest of fruit from trees was lower by 47%, whereas from fruit bushes and plantations of berries by 14.8%. Losses in May, due to frost, devastated the yields of fruit from trees in different degrees, depending on the species, the variety, the age of trees, the location of the orchard, the land slope, and the phase of development of an inflorescence. In the harvest of fruit-bearing bushes a decrease in yields was partly compensated by a rise in the area of crops. Currant plantations suffered most significant losses. In 2007, the number of plantations of strawberries was reduced, resulting in a lower volume of yields, less significant, however, than in the case of other fruit.

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

Specification	1995-2000	2001-2005	2006	2007	2007		
					1996	2001	2006
	annual average				-2000	-2005	=100
					=100	=100	
Total fruit harvest	2 564	3 237	3 210	1 694	66.1	52.3	52.8
Total from trees	2 134	2 762	2 705	1 263	59.2	45.7	46.7
including:							
apples	1 758	2 325	2 305	1 040	59.2	44.7	45.1
pears	68	79	59	31	89.7	39.1	51.9
plums	108	114	94	53	49.1	47.0	57.1
sour cherries	145	177	195	108	74.5	60.8	55.2
cherries	37	43	38	20	54.1	46.8	52.6
Harvest of fruit from fruit-bearing trees and plantations of berries							
including:	430	475	505	431	100.2	90.8	85.2
strawberries	169	179	194	175	103.6	97.3	90.1
raspberries	41	51	52	56	136.6	110.6	107.3
currants	166	181	194	139	83.7	76.4	71.2
gooseberries	35	22	16	14	40.0	63.4	84.7

Source: Concise Statistical Yearbook of Poland, CSO (GUS), Warsaw 2007.

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Apple trees have the greatest share in the harvest as they constitute 82-85% of production of fruit from trees. The variety structure of apple trees has been constantly changing. Older varieties, such as Jonathan, keep losing their importance, while new varieties, such as Golden Delicious or Gala, introduced rather recently, gain significance. However, the Idared variety still has the greatest share in apple harvest and in fruit export.

Table 10. Area of crops, number of fruit-bearing trees and harvest of apples in 2007, by varieties

Specification	Total tree area of crops		Number of fruit-bearing trees		Harvest	
	in thousand ha	in %	in thousand pieces	in %	in thousand tonnes	in %
Total	175.6	100.0	97 138	100.0	1 040	100.0
Idared	27.7	15.8	15 583	16.0	128	12.3
Jonagold	20.3	11.6	10 700	11.0	127	12.2
Szampion	17.4	9.9	9 330	9.6	102	9.8
Cortland	14.4	8.2	8 481	8.7	76	7.3
Lobo	14.2	8.1	7 934	8.2	79	7.6
Gloster	10.7	6.1	6 186	6.4	59	5.7
Golden Delicious	8.1	4.6	4 319	4.4	54	5.2
Ligol	7.1	4.0	4 399	4.5	59	5.7
Elstar	5.3	3.0	2 582	2.7	34	3.2
Red Delicious	4.6	2.6	2 468	2.5	27	2.6
Spartan	4.4	2.5	2 292	2.4	24	2.3
Jonatan	4.3	2.5	2 264	2.3	29	2.8
Melrose	4.1	2.3	2 259	2.3	24	2.3
Gala	4.0	2.3	2 319	2.4	40	3.9
Mc Intosh	4.0	2.3	2 135	2.2	24	2.3
Antonovka	3.2	1.8	1 574	1.6	16	1.6
Bankroft	2.6	1.5	1 229	1.3	13	1.3
Boskoop	1.5	0.8	708	0.7	12	1.1
Wealthy	1.1	0.6	453	0.5	11	1.0
Other	16.5	9.4	9 923	10.2	103	9.9

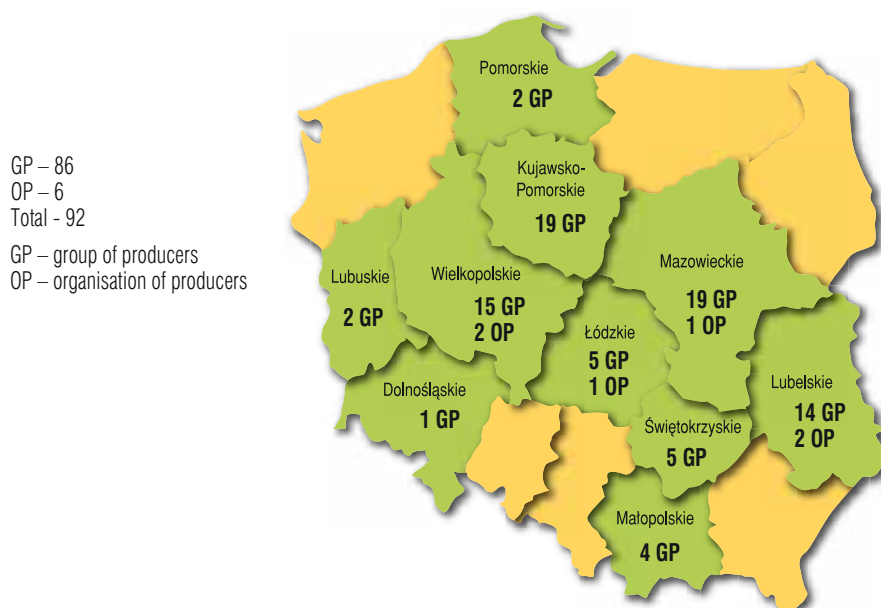
Source: Plant production results in 2007, CSO (GUS).

The drop in harvest resulted in a high rise in their purchase prices. In December 2007, the average purchase prices of apple for consumption were higher by 89% than in December 2006; apples for processing by 41%, and for export by 79%. When Poland joined the EU, Polish horticultural sector was included in the Fruit and Vegetable CMO Producer groups, which have been granted preliminary recognition, play a key role in the organisation of the market, constituting an intermediary through which the financial support from the EU budget is channelled to the sector. At the end of May of 2008, there were 86 fruit and vegetable producer groups and 6 producer organisations in Poland. Producer groups and organisations are being established mainly in the regions specialising in horticultural production, namely in the following Voivodship: Mazowieckie (mainly apples), Kujawsko-Pomorskie (tomatoes), Wielkopolskie (vegetables, mushrooms, tomatoes) and Lubelskie (soft fruit, apples).

The groups aim to: concentrate supply and sale of products of group members or organisations, plan production and adjust it to match the demand, decrease the production costs and stabilise production process, as well as promote methods of growing, production technologies and water and

solid waste management, in accordance with the rules of environmental protection. In 2006, the total value of production sold by these entities (65 groups and organisations) amounted to about EUR 48 million, which constituted 3% of the value of fruit and vegetable production in Poland. Pursuant to estimations, in 2007 an increase was observed in the share of groups and organisations in the market – of up to 3.5 - 4%. Average share of organisations on fruit and vegetable market attains the level of about 35-36%.

Fig. 12. Organisation of fruit and vegetables market in Poland (as of the end of May 2008)



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

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

Animal production

Situation of animal production in the conditions of reduced cereals supply (resulting in the first half of 2007 from the low harvest in 2006) and their increasing prices was influenced by a stable high level of pig stock, a growing number of cattle stock, and continuing increase of poultry production.

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Table 11. Farm animals between 1995 and 2007^{1/} (the situation in June)

Specification	1995	2000	2005	2006	2007
	in thousand heads				
cattle	7 305.6	6 082.6	5 483.3	5 606.4	5 696.2
including cows	3 578.9	3 097.5	2 795.0	2 823.8	2 786.7
pigs	20 417.8	17 122.0	18 112.4	18 880.5	18 128.5
including sows	1 875.2	1 577.4	1 813.2	1 856.4	1 767.4
Sheep	713.2	361.6	316.0	300.8	331.9
Hens	36 941	45 333	134 424	124 870	133 072
Horses	835.8	549.7	312.1	307.0	329.2
in heads per 100 ha of agricultural land					
cattle	39.2	33.0	34.5	35.1	35.2
including cows	19.2	16.8	17.6	17.7	17.2
pigs	109.6	93.0	113.9	118.3	112.1
including sows	10.1	8.6	11.4	11.6	10.9
Sheep	3.8	2.0	2.0	1.9	1.9
Hens	198	246	845	783	723
Horses	3.4	3.0	2.0	2.0	2.0

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

Source: Land use, sown area and farm animals stock in 2007r, CSO (GUS).

In 2007, private sector controlled 98.4% of cattle stock, 99.4% of pigs, 99.9% of sheep, 97.9% of horses and 99.0% of poultry.

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

- 22.3% had one animal
- 18.2% had 2 animals
- 17.9% had 3-4 animals
- 17.5% had 5-9 animals
- 12.4% had 10-19 animals
- 11.7% had 20 animals and more

In comparison with June 2006, the number of agricultural holdings keeping 2 and 3-4 animals of cattle dropped (by 1.8 and 1.1 of a percentage point respectively), whereas an increase was observed in the share of entities keeping 1 animal (by 0.5 of a percentage point), keeping 5-9 animals (by 0.2 of a percentage point), and keeping 20 animals and more (by 1.7 of a percentage point).

Since the time of preparations for EU accession, and because of the need to make adjustments of cow sheds to sanitary and veterinary requirements, concentration of breeding has been observed, yet 58% of holdings keeping cattle still have 1-4 animals. It results mainly from the fact that many holdings (44.2% of those keeping cows) have just one milk cow, which produces milk exclusively for the holding use.

Of the total number of cow stock kept in individual holdings, 10.2% were in holdings with one cow (10.5% in 2006), 9.1% in holdings keeping 2 cows (9.9% a year ago), 10.1% in holdings with 3-4 cows (11.4% in the preceding year), and the highest 70.6% - in holdings with 5 cows and more (68.2%).

Among individual holdings keeping pigs, almost 44% own from one to ten animals, and about 36% - 20 animals and more. However, 85.5% of pigs (85.7% a year ago) are kept in holdings with 20 animals and more.

In the stock of poultry hens predominate, constituting 88.4% of the total stock, as compared to 2.5% for geese, 5.3% turkeys, and 3.8% ducks and other poultry.

In the horse stock, the number of cold-blooded horses decreases gradually whereas that of hot-blooded keeps increasing, which is related to growing popularity of horse riding. It is estimated that the number of horses used as sport or recreational mounts is 36 thousand, and is growing rapidly.

Animal production in 2007 was influenced by a partial reduction of pig stock, related to unfavourable price relations. Pig stock at the end of 2007 amounted to 17,612.2 thousand animals and was by 1.2 million animals (6.3%) lower than a year ago. A noted low level of prices of piglets, in spite of a reduced number of stock in that age group, is a confirmation of a falling trend in a pig cycle. In December 2007, cattle stock consisted of 5,405.5 thousand animals and was by 2.4% higher than a year ago. The increase in cattle stock resulted partly from the drop in export demand for calves.



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Table 12. Production of basic animal products between 1999 and 2007

Specification	1996-2000	2001-2005	2006	2007	1996-2000	2001-2005	2006 =100
	annual average				=100	=100	
Slaughter livestock production in thousand tonnes In live weight Including:	4 181	4 505	5 054	5 179	124	115	102,5
cattle (excluding calves)	733	577	690	704	96	122	102,0
pigs	2 572	2 586	2 776	2 776	108	107	100,0
hens	726	1 223	1 482	1 594	220	130	117,6
Per meat in post mortem warm weight	3 156	3 425	3 861	3 908	124	114	101,2
Cow's milk in million litres	11.762	11.533	11.633	11.744	100	102	101,0
Hen eggs in million pieces	7 415	9 013	9 662	9 834	133	109	101,8
Animal productivity (average annual capacity from 1 animal)							
Milk yield from 1 cow in litres	3 453	3 982	4 200	4 292	124	108	102,2
Number of eggs from 1 laying hen	174	201	217	216	124	107	100

Source: Concise Statistical Yearbook of Poland CSO (GUS), Warsaw 2007.

In 2005, the share of Polish production of meat from slaughter in the EU-25 amounted to 7.8%, which gave Poland the fifth place (together with the United Kingdom): the production of beef and veal meat amounted to 3.8% (eighth place), of pork - 8.9% (fourth place), and poultry meat - 9.8% (fourth place).

In 2006, in Poland one animal of cattle produced 188 kilos of meat against the EU-25 average of 267 kilos, and one pig gave 88 kilos of meat, as compared to 89 kilos in the EU-25. Milk yield from one cow was considerably lower than in the EU, and in 2006 amounted to 4,326 kilos, against 6,063 kilos in the EU.



Providing agricultural sector with means of production

The improvement in price relations of agricultural products (except for live pig and cattle) in 2007 did not lead to higher demand for basic means of production.

The boom of 2006 on the mineral fertilisers and plant protection products markets was followed by stagnation or decrease in their demand and use.

In 2007, the use of mineral fertilisers (NPK) for crops amounted to 1970.7 thousand tonnes in total and its level was similar to that in 2006. 121.8 kg NPK was used per 1 ha of agricultural land, as compared to 123.3 kg NPK in 2006; the amount of nitrate fertilisers used was higher while the amount of phosphorous and potassic fertilisers was lower.

In 2007, there was a sharp drop in the use of calcium fertilisers (by 31.8%). Only 37.4 kg was used per 1 ha of agricultural land. Low use of calcium fertiliser has a negative impact on soil, contributing to its acidity.

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

	2000/01	2005/06	2006/07	2006/07
				2005/06=100
Mineral fertilisers NPK	90.8	123.3	121.8	98.9
Including: Nitrate N	50.3	62.5	65.3	104.5
Phosphorus P ₂ O ₅	17.9	27.7	25.5	92.1
Potassic K ₂ O	22.6	33.1	31.1	94.0
Calcium fertilisers CaO	94.2	54.8	37.4	68.2

Source: *Agriculture in 2007 COS (GUS), Warsaw 2007.*

On average, for the crops of 2007, 99.7 kg NPK of organic fertilisers were used per 1 ha of agricultural land of good agricultural and environmental condition; the amount of manure used was 45.8 kg NPK, of liquid manure - 40.5 kg NPK, and of animal slurry - 13.4 kg NPK. According to COS (GUS), mineral and calcium fertilisers were used in 1722 thousand agricultural holdings, i.e. in 72% of the total number of holdings conducting agricultural activity. A majority of holdings used nitrate fertilisers - 89.4% and multicomponent fertilisers - 62.8%, whereas approximately 20% of holdings used phosphorus and potassic fertilisers, and only 11.8% used calcium fertilisers. Approximately 50% of holdings used organic fertilisers.

Average usage of mineral fertilisers fluctuated from circa 70 kg/ha in the group of holdings up to 3 ha of UAA to over 176 kg/ha in the group holdings of 100 ha and more.

In 2007, the sales of plant protection products - produced in Poland and imported - amounted to 15.3 thousand tonnes of active substance, and fell by circa 10%, as compared to 2006. Herbicides and growth hormones (62.3%), followed by fungicides and seed dressings (23.3%) constituted the largest share in sales structure. When compared with the previous year, the decrease in sales occurred in all groups of substances. The use of plant protection products in kg of active substance per 1 ha of arable land and orchards fell and was 1.2 kg, as compared to 1.3 kg the previous year, and to 0.62 kg in 2000.

In 2004-2007, the number of plant protection products authorised for marketing fell from 973 at the beginning of 2004 to 814 in May in 2007. This tendency is bound to continue in the forthcoming

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years, as the European Commission is carrying out an assessment of threat that active substances may pose to human and animal health, and to the environment. In result of those works, 50% of active substances have been withdrawn from use.

The production and sales of most types of agricultural machinery has been rising slowly in Poland in recent years, though, according to rough estimates provided by COS (GUS), in 2007 there was a 6% decrease in the sales of tractors, as compared to 2006. The factors stimulating rise in demand for agricultural machinery are, on one hand, the need to renew the worn-out equipment and, on the other hand, the gradual increase in accessibility of EU funds meant for purchase of machinery and equipment within various programmes.

In 2007, there was, on average, a 3.1% rise in the prices of agricultural machinery and tools, against a 14.5% rise in the prices of agricultural products sold by holdings, which should increase the demand for production equipment. In the first half of 2007, the production of main types of machinery increased, the increase ranging from 0.7% to 186%. The decrease in production was noted only for harvesters and feed steamers. According to CSO (GUS), in 2007, 1178 thousand agricultural holdings, i.e. 49.3%, were equipped with tractors, including 1111 thousand holdings with the area of more than 1 ha. When compared to 2005, the number of holdings with tractors rose by 6.2%. In the group of holdings with the area of 10 ha and more, 90% were equipped with tractors, and in the group up to 1 ha of UAA – 10%.

In total, in 2007, holdings were equipped with 1553.4 thousand tractors, i.e. by 8.1% more than in 2005.

The results of CSO (GUS) survey indicated that 77.4% of holdings were equipped with 1 tractor, 16.6% with 2 tractors, 4.5% with 3 tractors, and 1.5% of holdings with 4 or more tractors.

In 2007, there was 1 tractor per 10.4 ha, i.e. per 0.7 ha less than in 2005.

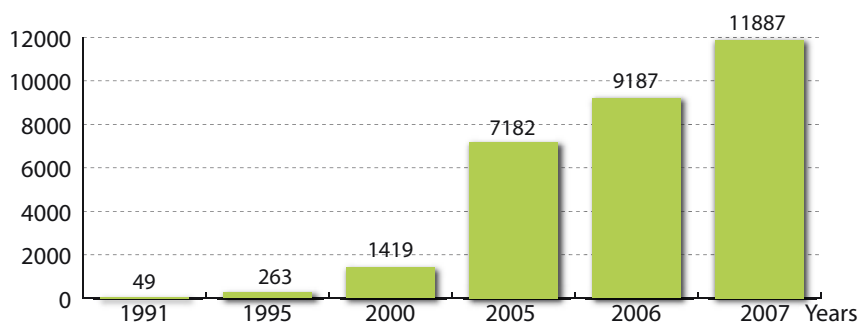
In 2007, there was an increase in demand for **services**, which resulted from the improvement in financial situation of agricultural holdings.

The number of businesses providing mechanical and transport services as their main activity rose to 11.4 thousand in 2007, and was 6% higher than in 2006. In 2007, also the number of repair shops rose to 2064, i.e. by 3 % as compared with 2006. On average, there is one business providing mechanical services per 1.4 thousand ha of agricultural land. In 2007, the prices of mechanical services rose by 2.9%, with the lowest price increase in case of crop harvesting services (by 1.3%).

Organic farming

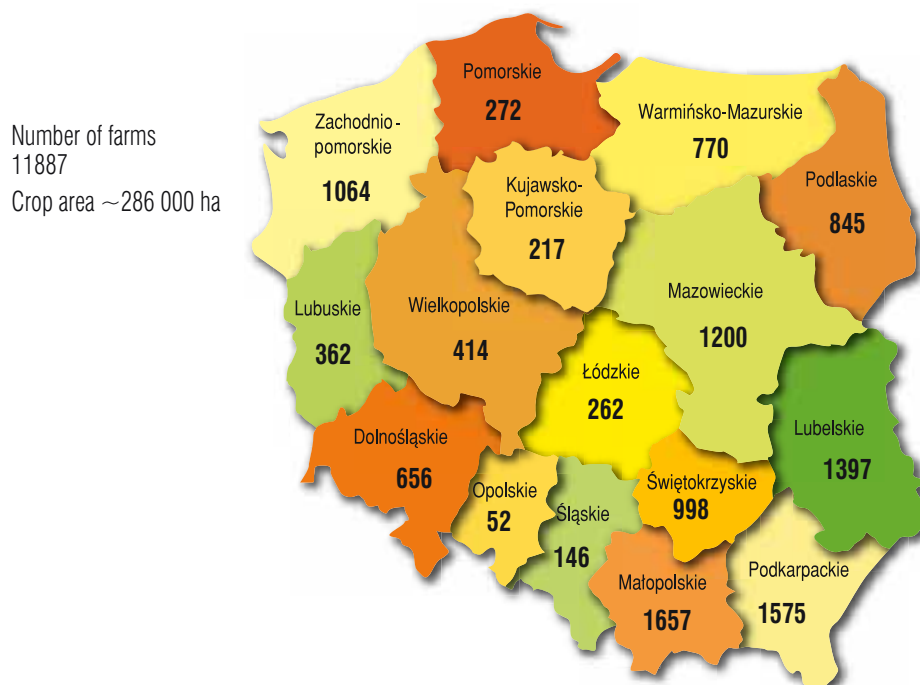
Organic farming is a system of farming based on balanced plant and animal production. Organic production combines best environmental practices, high degree of biological diversity, and protection of natural resources with keeping high standards of animal welfare and production methods, all of which satisfy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

Fig.13. The number of organic farms inspected in Poland in 1991-2007



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

Fig.14. The number of organic farms in Poland in 2007, broken down by Voivodeships.



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

Recent years have witnessed a growing interest in organic food production methods all over the world, and especially in the EU. The world's area of organic farming exceeds 31 million ha, a quarter of which is in the EU. Despite favourable conditions, Poland lags behind the EU average, as regards organic farms and the area under organic farming. In 2005, organic farms constituted 1.7% of all agricultural holdings and 3.9% of the farming area on average in the EU, while in Poland these figures were 0.97% and 0.37%, respectively.



At the national level, organic farming is governed by the provisions of the Act of 20 April 2004 *on Organic Farming*. Control and certification of production process are the key elements in organic production system, guaranteeing compliance of production with the provisions of Council Regulation (EEC) No 2092/91. Compliance certificates are accepted in accordance with the requirements set forth in Article 3 of the Act on Organic Farming.

In 2008, there are 9 accredited certification bodies responsible for control and certification in the organic farming sector, namely:

- 1) EKO GWARANCJA PTRE sp. z o. o, 20-834 Lublin, ul. Irysowa 12/2; Identification Number: RE-01/2005PL
- 2) Jednostka Certyfikacji Produkcji Ekologicznej PNG Sp. z o.o. (Organic Production Certification Unit) in Zajęczków, 26-065 Piekoszów, Identification Number: RE-02/2005/PL;

- 3) COBICO Sp. z o.o., 31-203 Kraków, ul. Lekarska 1; Identification Number: RE-03/2005/PL;
- 4) BIOEKSPERT Sp. z o.o., 00-564 Warszawa, ul. Narbutta 3A m 1; Identification Number: RE-04/2005/PL;
- 5) BIOCERT Sp. z o.o., 31-503 Kraków, ul. Lekarska 25A; Identification Number: RE 05/2005/PL;
- 6) Polskie Centrum Badań i Certyfikacji Biuro ds. Badań i Certyfikacji Oddział in Piła (Polish Testing and Certification Centre, Office for Testing and Certification, Unit in Piła) 64-920 Piła, ul. Śniadeckich 5; Identification Number: RE-06/2005/PL;
- 7) AGRO BIO TEST Sp. z o.o., 02-787 Warszawa, ul. Nowoursynowska 166; Identification Number: RE-07/2005/PL;
- 8) TÜV Rheinland Polska Sp. z o.o. 02-146 Warszawa, ul. 17 Stycznia 56; Identification Number: RE-08/2008/PL
- 9) Centrum Jakości AgroEko Sp. z o.o. (Quality Certification Centre) 05-126 Nieporęt ul.l Baski 2; Identification Number: RE-09/2008/PL

Funding for organic agriculture in Poland comes from two sources:

- 1) the national budget, from which the following may be subsidised:
 - organic agriculture research, including analyses of substances not allowed in organic farming,
 - the costs of inspection of agricultural holdings where organic production methods are used,
 - promotional activities for organic farming, including participation in national and international fairs;
- 2) the national budget and the budget of the European Union:
 - within the Rural Development Plan 2004-2006, farmers receive aid in the form of area payments for organic farming, as part of measure “Support for Agri - environment and Animal Welfare, the organic farming package”,
 - under Rural Development Programme 2007-2013:
 - agricultural producers may receive aid under measure: “Participation of farmers in food quality schemes”,
 - groups of producers may receive aid under measure “Information and Promotion”,
 - farmers receive aid in the form of area payments for organic farming, under measure “Agri - environment, the organic farming package”.

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

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

Integrated agricultural production

Integrated production (IP) is a farming system where the producer grows plants using balanced technical and biological methods of cultivation, plant protection and fertilization, with particular focus onto environmental protection and human health. Integrated production makes it possible to obtain crops of highest biological and nutritional value and safe to human health.

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In Poland, integrated production is subject to the Act on plant protection of 18 December 2003 (Dz.U. of 2004, No 11, item 94, as amended) and to the Ordinance of the Minister of Agriculture and Rural Development of 26 July 2004 on integrated production (Dz.U. of 2004, No 178, item 1834, as amended). The supervision and IP certification have been delegated to the Main Inspectorate of Plant Health and Seed Inspection.

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

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

Before ending the production, the producer applies for a certificate to the inspection unit, appropriate for the crops location. The certificate is awarded when the inspection does not reveal any irregularities, and the producer has filed the application for a certificate correctly, has completed an IP training, carried out production according to the methodologies approved by the Main Inspector, as well as documented the activities related to the integrated production in the Notebook, properly and on a regular basis.

Table 14. Integrated production in 2004-2007

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

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



Agriculture in individual regions

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

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

In eastern and southern regions of Poland yields are lower, due to: fragmentation of agricultural holdings, less intensive fertilisation, as well as to the fact that production in most holdings is intended for farmers families.

Table 15. Yields of cereals and potatoes, compared with the intensity of mineral and organic fertilisation

Specification	Yields of cereals	Yields of	Consumptions of fertilisers	
	from 1 ha in dt	potatoes from 1 ha in dt	mineral NPK per 1 ha of UAA in kg	organic per 1 ha of UAA in dt
Poland	32.5	207	121.8	46
Dolnośląskie	40.9	234	129.9	19
Kujawsko-Pomorskie	36.5	226	168.3	54
Lubelskie	28.5	200	113.6	34
Lubuskie	30.5	204	124.4	20
Łódzkie	29.9	228	146.0	51
Małopolskie	32.7	177	70.9	49
Mazowieckie	26.0	201	110.6	52
Opolskie	47.6	227	143.6	31
Podkarpackie	31.0	199	64.4	28
Podlaskie	25.9	196	89.3	77
Pomorskie	34.8	217	126.8	48
Śląskie	34.8	212	111.4	51
Świętokrzyskie	28.2	176	104.3	41
Warmińsko-mazurskie	32.7	197	124.9	49
Wielkopolskie	35.5	225	159.6	64
Zachodniopomorskie	33.4	204	119.0	19

Source: Plant production results in 2007. GUS.

Concentration of production is clearly visible in case of certain plants. While cereals are cultivated on large scale in all Voivodeships, in 2007, buckwheat, for example, was planted in 27,100 holdings, i.e. in 1.6% of all the holdings growing cereals. Concentration of buckwheat crops occurs in Lubelskie and Dolnośląskie Voivodeships, where in 2007 the yields amounted to over 38,000 tonnes, i.e. over 45% of the total buckwheat yields.

Millet is grown mainly in Świętokrzyskie Voivodeship, with the yields of 7,300 tonnes in 2007, constituting over 62% of the total millet yields in Poland. Grain maize was mostly grown in Dolnośląskie, Wielkopolskie and Opolskie Voivodeships, where the yields amounted to 909,000 tonnes, i.e. 52.8% of the total yields in Poland.

Fibre flax is grown mainly in Lubelskie and Dolnośląskie Voivodeships, where 1,700 ha were sown with that crop, i.e. 85% of the total area under fibre flax cultivation; the yields in those Voivodeships

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amounted to 3,100 tonnes, i.e. 86.2% of the national production. Tobacco production is also concentrated. In 2007, 80% of the area of tobacco plantations was situated in Lubelskie, Świętokrzyskie, Kujawsko-Pomorskie and Małopolskie Voivodeships, same as in case of hop, the cultivation area of which in Lubelskie Voivodeship constitutes 82.6% of the total hop cultivation area in Poland. Apart from family gardens, 322,000 holdings cultivated field-grown vegetables. Almost 60% of those holdings are located in four Voivodeships, namely: Podkarpackie, Mazowieckie, Lubelskie and Małopolskie.

Strawberries are mainly grown in Mazowieckie and Lubelskie Voivodeships, where there are 55,700 holdings. The largest quantities of tree fruit are picked in central and eastern regions of Poland (in 2007 – 74% of the national yields). In individual regions, or even in individual holdings, the extent of frost damage was varied, and in result it was difficult to compare with previous years the share of regions in total crops.

Animal production is also subject to regional differences. Traditionally, the largest bovine population lives in Mazowieckie (17.7%), Podlaskie (13.9%), and Wielkopolskie (13.5%) Voivodeships. The highest number of cows was also recorded in the above mentioned Voivodeships, with their share in total cow population in Poland of 19.9%, 15.5% and 10.4%, respectively.

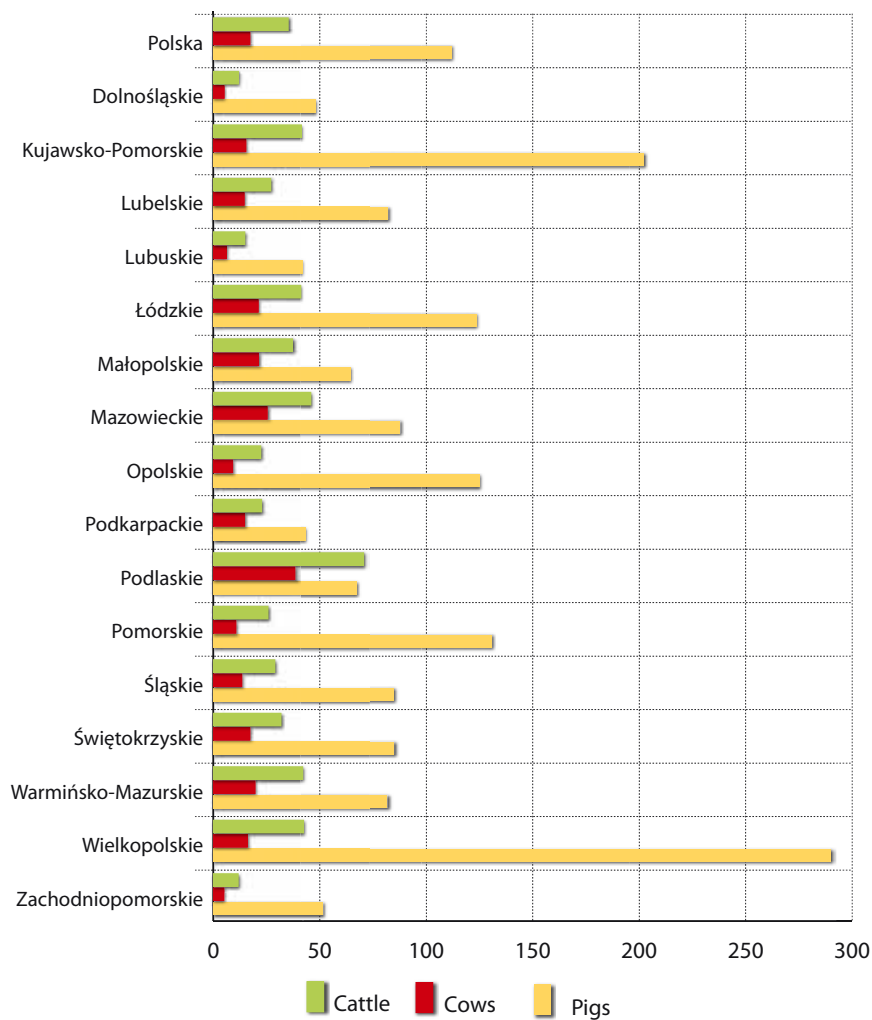
As compared to 2006, in December 2007 (with total increase of 2.4%) the bovine population was lower in the following three Voivodeships: Lubelskie, Podkarpackie and Warmińsko-mazurskie. Also, in those Voivodeships, as well as in Zachodniopomorskie, the number of cows decreased.

The Voivodeships with the largest stock of pigs are: Wielkopolskie (29.1%), Kujawsko-Pomorskie (11.8%) and Mazowieckie (10.6%). According to the statistics of the end of November, the number of pigs fell by 6.3% in Poland and only in two Voivodeships it was higher than last year, namely in Pomorskie and Śląskie.

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



Fig.15. Stock of cattle, cows and pigs per 100 ha of UAA in 2007, broken down by Voivodeships.^{1/} (in heads)



Source: Agriculture in 2007. CSO (GUS)

A - Cattle B - Cows C - Pigs

^{1/} Stock of cattle and cows based on the data from June; stock of pigs - data from July.

RURAL AREAS

General description of rural areas

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

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

Taking advantage of natural and environmental values of rural areas, rural and agri-tourism have been growing, as well as the number of people working in cities or working at home who have been moving to rural areas. The role of Internet has increased as a tool making it possible to carry out a number of tasks from home.

Development of tourism and agro-tourism, as well as starting non-agricultural activities is supported from public funds within EU subsidised programmes. In 2004-2007, 3,600 projects were completed or carried out, worth PLN 247.9 million, with EU subsidies amounting to PLN 173.5 million. These projects were carried out under the Sectoral Operational Programme (SOP) "Restructuring and modernisation of food sector and rural development 2004-2006". In the previous years, the activities in the scope in question were supported by subsidised loans and as part of SAPARD Programme.

Rural population

Since 2001, the population in rural areas has increased reaching, by the end of 2007, 14,798.8 thousand people, i.e. the level 1.5% higher (214 thousand people more) as compared with 2000. Women represented 50.3% of rural population, whereas in cities the percentage of women was higher - 52.6%. In Poland, there are 122 people living on 1km², 1090 in cities and 51 in the countryside. Urban population is older than rural population; the average age of people living in cities is 38.5, whereas in the countryside - it is 35.5.

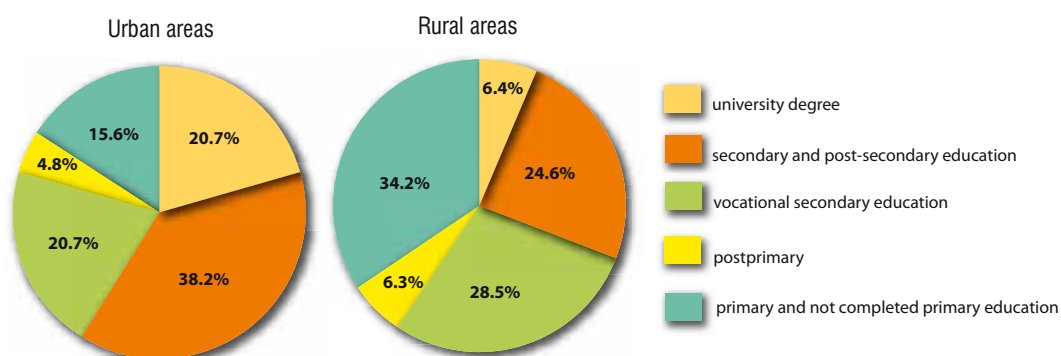
People of pre-working age (under 18) represented 22.6% of the rural population, and 17.7% of the urban population.

The higher percentage of young people in the rural areas results, first of all, from a birth rate that for many years has been higher than in cities. In 2007, the birth rate among rural population was 10.9 ‰ (in 2006 - 10.5, and in 2000 - 11.6), whereas in cities it reached the level of 9.7 ‰ (9.3 and 8.9, respectively).

The education gap between rural residents and city dwellers has been narrowing. In the urban population, there is a decidedly higher percentage of people with secondary education (in 2006 -

over 84%, as compared to 71% in 2002). The rural population also pursues further education. In the rural areas, the percentage of people (at the age of 13 and older) with secondary education rose from 54% in 2002 to almost 66% in 2006.

Fig. 15. Population aged 13 and over, broken down by level of education - data as of 31.12.2006. (%)



Source: Demographic Yearbook 2007. CSO (GUS).

In 1988, the percentage of people with a university degree equalled 1.8% in the countryside, and 9.4% in cities, and with secondary and post-secondary education – it was 13.1% and 31.8%, respectively.

Economic activity and unemployment in rural areas

Economic activity of people aged 15 and over, as well as the employment coefficient are higher in the rural areas than in cities. In the survey, conducted by the Central Statistical Office (GUS) and entitled Survey of Economic Activity of the Population (BAEL), the basic criterion for including an individual in the economically active group was his/her being employed for a specific period during the reference period, taking into account sickness, leave, breaks in economic activity, or his/her being unemployed, or actively seeking a job.

Table 16. Economic activity of people aged 15 and older (%)

Specification	1995	2000	2005	2006	2007 4 th Quarter	2008 1 st Quarter
Total economic activity coefficient	58.4	56.4	54.9	54.0	54.1	53.7
Urban areas	57.2	55.8	54.2	53.5	53.8	53.8
Rural areas	60.5	57.5	56.0	54.9	54.6	53.6
Total employment coefficient	50.7	47.4	45.2	46.5	49.5	49.4
Urban areas	49.3	46.3	44.1	45.8	49.0	49.4
Rural areas	53.1	49.3	47.0	47.8	50.2	49.4

Source: Demographic Yearbook of 2007. CSO (GUS).
Statistical Bulletin 4. CSO (GUS), Warsaw 2008.

Higher economic activity and employment coefficient in rural areas, except for the 1st quarter of 2008 when it was the same for rural and urban areas, is due to the fact that declaring even 1 hour of work a week qualifies one in the group of economically active and employed.

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According to the Survey of Economic Activity of the Population (BAEL), unemployment in rural areas is lower than in cities; and like in cities, it shows a downward tendency.

Table 17. Unemployment rate based on BAEL (% of economically active population)

Specification	2002	2005	2006	2007 4 th Quarter	2008 1 st Quarter
Unemployment rate	19.7	17.7	13.8	8.5	8.1
- Urban areas	21.3	18.7	14.4	8.8	8.2
- Rural areas	17.2	16.1	13.0	8.0	7.9

Source: Demographic Yearbook of 2003. CSO (GUS). Source: Demographic Yearbook of 2007. CSO (GUS). Statistical Bulletin 4/. 2008. CSO (GUS).

Unemployment is falling in all the groups as broken down by type of education. In the 1st quarter of 2008, the unemployment rate in the group of economically active with a university degree equalled 8% in rural areas (5.4% in cities), of people with secondary and post-secondary education – it was 16.9% (15.8%), with vocational secondary education – 11.3% (17.7%), and post primary, primary and not completed primary education – 12.3% (31.3%).

In rural areas it is much easier to find employment for people with relatively low level of education. Even though in rural areas economic activity and employment rate are higher, and unemployment is lower, it is there that the greatest number of families live on the verge of poverty. According to the CSO (GUS) survey of 2005, 18.7% of people in rural households (and 8.2% in cities) face the threat of extreme poverty, i.e. not having enough money for basic food and a very small flat. These people constitute more than half of the group living below the breadline.

It is expected that with the currently increasing earnings of the rural population and the substantial financial aid for development of rural areas, the extent of poverty in those areas is decreasing.

Rural infrastructure

Rural areas are characterised by lower availability of basic technical infrastructure facilities, as compared to urban areas, and at the same time, by rapidly increasing outlays for that purpose. Numerous programmes, which have been implemented since 1990, have been subsidised from national and local self-government budget, environmental protection funds, co-financed by foundations active in the agricultural sector and in rural areas, from the EU funds (Phare programmes, SAPRD, structural funds), as well as by World Bank and European Investment Bank loans.

In 2004-2006, rural infrastructure development was supported under the EU programmes, the realisation of which was administered by the Ministry of Regional Development. Measure "Development and Improvement of technical infrastructure connected with agriculture", which was monitored by the Minister of Agriculture and Rural Development, is implemented under the Sectoral Operational Programme "Restructuring and Modernisation of the Food Sector and Development of Rural Areas, 2004-2006". The support was granted for the projects carried out in rural households and involving construction or renovation combined with modernisation of:

- internal roads,
- water supply devices,

- sewage channelling devices,
- energy supply networks and devices.

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

- water resource and waste management, in particular water supply and sewage channelling and treatment, including sewage network systems or farm sewage system,
- building a system of collection, segregation and disposal of municipal waste,
- production or distribution of renewable energy, including energy from wind, water, geothermal energy, the sun, biogas or biomass.

For funding the said tasks, EUR 1.47 billion has been earmarked for the period of 7 years. It is forecasted that most of the funds will be used for investments related to water-sewerage management, in particular with the view to eliminate the disproportion between the extension of the water supply system and that of the sewerage system in rural areas. Even though the situation is improving fast, by the end of 2006, 72.7% of rural residents had access to water supply system, but only 20.2% to sewerage system.

According to rough estimates of the end of 2007, out of 41,298 villages in which soltys (village administrator) has its office, 36,402 (88.1%) had common water supply system and 6,413 (15.5%) - common sewerage system.

Other kinds of projects implemented under measure “Basic services for the economy and rural population”, also have a pro-environmental character and will help to organise management of waste in gminas and to utilise local resources of renewable energy.

In the school year 2006/2007, there were 9,840 primary schools in rural areas (1,202 in 2000/2001), and the number of pupils was 1,026.4 thousand (1,285.7 thousand in 2000/2001), which means that there were 16 pupils per 1 classroom (in 2000/2001 - 19 pupils). 3,262 junior secondary schools (2,733 - 5 years ago) educated approximately 536 thousand pupils (367.2 thousand in 2000/2001), and there were 33 pupils per 1 classroom (40). The number of schools equipped with computers keeps increasing; 93.7% of primary schools in rural areas are equipped with computers (in cities - 95.9%) and 81% of junior secondary schools (in cities - 81.1%).

The number of kindergartens is falling in the rural areas. In 2006, there were 10,280 kindergartens (13,672 in 1995), with 141,328 places (175,394 in 1995).

The number of libraries is also decreasing (from 9,821 in 1995 to 6,758 in 2006), as well as the number of permanent cinemas (from 52 in 1995 to 25 in 2006). By contrast, the number of culture centres, clubs, and youth clubs has grown in rural areas (from 2,117 in 1995 to 2,320 in 2006).

The healthcare infrastructure keeps growing as well. In 2006, the number of health centres rose from 3,312 in 1995 to 3,518, and the number of doctors' and dentists' offices increased from 869 in 2000 to 1,736. In rural areas, like in the cities, the number of chemist's shops and other shops selling medicines is rising; as regards chemist's shops - from 6,536 in 1995 to 10,341 in 2006, and as to other shops selling medicines - from 227 to 1,042 in 2006. The number of Internet users in rural areas is also increasing. At the end of April 2006, out of 10.8 million people aged 16-74, 3.8 million used the Internet.

FOOD INDUSTRY

General information about food industry

In the REGON register 33,000 entities are entered, whose activities consist of production of foodstuffs and beverages, of beverages and tobacco products, and they include:

- 44 state-owned companies,
- 7,086 commercial companies, including 32 sole shareholder companies of the State Treasury, 5,124 with exclusively Polish capital, 1,613 with a share of foreign capital,
- 503 cooperatives,
- 19,278 establishments run by natural persons.

The results and condition of food industry companies in Poland after the EU accession prove that the sector was well-prepared for the competition on EU market. The investment outlays incurred during the adjustment period in order to meet the high EU requirements and standards have resulted in higher export of Polish food industry products.

Table 18. Investment outlays in food and tobacco industry (current prices)

Specification	2000	2002	2003	2004	2005	2006
million PLN						
Production of foodstuffs and beverages	4 373.9	4 541.7	5 438.5	6 529.2	5 930.0	6 720.7
Production of tobacco products	379.9	207.7	269.2	228.4	259.9	428.1
percentage of total capital investment in industry						
Production of foodstuffs and beverages	11.6	13.1	14.5	15.6	13.1	12.7
Production of tobacco products	1.0	0.6	0.7	0.5	0.6	0.8

Source: Statistical Yearbook of Agriculture and Rural Areas of 2007. CSO (GUS).



Having access to large and well-developed European market, with its almost 500 million consumers (after the EU enlargement to 27 Member States), and elimination of administrative barriers resulted in a sharp rise in export of Polish food products, and it strengthened the position of Polish food producers in the enlarged EU. Nevertheless, a majority of food industry products is still intended for home market.

In 2007, an increase in the sales of food products exceeded 10%, reaching a level similar to that of sales growth rate in industry as a whole. In 2006, the sales of food products were lower than the sales in industry as a whole.

Table 19. Production sales, employment and average monthly remuneration in 2007, in food industry, as compared to total domestic industry (in enterprises employing 50 persons and more)

Specification	Production sales		Average employment		Average monthly remuneration	
	million PLN	2006=100	thousand	2006=100	PLN	2006=100
Total domestic industry	725 222.7	110.7	2 112.4	104.5	3 028.3	108.5
Industrial processing	609 345.7	112.2	1 751.2	105.8	2 743.2	109.5
Production of foodstuffs and beverages including:	110 611.6	110.2	297.2	103.3	2 558.2	110.7
- production, processing and preservation of meat	27 376.5	107.7	91.9	102.9	1 923.4	112.0
- processing and preservation of fish and other fish products	3 546.8	106.0	12.3	102.6	1 966.8	113.6
- processing of fruit and vegetables	11 322.0	117.4	33.8	107.4	2 531.9	108.3
- production of oils, and of vegetable and animal fats	3 051.2	108.7	3.1	100.2	3 770.0	105.5
- production of dairy products	19 133.6	106.2	39.3	96.6	2 662.8	113.6
- production of cereal industry products, starch and starch products	30 910.1	96.2	6.7	100.4	2 890.4	111.2
- production of ready feedstuffs	7 373.1	104.6	7.4	103.7	4 969.9	107.9
- production of other foodstuffs	23 438.7	123.1	79.5	108.4	2 617.4	111.9
- production of beverages	12 279.6	102.4	23.2	96.7	4 016.1	108.1
production of tobacco products	4 231.3	106.1	6.7	103.8	4 844.3	103.0

Source: *Industry outlays and results in 2007*. CSO (GUS).

Meat processing and dairy industry have the greatest share in food industry, 23.8% and 16.7% respectively. In 2007, production prices of foodstuffs and beverages rose by 4.8%, whereas in the total domestic industry, like in 2006, the figure was 2.3%. In 2006, the prices of foodstuffs and beverages were lower than in 2005 by 0.6%. The prices of tobacco products rose, in comparison to previous years, by 0.2% in 2006, and by 20.6% in 2007.

Economic situation in food industry

Since 2004, the economic and financial results of food industry have stayed at a relatively high and safe level. In 2007, gross profitability has exceeded 5%, whereas in 2004-2006 it exceeded 4%. The better

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use of production factors and of implemented investments, as well as restructuring of enterprises, resulted in doubled profits as compared to the period before Poland's EU accession.

Table 20. Financial ratios in food industry (%)

Wyszczególnienie	Cost level indicator of products, goods and material sales	Turnover profitability indicator		Liquidity indicator	
		gross	net	of 1 st degree	of 2 nd degree
Total domestic industry	92.9	7.2	6.1	33.1	101.9
Industrial processing	93.3	6.9	5.8	27.5	97.2
Production of foodstuffs and beverages including:	94.9	5.2	4.2	18.2	83.5
- production, processing and preservation of meat	97.2	2.7	2.3	11.6	76.1
- processing and preservation of fish and other fish products	95.5	3.6	2.7	12.8	89.6
- processing of fruit and vegetables	95.3	4.1	3.1	12.6	66.2
- production of oils, vegetable and animal fats	96.4	2.9	2.3	12.8	49.1
- production of dairy products	96.4	4.1	3.3	19.3	97.5
- production of cereal industry products, starch and starch products	94.7	8.6	7.1	8.1	54.4
- production of ready feedstuffs	95.3	4.6	3.7	35.7	137.4
- production of other foodstuffs	93.7	6.5	5.5	21.4	94.4
- production of beverages	91.4	9.0	7.2	23.2	79.7
Production of tobacco products	97.6	1.4	0.9	8.4	33.8

Source: Industry outlays and results in 2007. CSO (GUS).

^{1/} the liquidity indicator of 1st degree represents the ratio of short-term investments to short-term liabilities; of 2nd degree - the ratio of short-term investments and short-term receivables to short-term liabilities.

The financial situation in particular branches varies and is subject to fluctuations over time. In 2007, while profitability improved in general, in 4 branches the results worsened, namely in: fruit and vegetable processing, production of oils and fats, production of animal feedstuffs and production of other food products (including: production of sugar, pasta, chocolate, cacao and spices). However, all the branches had 'profit' as their financial result, both gross, as well as after tax.

Out of 1,462 enterprises producing foodstuffs and beverages (employing 50 persons and more), 1,227 were profitable, i.e. 83.9% of the total number of entities surveyed by CSO (GUS), and their gross profitability was on average 6.3%, and their net profitability - 5.2% on average.

Out of 10 enterprises manufacturing tobacco products, 6 made an average profit of 3.0%.

In the enumeration of costs by type, the use of materials and energy constitutes 63.8% in the production of foodstuffs and beverages, and 59% in the total domestic industry. The highest costs are incurred in oils and fats production - 80.2%, in dairy sector - 77.8%, and in meat industry - 76.3%, whereas the lowest in production of beverages - 31.4%.

In tobacco industry, the costs of materials and energy consumption constituted 12.7%, but the percentage of taxes and charges was the highest among all industrial products - 76.6% (in total domestic industry it was 6.9% on average). In foodstuffs and beverages production the percentage of costs of taxes and charges was, on average, 8.1%; the highest, 41.1% - was observed in production of beverages containing spirits, wines and beers which are, just like tobacco products, subject to high excise duty.

Production of major food products

In 2007, out of the 34 groups of foodstuffs and beverages surveyed by CSO (GUS), in 21 groups a rise in production was observed (in 11 of them exceeding 10%), and in the remaining 13 there was a fall (in 5 of them under 10%).

Table 21. Production of selected foodstuffs and beverages

Specification	Unit of measure	2006	2006	2007	2007
			2005=100		2006=100
1. Industrial slaughter products, included in carcass dressing percentage					
- beef and veal	thousand tonnes	143	107.3	152	107.5
- pork	- „ -	953	115.4	953	100.7
2. Poultry	- „ -	1 107	109.8	1 127	101.8
3. Cured meat	- „ -	720	104.6	760	106.1
4. Tinned and processed meat					
- tinned ham and blade	- „ -	16.7	103.4	20.7	124.1
- tinned beef and veal meat and haslets	- „ -	4.2	94.0	5.8	140.4
5. Frozen sea fish	- „ -	83.9	113.8	61.1	72.9
6. Frozen sea fish fillet mrozone	- „ -	70.9	149.3	49.2	69.4
7. Fruit and vegetable juice	thousand hl	6 534	91.3	6 100	93.4
8. Margarine and mixed spreads	thousand tonnes	345	100.1	345	99.9
9. Processed liquid milk	thousand hl	21 809	102.0	22 830	104.7
10. Butter	thousand tonnes	166	97.7	172	103.2
11. Ripening rennet cheese	- „ -	248	107.7	246	98.9
12. Fresh non-ripening and cottage cheese	- „ -	296	104.0	324	109.2
13. Yoghurt	thousand hl	3 172	133.0	3 692	116.4
14. Wheat flour	thousand tonnes	1 726	111.8	1 531	88.7
15. Chocolate and chocolate products	tonnes	218 681	99.0	270 544	123.7
16. Vodka (expressed in 100%)	thousand hl	829	105.6	923	111.3
17. Beer	- „ -	32 233	106.0	36 715	110.5
18. Cigarettes	billion pieces	111	108.3	124	111.6

Source: Industry outlays and results in 2006. GUS.

Consumption of food products

Income of the population, which determines the demand for food, is a derivative of the growth in GDP, which rose by 6.6% in 2007, as compared to 2006. The total food consumption increased by 5.3%, the average remuneration rose by 6.3%, the average old-age or disability pension from the non-agricultural social insurance system stayed at the same level as the previous year, and that from the agricultural social insurance system rose by 1.4%. The unemployment rate, among those economically active, fell from 14.8% in 2006 to 11.4% in 2007.

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At the same time, the food prices rose by 5% (the prices of goods and services increased, on average, by 2.5%), including the price of bread and cereal products by 8%, pork - 0.9%, poultry - 19.4%, fish - 1.6%, milk, cheese and eggs - 5%, oils and other fats - 4.6%, fruit - 9.9% and vegetables - 3.9%. Sugar prices fell by 2.5%. The prices of non-alcoholic beverages rose by 3.2%, of alcoholic beverages – by 8.6%, and of tobacco products – by 8.1%.

According to the forecast of December 2007 of the National Research Institute of Agricultural and Food Economics (IERiGŻ), food expenditure in private households will be significantly higher in 2007 than in 2006, but the increased price dynamics would lead to a slower rise in their real value.

In the first half of 2007, as compared to the first half of 2006, the total food consumption (food expenditure) rose by 2.8%.

In 2007, despite a relative increase in food prices, the consumption in most of basic product groups had an upward tendency. A rise in pork consumption was especially visible, while consumption of poultry, vegetable oils, exotic fruit and vegetables, as well as fish and fish products also increased, but to a lesser degree.

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

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

Source: *Small Demographic Yearbook of 2008. CSO (GUS)*.

When compared with the EU figures, in Polish households the percentage of expenditure from individual income on food, and non-alcoholic and alcoholic beverages is higher. In 2006, in EU-27 as a whole this percentage was 12.6% for foodstuffs and non-alcoholic beverages, and 3.5% for alcoholic beverages and tobacco, whereas in Poland these figures were 20.9% and 6.6%, respectively. The consumption of various products differs among main socio-economic household groups, though an average energy and nutritious value of a daily food intake differs insignificantly. There are also differences in consumption, depending on the family size, the level of education, the place of residence, etc.



Try Fine Food Programme

On 1 May 2004, upon the decision of the Minister of Agriculture and Rural Development, a new programme was launched, entitled *Try Fine Food*,



and replacing the former *Fine Polish Food* programme. The main purpose of the programme is to provide information on the high-quality of food products. The Programme is voluntary and it is open to all entrepreneurs from EU Member States.

The Try Fine Food mark is awarded exclusively to products which satisfy the criteria set by the Scientific Committee for the Quality of Food Products, consisting of independent experts. The Try Fine Food mark provides information to consumers, helping them to select products suitable for them. At the same time, the objective of Common Food Policy is being pursued.

The mark is also intended to enhance consumer confidence in the food product by informing about its high and stable quality.

The only entities entitled to apply for the Try Fine Food mark are producers. The application is free of charge.

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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 their products
- 5) cereals and their products, including breadstuff
- 6) fish and seafood and their products
- 7) non-alcoholic beverages
- 8) mineral waters
- 9) honey
- 10) confectionery and pastry products
- 11) herbs and spices
- 12) edible fats
- 13) high-quality beers and spirit drinks
- 14) mixed and highly processed products based on the abovementioned raw materials.

The Scientific Committee for the Quality of Food Products exerts control over the products awarded with the Try Fine Food mark through its independent monitoring units. In order to ensure a stable and very high level of quality of marked products and reliability of the origin of raw materials, the Programme assumes the following maximum validity periods of the mark:

- awarded for the first time, up to 3 years
- subsequently awarded, up to 5 years.

Prior to the expiry of the mark, producers may apply for its renewal, and as a result products will be subject to the renewal procedure. Should the product fail to meet the quality criteria, the mark can be revoked before its expiry by the Scientific Committee.

The Try Fine Food marks were awarded for the first time on 21 September 2004, at International POLAGRA-FOOD Fair. The mark has been awarded to 900 products from 85 agri-food companies so far.

Detailed information and a full application form along with all necessary attachments are available on the Ministry of Agriculture and Rural Development website: www.minrol.gov.pl. Further information is also available from the Programme technical committee, tel: (+48-22) 623-20-69, fax: (+48-22) 623-16-08, e-mail: pdz@minrol.gov.pl.

Regional and traditional products

In Poland, which is a highly climatically diverse country with exceptionally rich tradition and culture of its individual regions, and which is unique in Europe in terms of its truly rural landscape, hundreds of excellent agricultural products and foodstuff are manufactured.

The exceptional and unique quality of these products, resulting from their place of origin, non-industrial production and breeding methods, and the traditional production methods, makes them stand out on the market. The richness of Polish national cuisine and of exceptional agri-food products is proved not least by the constantly growing number of applications for registration of products with the European Commission as Protected Geographical Indication, Protected Designation of Origin



„Oscypek”

or Traditional Speciality Guaranteed. There are over 30 of such products at the moment, while on the national List of Traditional Products there are more than 520 products which are exceptional thanks to local tradition or unique production method.

The products which are applied for registration with the European Commission include different sorts of cheese, cured meat products, oils, fruit and vegetables, as well as exceptional bakery and confectionary products, and honey. The products deserving special attention include four kinds of mead. The tradition of producing them goes back over a thousand years. So far, three exceptional Polish products have been registered with the EU system of Protected Geographical Indication, Protected Designation of Origin or Traditional Speciality Guaranteed, namely *bryndza podhalańska* (a sheep's milk cheese), *miód wrzosowy z Borów Dolnośląskich* (heather honey), and the Polish flagship mountain cheese – *oscypek* (a smoked cheese made of salted sheep's milk). Soon, this list will be extended to include four types of mead – *półtorak*, *dwójniak*, *trójniak* and *czwórniak* – which have been produced in Poland for over a thousand of years. Each Polish region is a treasury of regional products, such as numerous old fruit and vegetable varieties not grown anywhere else, locally preserved old animal breeds, as well as processed products whose history intertwines with tradition and specific features of the area where they are produced. In every corner of the country one can find characteristic flavours and tastes. In Małopolska, besides the abovementioned sheep's milk cheeses, there is the famous *karp zatorski* (special species of carp), *obwarzanek krakowski* (kind of bagel) or *chleb prądnicki* (kind of rye bread). The Lublin region is renowned for its old Polish mead, the Świętokrzyskie Voivodeship vaunts its *fasola korczyńska* (kind of bean), *wiśnia nadwiślańska* (sour cherry) and *śliwka szydlowska* (kind of plum), whereas the Wielkopolska region is the land of fried cheese, *rogal świętomarciński* (a crescent shaped bun, filled with white poppy seeds) and *andruty kaliskie* (kind of wafers).

In the European Union, the system of regional and traditional products protection is based on two regulations laying down the rules for their registration and protection, namely: **Council Regulation (EC) No 510/2006** of 20 March 2006 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs, and **Council Regulation (EC) No 509/2006** of 20 March 2006 on agricultural products and foodstuffs as traditional specialities guaranteed.

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Names of agricultural products and foodstuffs can be registered as:



Protected Designation of Origin

- **Protected Designation of Origin** – if the name directly or indirectly refers to a region, a specific place, or in exceptional cases to a country, where a given product is produced, the entire technological process takes place in the area referred to by the name of the product, and characteristics and quality of the product are unambiguously associated with the specificity of the geographical area where it is produced (in this category there are 12 applications for registration from Poland).



Protected Geographical Indication

- **Protected Geographical Indication** – if the name of a product refers to a region, a specific place, or in exceptional cases to a country, where a given product is produced. Such a product must be renowned, and have specific characteristics or quality due to, or attributable to, its geographical origin. The quality of a product may also depend on the geographical area (e.g. the climate, the flora, the lie of the land), local know-how of the producers or other natural or human factors (in this category there are 14 applications for registration from Poland).



Traditional Speciality Guaranteed

- **Traditional Speciality Guaranteed** – a product may be registered as speciality guaranteed, when its name is specific in itself or it expresses the specific character of agricultural product or foodstuff, the product itself is of a specific character, i.e. it possesses a characteristic or a set of characteristics that distinguish it from other products of the same category, and it has a traditional character which may be reflected in using traditional raw materials, a traditional composition or production method (in this category there are 9 applications for registration from Poland).

The names of agricultural product or foodstuff registered as Geographical Indication, Designation of Origin or Traditional Speciality Guaranteed ensure that neither in Poland nor in the entire European Union the registered name can be used for marketing purposes. The right to use given graphic symbol and registered name is reserved exclusively to producers who originate from the designated territory, manufacture the product in accordance with its specificity and using the raw materials listed during registration. The certification mark, therefore, protects the producers against unlawful use of the product's name, thus allowing to highlight the unique character of the product and facilitates competition on the European Union market. The graphic symbol placed on product's packaging, makes it recognisable for millions of consumers in the European Union, whose income is high and who are aware of high quality and uniqueness of the certified product.

Regional products in the Rural Development Programme 2007–2013

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

Under measure *Participation of framers in food quality schemes* it is planned to support farmers participating in the following schemes: Protected Designation of Origin, Protected Geographical Indication, Traditional Speciality Guaranteed, Organic Agriculture and Integrated Production. Beneficiaries, participating in these schemes will be granted assistance for 5 years in the form of annual payment, the amount of which will be set on the grounds of fixed costs resulting from participation of agricultural producer in a given scheme (for regional and traditional products, the maximum aid amount is PLN 3,200 a year per farm).

Under measure: *Information and promotion activities* it is planned to support groups of producers participating in food quality schemes. Beneficiaries can receive reimbursement in the amount of 70% of eligible costs actually incurred in the implementation of promotion activities.

FISHERIES

General information on fisheries in Poland

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

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

The Baltic Sea coastal zone covers 36 gminas in 18 poviats in three Voivodeships: Pomorskie, Zachodniopomorskie and Warmińsko-Pomorskie (a part of the Vistula Lagoon).

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

Polish fisheries follow the rules applicable within the EU. Fish quotas defined by the European Commission are binding. In 2007, there was a crisis in cod fishery connected with illegal catches of this fish in the Baltic Sea. In October 2007, the EU Council of Ministers presented new proposals creating the Community system to prevent, deter and eliminate illegal, unreported and unregulated fishing. In November 2007, new fishing quotas, higher than those applicable in 2007, were specified.



Parallel to imposing obligations on Polish fisheries, the EU also supports it with Community funds expended under the Sectoral Operational Programme “Fisheries and fish processing 2004–2006” for implementation of 4 priorities:

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

Since 2007, the Operational Programme “Sustainable Development of the Fisheries Sector and Coastal Fishing Areas for 2007–2013” has been implemented.

Supply of saltwater and freshwater fish

The supply of consumption fish on the domestic market in 2007 was higher by 2.8% as compared to the previous year and amounted to about 458 thousand tonnes, which resulted from the 6% increase in imports, as well as from the fact that national catches were almost 4% higher while exports increased by almost 9%.

After a few years of a downward trend, the Baltic catches increased (by 2.8%). It was caused mainly by the improved profitability of catches of sprats for feed, due to higher prices for fish unloaded in Danish ports, but also by closing the process of reduction in fishing capacity and by the European Commission strengthening control and enforcement of the Common Fisheries Policy, concerning cod, on the Baltic Sea. A further increase in catches of species other than cod is likely also in 2008, as a result of stricter control of cod catches and the expected price increases on the world market.

Once again, deep-sea catches increased considerably (by almost 24%) – owing to deep-sea fishermen activities they have doubled since 2005 amounting to almost 26 thousand tonnes in were over 133 thousand tonnes.

Table 23. Fish and seafood balance in Poland (by live weight in thousands of tonnes)

Specification	2004	2005	2006	2007 ^a
Sea catches	173.5	136.3	125.6	133.4
including: Baltic catches	153.8	124.3	104.9	107.8
- non-consumption catches	38.0	30.2	23.4	27.0
deep-sea fisheries	19.7	12.0	20.7	25.6
Freshwater fisheries and aquaculture	54.5	54.9	52.7	51.8
Total national fisheries	228.0	191.2	178.3	185.2
of which consumption fish	190.0	161.0	154.9	158.2
Import	481.3	518.3	587.7	623.0
Export	227.4	262.8	296.8	323.0
Supply of consumption fish on the domestic market	443.9	416.5	445.8	458.2

^a initial data

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

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Freshwater fish production and catches decreased by almost 2%, mainly as a result of the reduction in catches of fish living in open waters. Aquaculture production of fish increased by about 1%, to almost 35 thousand tonnes, due to the rise in trout production by 2.6%. Consequently, the share of aquaculture in commercial freshwater fish production increased to almost 92% in 2007. As a result of maintaining the carp production on the low last year's level of about 15,500 tonnes of fresh commercial fish, the trout production once again exceeded the carp production, by 2 thousand tonnes.

Table 24. Freshwater fish production (without breeding material) in thousands of tonnes

Specification	2000	2005	2006	2007 ¹
Aquaculture in total	36.4	36.1	34.6	35.0
including:				
- carp	23.5	18.3	15.6	15.5
- trout	11.2	15.7	17.1	17.5
Professional lake fishing	3.38	2.99	2.81	2.66
Angling	18.0	15.9	15.2	14.1
Total	57.8	54.7	52.7	51.8

Source: Data from the Inland Fisheries Institute.

¹ initial data.

Fish and fish products market

The increase in fish and seafood supply allowed for a rise in their consumption to over 13 kg per head in live weight equivalent. This increase in consumption resulted almost exclusively from the rise in consumption of imported freshwater panga, the import of which within 3 years grew to over 85 thousand tonnes and was about twice as high as the total freshwater fish sale by fishing farms. The attractive price of panga fillets is the underlying cause of such a dynamic rise in their import. Very low prices of imported panga fillets, produced in Asian aquacultures, make them competitive in terms of price in relation to domestic production of freshwater fish, but also drive hakes out of imports and have a limiting impact on frozen fillets production by Polish processing plants.

In 2007, the dynamics of fish and fish products trade turnover was evidently slower, as compared to the previous year. According to the initial data, the volume of imports was higher than in the previous year by 6%, and the volume of exports – by almost 9%. The import of fish was 623 thousand tonnes in live weight equivalent, of EUR 715 million in value, while exports equalled 323 thousand tonnes and over EUR 676 million, respectively. The negative balance of foreign trade in the fish sector was lower by EUR 10 million as compared to the previous year, and amounted to EUR 39 million, but the deficit in foreign trade of fish and fish products was significantly lower than before the accession. The dynamic rise in the import of panga made Poland its biggest importer in the EU and one of the largest in the world.

In 2007, fish and fish products were among the foodstuff that was increasing in price most slowly, both on the level of retail and processing. The increase in retail prices of fish was significantly lower than those of other groups of foodstuff, especially meat and dairy products. On the level of sales, we even witnessed an absolute drop in prices. Increases in prices paid to fishermen and fish producers varied considerably, especially in the freshwater fish sector. Increases in prices of first sale of Baltic fish fell short of the fishermen expectations.

Fish processing

At the end of March 2008, 242 processing plants authorised to trade in fish products within the EU territory were entered into the register kept by the General Veterinary Inspectorate, i.e. 16 more than at the beginning of April 2007. Eight companies operating on the fish processing market owned 2 or 3 processing plants. At the end of 2007, 18 plants in total belonged to them.

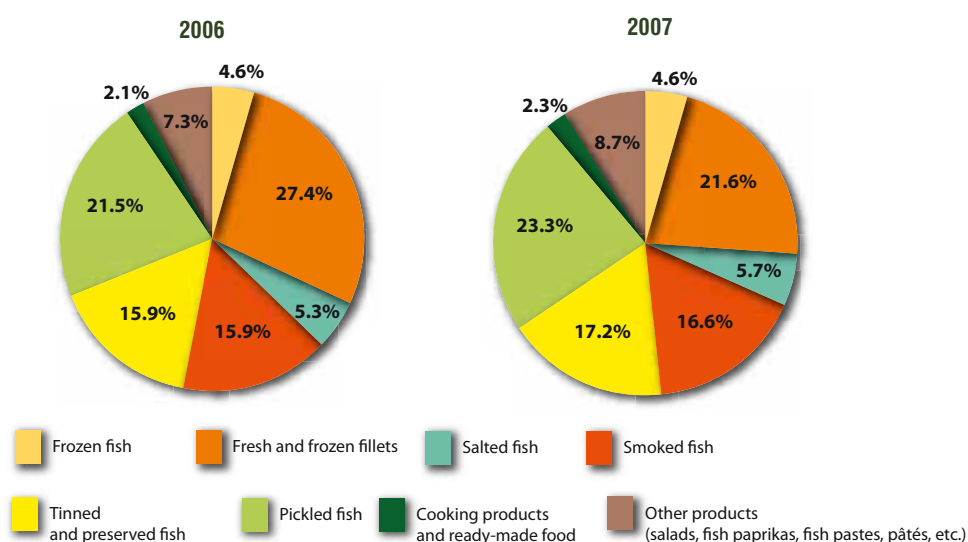
In the seaside region there were altogether 141 plants authorised to trade within the EU, i.e. 58.3% of all fish plants in the country. In the remaining area of the country, most of such plants were located in the following Voivodeships: Warmińsko-Mazurskie (19), Wielkopolskie (15), and Mazowieckie and Śląskie (11 in each).

The number of plants authorised to carry out direct sales only on local domestic markets remained unchanged. In total, 53 processing plants and fishing farms were listed in the register kept by the General Veterinary Inspectorate, most of them in the Śląskie Voivodeship (20).

The year 2007 was the fourth year in a row with a rapid progress in fish processing. It was facilitated by higher domestic and export demand, resulting from low dynamics of fish and fish products prices, as well as by good absorption of EU funds for modernisation of plants.

The volume of fish processing increased in 2007 by about 8% - to 430 thousand tonnes, and its value raised by about 12.5% - to PLN 4.5 billion. The production of most fish products increased, including mainly fresh fillets. However, the production of frozen fillets and fish as well as smoked fish decreased.

Fig. 17. Pattern of fish processing broken down by groups of products in plants employing 10 workers and more (%).



Source: Sea Fisheries Institute based on data from the CSO (GUS).

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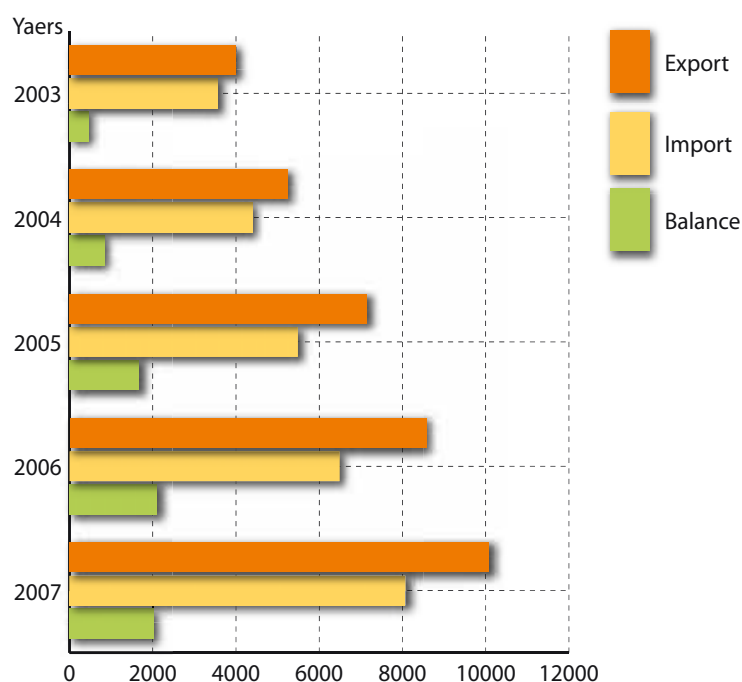
The financial results of production plants improved considerably, despite the drop in prices on the market. The fall in prices of imported products more than compensated for lower prices of exports and contributed to better financial results of fish processing. All profitability and liquidity ratios improved. Profitability ratios measured on all levels, as well as liquidity ratios, were better in 2007 than in the years 2005–2006. Gross profitability rose to 3.6%, net profitability to 2.7%, and the current liquidity ratio to 1.48%. The share of profitable companies in the sector's income increased to over 91%. Such significant improvement in financial situation made it possible to increase the investment level in fish processing by over 50% and employment by over 10%.

FOREIGN TRADE

General information on foreign trade in agri-food products

The year 2007 was the fifth in a row which saw a surplus in foreign trade in agri-food products. Within the last 5 years, the total amount of surplus amounted to EUR 5,169 million, while in 2007 the surplus equalled EUR 2,019 million and was 4.5 times higher than in 2003. The export keeps growing dynamically, by 130.9%, 136.4%, 119.9% and 117.6% in the years 2004, 2005, 2006 and 2007, respectively, while the import dynamics came to 123.9%, 124.5%, 118.2%, and 124.4%, respectively. The high turnover dynamics has resulted mainly from elimination of administrative and customs barriers in trade with the EU states, the biggest trade partners of Poland. Export is increasing, despite the appreciation of zloty and the increase in production costs. The appreciation of zloty creates, moreover, favourable conditions for import increase, making the import of goods cheaper.

Fig. 18. Results of foreign trade in agri-food products (million EUR)



Source: Ministry of Finance.

In 2007, the dynamics of export and import of agri-food products was higher than the total foreign trade in goods, resulting in the growth of its share.

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

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

Source: Ministry of Finance.

Geographical structure of trade in agri-food products

In 2007, the trends in trade with individual groups of countries continued. The trade exchange with the EU countries was growing dynamically, while it was decreasing in the case of the Commonwealth of Independent States (CIS). Export to the 26 EU countries has increased by about 20%, and as regards the "old" EU members by over 31%, as compared to 2006. EU countries remained the main recipients of Polish agri-food products, accounting for over 80% of total exports, EU-15 - for almost 60%. The share of EU countries in imports is slightly lower - 67.5% and 56.5%, respectively.

In 2007, 8.6% of agri-food products were exported to the CIS, whereas the imports equalled 2.8%. For all groups of countries, both exports and imports increased, which is shown in the table below. The balance of trade with the EFTA and MERCOSUR countries was in deficit. The credit balance in trade with EU-15 and CIS countries deteriorated.

Table 26. Foreign trade in agri-food products in 2005–2006, broken down by groups of countries (million EUR) ^{1/}

Ugrupowanie	Export		2007	Import		2007	Balance	
	2006	2007	2006=100	2006	2007	2006=100	2006	2007
Total	8577.4	10089.2	117.6	6486.2	8070.5	124.4	2091.2	2018.8
UE - 27	6740.7	8136.6	120.7	4140.0	5444.1	131.5	2600.7	2692.6
UE - 15	4978.9	6023.5	121.0	3491.5	4563.4	130.7	1487.4	1460.1
UE - 12	1761.8	2113.1	119.9	648.5	880.7	135.8	1113.3	1232.4
WNP	867.0	871.1	100.5	187.3	222.0	118.5	679.7	649.1
EFTA	76.0	99.5	130.8	319.6	343.3	107.4	-243.6	-243.9
NAFTA	203.1	242.8	119.5	131.3	161.4	123.0	71.8	81.4
MERCOSUR	5.5	7.5	136.5	555.6	613.9	110.5	-550.1	-606.4
Other	685.0	731.7	106.8	1152.4	1285.7	111.6	-467.4	-554.0

Source: Ministry of Finance

^{1/} EU-27 = EU-15 + NMS-12

EU-15: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden, and the United Kingdom,

NMS-12: Bulgaria, Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, and Slovenia

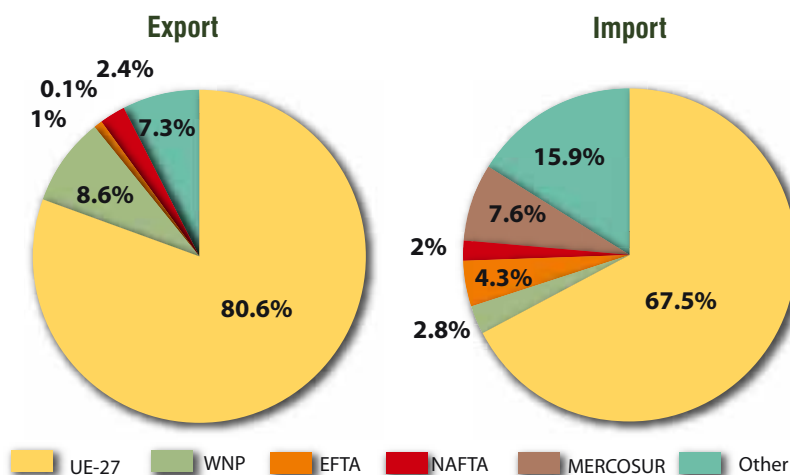
CIS: Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan

EFTA: Iceland, Liechtenstein, Norway, and Switzerland

NAFTA: Canada, Mexico, and the USA

MERCOSUR: Argentina, Brazil, Paraguay, and Uruguay.

Fig. 19: Geographical structure of export and import of agri-food products in 2007



Source: Ministry of Finance.

Export

Within the EU-26, the biggest part of Polish exports has been addressed to Germany, reaching the level of EUR 2,559.8 million in 2007, which was higher by 21.7% as compared to the previous year, and constituted 31.5% of export of agri-food products to the EU. Other significant recipients include: the United Kingdom with its 9.1% share (EUR 743.7 million, higher by 37% than in 2006), the Netherlands – 7.2% share (EUR 588.6 million, i.e. higher by 11.4%), the Czech Republic which received 8% of Polish exports (EUR 649.7 million, higher by 15.4%), and Italy with its 6.2% share (EUR 508.2 million, less by 0.2% than in 2006).

Among the CIS countries, Russia – 52.2% (EUR 454.4 million) and Ukraine – 28.7% (EUR 250 million) have the biggest share in Polish exports. Imports to both countries increased in 2007 by 4.8% and 41.7%, respectively, as compared to 2006. In 2007, there was also an increase in exports to Armenia (EUR 2.2 million) by 18.5%, Greece (EUR 3.7 million) by 63.1%, and Kazakhstan (EUR 23.9 million) by 41.2%. There was a fall in trade with other 9 CIS countries.

Out of the four EFTA countries, Norway and Switzerland import from Poland goods worth almost EUR 50 million each (altogether 92% share). Exports to all four countries increased in 2007.

Out of the three NAFTA countries, most of exports are directed to the USA - 76.3%, worth EUR 185.2 million.

As regards the four MERSOUR countries, Polish exports to Brazil are the highest – EUR 6.3 million, i.e. 84% of export of agri-food products to countries from this group.

Other countries, including, *inter alia*, Japan, Australia, New Zealand, the Republic of South Africa, Albania, the Former Yugoslavia countries, and developing countries, import from Poland goods worth EUR 731.7 million in total, i.e. 6.8% of the Polish export of agri-food products.

AGRICULTURE AND FOOD ECONOMY IN POLAND

Import

Out of the 27 EU countries, most of Poland's imports come from Germany – EUR 1,502.1 million worth, i.e. 39.3% more than in 2006, which comprises 27.6% of the imports from the EU. The second largest country in terms of Poland's imports are the Netherlands – EUR 741 million and 13.6% share, then Spain – EUR 495.4 million and 9.1%, and Italy – EUR 412.8 million and 7.6% share. In comparison with 2006, a fall in imports was observed from the following EU countries: Luxembourg, Romania, and some other EU MS.

Out of the CIS countries, most of our imports come from Ukraine – EUR 120.6 million, i.e. 54.3% value of agri-food products imported from the CIS, and from Russia – EUR 51.2 million, i.e. 23.1%. Out of the EFTA countries, most of goods are imported from Norway – EUR 249.3 million, i.e. 72.6%. Imports from the USA were EUR 130.5 million worth, i.e. 80.9% of imports from the NAFTA countries.

As regards the MERCOSUR group, Poland imports most goods from Argentina – EUR 461.3 million worth, i.e. 75.1% of imports from countries of this group.

From other countries we import products of the total value of EUR 1,285.7 million, i.e. 15.9% of the total import of agri-food products.

Balance

Poland has a positive balance of trade with most countries, especially with its major trading partners. Within the EU, we have a negative balance of trade with Denmark, Greece, Spain, the Netherlands, and other EU MS. In general, the positive balance of trade with the EU exceeds that of the total turnover of agri-food products. It is reduced by the debit balance of trade with the EFTA, the MERCOSUR, and other countries. It is mainly due to the fact that Poland imports from these countries goods that are not produced in our climatic zone, and fish.

Commodity structure of foreign trade in agri-food products

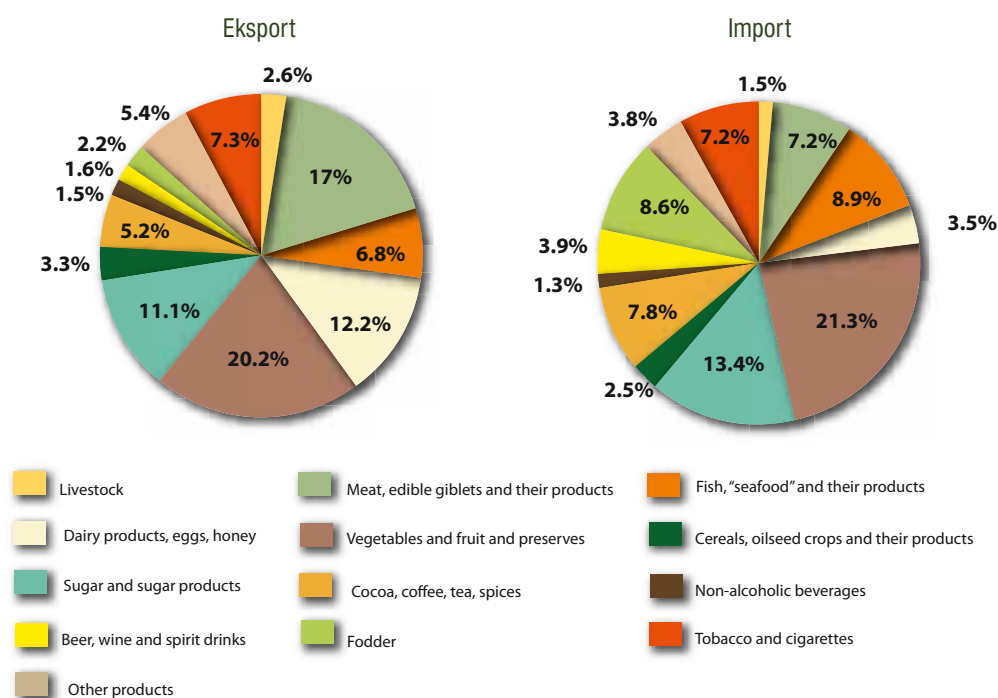
The greatest share in trade in agri-food products has been recorded for vegetable products, accounting for almost 55% of exports and over 70% of imports. In 2007, the largest share in export of vegetable products was taken by fruit and preserves – 21.3%, and sugar and sugar products – 14.8%.



The import of vegetable products also saw the greatest share of fruit and preserves, accounting for 21.3%, and oilseed crops and their preparations – 14.9%.

From among animal products, which account for almost 40% of exports and 23% of imports, the largest share in exports is noted for meat and processed meat (43%), and dairy products (28%). The import of animal products includes mostly fish and fish products (39%), and meat and processed meat (30%).

Fig. 20. Commodity structure of import and export of agri-food products in 2007.



Source: Ministry of Finance.

The greatest increase in exports was observed for poultry meat, cigars, bread and cakes, condensed milk and cream, cheese and cottage cheese. However, the value of export of sugar, live cattle, pork, ethyl alcohol, livestock, as well as maize and wheat decreased.

In imports, there was a significant increase in the value of pork, oilseed cakes, maize, citrus fruit and unprocessed tobacco, as well as fruit juices and barley.

The value of imported rape seeds, soya oil, sugar and coffee decreased.

The increase in export of poultry meat, fruit juices, cigars, fruit, condensed milk, as well as bread and cakes resulted mostly from the rise in unit prices on the world market. On the other hand, the rise of rape price resulted from the increase in sales volume.

As regards imports, there was a rise in prices of oilseed cakes, chocolates, wheat, coffee, and fruit juices. The prices of fish, grape wine, alcohol, maize, mineral waters, and confectionery were lower.

The table below lists 10 products representing the biggest share in exports and imports in 2007. They account for, respectively, 40.1% in exports and 33.6% in imports.

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Table 27. Ten products representing the biggest share in exports and imports (million EUR)

Products	Export			Products	Import		
	2006	2007	share in export total 2007		2006	2007	share in import total 2007
1. Poultry meat	426.8	588.7	5.8	1. Pork	305.2	439.2	5.4
2. Bread and cakes	407.6	504.1	5.0	2. Oilseed cakes	370.0	433.2	5.4
3. Cigars	301.9	458.5	4.5	3. Fish fillets	254.7	286.3	3.5
4. Fruit juices	395.9	402.3	4.0	4. Processed food products not classified elsewhere	252.3	278.9	3.5
5. Chocolate and cocoa preparations	341.2	390.7	3.9	5. Citrus fruit	206.2	258.5	3.2
6. Beef	347.7	373.0	3.7	6. Tobacco	167.7	213.2	2.6
7. Cheese and cottage cheese	319.5	372.2	3.7	7. Chocolate and cocoa preparations	193.0	207.7	2.6
8. Fruit and nuts	280.1	322.7	3.2	8. Fresh fish	192.6	203.5	2.5
9. Pork	358.3	321.6	3.2	9. Wheat	84.8	199.6	2.5
10. Processed food not classified elsewhere	268.2	315.5	3.1	10. Fodder	153.0	192.2	2.4

Source: Ministry of Finance.

Despite the large surplus in exports over imports, of EUR 2,018.8 million in total, the foreign trade results for a range of products are in deficit. It most often concerns products not produced in our climatic conditions, such as citrus fruit, bananas, oilseed cakes, coffee, palm and soya oil, etc. At the same time, a deficit is identified for products produced in Poland, e.g. wheat, potatoes, maize, unprocessed tobacco, and pork.

Traditionally, a positive balance is observed in trade in live animals, especially cattle, beef, poultry, as well as in case of milk products, processed meat, cereal products, and sugar.

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Financial support for agriculture

Poland's membership in the European Union resulted in a significant increase in the amount of financial support allocated for agriculture and rural development. At the same time, stability of aid was ensured. The implementation of multi-annual plans, in accordance with the EU 7-year budget programming, which define detailed objectives and rules of granting support, permits to plan improvement and modernization of farms or enterprises, as well as changes in their functioning (e.g. converting agricultural production to the rules of organic farming, afforestation of agricultural land), to start new activity - within or outside agriculture, to resign from farming and hand the farm over to a younger generation, etc. The support granted consists in co-funding, from the EU and national budget.

In the budget, the financial resources for agriculture and rural development support are laid down in 4 parts. Implementation of specific parts of the budget and of its selected tasks is presented in the table below.

Table 28. The budget expenditure in 2006 and 2007 (including permanent expenses) in million PLN

Specification	2006	2007	2007
			2006=100
Total	5 916.1	13 486.5	228.0
1. Part 32 – Agriculture	471.7	607.6	128.8
including:			
- biological advancement in crop production	32.8	32.8	99.9
- plant protection	5.8	1.6	27.9
- organic farming	8.3	12.1	146.2
- biological progress in animal production	87.4	90.9	103.9
- subsidies to insuring agricultural crops and livestock	1.9	39.3	20 x
- education	8.9	58.5	658.5
2. Part 33 – Rural development	5 005.44	11 141.4	222.6
including:			
- Agency for Restructuring and Modernization of Agriculture	1 486.2	6 655.4	447.8
- Restructuring and modernization of food sector and rural development	610.9	661.3	108.2
- complementary payments for arable land	1 759.0	2 912.1	165.6
- Rural development	1 125.0	880.9	78.3
3. Part 35 – Agricultural markets	439.0	1 713.4	390.3
including:			
- Agricultural Market Agency	412.3	1 675.8	406.5
4. Part 62 – Fisheries	0	24.2	x

Source: Ministry of Agriculture and Rural Development.

Pursuant to Community legislation, the majority of tasks are allocated grants after they have been completed. Tasks entirely funded from the national budget, however, do not fall under this rule.

Every year, significant budget resources are allocated for social and health insurance of farmers and their families, paid by the Agricultural Social Insurance Fund (KRUS). In 2007, the funds allocated for this purpose amounted to PLN 15,844.2 million.

Domestic support

On 30 April 2007, the three-year period, commencing with the EU accession date, during which, pursuant to the Treaty of Accession, it was possible to continue the so-called “existing aid” under unchanged conditions, including, *inter alia*, the ARMA subsidies to interest on credits, came to the end. It was necessary to adjust the aid instruments to the Community guidelines. Relevant measures in this scope were undertaken, along with the adoption of the Ordinance of the Council of Ministers of 26 April 2007 concerning the detailed scope and directions of ARMA’s activities and the methods of their execution. Budget subsidies to interest on investment credits constitute the basic form of support fully covered from the national funds. In 2007, subsidized banking credits were granted within 13 credit lines, *inter alia*, helping to implement basic investment undertakings in agriculture, agri-food processing and services for agriculture, to purchase land, for the creation or management of agricultural holdings by persons under 40, to implement branch programmes of joint use of farm machinery and equipment, for meat, potato and dairy industry, and to resume production after a natural disaster. After 30 April 2007, the number of subsidised credit lines was limited to 9, through giving up subsidies to branch credits. At the end of November, the rules and conditions of granting credits for the branch programme of joint use of machinery and equipment were changed, to match EU requirements. The adjustment of remaining branch lines is in progress.

Moreover, as of 1 May 2007, preferential credits are not granted to the following activities, among others, within the remaining lines: agro tourism, services for agriculture, veterinary activity, as well as production of breads, pasta, and other farinaceous products.

The new rules determine the maximum amount of credits, the credit period and the aid intensity (the share of aid amount in credit amount).

In 2007, banks granted, in total, 22,706 investment credits with ARMA’s subsidies to interest, in the total amount of PLN 3,261.5 million.

In 1994–2007, total subsidies to interest on investment credits amounted to PLN 7,356.8 million.

In 2007, ARMA guaranteed 462 loans for students from rural areas, in the total amount of PLN 6.6 million. In total, the guarantees resulting from the formerly concluded agreements are worth PLN 52.2 million.

ARMA granted financial aid to groups of agricultural producers to help them establish and support administration of their activities. There were also subsidies for collection and transport of dead animals in order to utilize them.

Direct payments to agricultural land

Poland, as a new EU Member State, applies the Single Area Payment Scheme.

Utilized agricultural areas, i.e. arable lands, perennial crops, permanent grasslands and home gardens maintained in good agricultural conditions as of 30 June 2003, are eligible under SAPS.

In 2007, pursuant to the Treaty of Accession, Poland paid out, within the Single Area Payment Scheme, direct payments at the level of 40% of payments applicable in the EU-15 countries.

At the same time, the Single Area Payment Scheme was supplemented in Poland by Complementary National Direct Payments to the level of 70% of payments received in the EU-15.

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In 2007, Complementary National Direct Payments were implemented in the following sectors:

- selected crop plants: cereals, including maize, oilseed, protein, leguminous, fodder leguminous, small-grained papilionaceous, intended for basic and certified seed, root fodder crops (excluding fodder potatoes) and blends of small-grained papilionaceous with grasses, walnut and hazelnut, fibre and oil flax, hemp grown for fibre, grasses on permanent grasslands intended for dried fodder,
- hops,
- potato starch,
- tobacco,
- crops intended for fodder, grown on permanent grasslands (payment for animals).

Moreover, in 2007 Poland paid out from the Community budget a separate sugar payment and a payment for energy crops. Additionally, in 2007 payments were paid out for the cultivation of rape for energy purposes in the form of de minimis aid.

In 2007, the following rates of direct payments applied in Poland:

Table 29. Rates of direct payments in 2007

	Type of payment	Payment rate	
1.	Single Area Payment	PLN 301.54 million	
2.	Complementary National Direct Payments		
2.1.	Sector I – to the basic crops area	294.91 PLN/ha	
2.2.	Sector II – to the hops area	to the area reported in 2007	452.76 PLN/ha
		to the area reported in 2006	526.01 PLN/ha
2.3.	Sector III – to potato starch	from 238.85 PLN/tonne	
2.4.	Sector IV – to tobacco	grupa I - Virginia	up to 11,245.88 PLN/tonne
		grupa odmian II, III, IV	up to 8,995.70 PLN/tonne
2.5.	Sector V – payment to animals	438.76 PLN/ha	
3.	Separate sugar payment	37.15 PLN/tonne	
4.	Payments to energy crops	up to 169.79 PLN/ha*	
5.	Payment to rape (de minimis)	176 PLN/ha	

* - due to the fact that the Community guaranteed area of crops for energy purposes reported by farmers in applications for payments, up to which payments can be granted, was exceeded, the area of such crops was reduced in 2007 by 0.70337 ratio.

In 2007, the financial envelope for direct payments was planned in the amount of PLN 8.752 billion, including PLN 4.323 billion for Single Area Payment, PLN 3.944 billion as Complementary National Direct Payments, PLN 463 million as the sugar payment, and PLN 14.7 million in the form of de minimis aid to rape.

In 2007, 1,451,977 farmers applied for direct payments.

Rural Development Plan 2004-2006 (RDP)

In 2007, RDP Measures administration continued and payment for beneficiaries were being made. To ensure the full use of funds, and after detailed analyses of how the Plan is implemented, a reallocation of EUR 90.4 million was made. Between commencing the RDP in 2004 and 31 December 2007, the total of PLN 13.9 billion was paid, including approximately PLN 4.4 billion in 2007. The progress of payment, as well as the monitoring carried out, indicate that there is no risk that the available funds will not be absorbed.

Table 30. Implementation of Rural Development Plan as of 31.12.2007.

Specification	Number of applications submitted	Number of decisions granting aid	Amount of payment executed in PLN million
Structural pensions	58 342	54 014	2 083.7
Support for semi-subsistence farms	177 978	157 456	1 313.9
Support for agricultural activity in less-favoured areas	749 896 ¹⁾	x	3 706.8
Support for agri-environmental enterprises	121 414	116 260	810.8
Afforestation of agricultural land	18 372	16 865	363.2
Adjustment of agricultural holdings to the EU standards	77 884	71 398	2 274.6
Agricultural producer groups	103	100	22.1
Technical assistance	179	56	10.9

Source: Agency for Restructuring and Modernisation of Agriculture

¹⁾ applications submitted in 2007.

SOP Restructuring and Modernisation of the Food Sector and Rural Development, 2004-2006

Applications under the Programme were submitted starting from the second half of 2004, and up to first quarter of 2006 (apart from technical assistance). Since the Programme was launched, 75,745 applications for aid were submitted in the amount of PLN 9.5 billion, which constitutes 175.4% of the financial limit for the years 2004-2006. The Agency signed 47,886 contracts worth PLN 5,745.2 million, constituting 105.9% of the limit.

In 2007, as part of the contracts signed, the tasks were carried out and accounted for. Since the Programme started, the Agency made 46,310 payments in the amount of PLN 4,141.3 million, including 13,665 payments in the amount of PLN 1,566.2 million in 2007.

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Table 31. Implementation of SOP Restructuring and Modernisation of the Food Sector and Rural Development, 2004-2006

Specification	Limit of funds for 2004-2006 PLN million	Applications	submitted	Concluded	agreements	Payments made		
		number	amount in PLN million	number	amount in PLN million	number	amount in PLN million	used
1. Investments in agricultural holdings	2 238.8	42 582	4 573.4	24 399	2 515.8	23 944	2 013.5	89.9
2. Setting-up of young farmers	708.4	18 857	942.8	14 151	707.5	14 151	707.5	99.9
3. Improvement of processing and marketing of agricultural products	1 872.5	1 646	2 928.4	1 163	1 911.8	900	982.9	52.5
4. Restoring forestry production potential	307.4	57	82.3	39	52.1	37	36.8	70.0
5. Diversification of agricultural and agriculture-related activities	158.3	7 170	524.8	4 233	306.8	3 859	247.9	80.6
6. Development and improvement of infrastructure connected with agriculture	158.3	4 953	261.0	3 509	162.6	3 043	114.9	72.6
7. Project management and implementation system support	45.7	187	74.1	140	45.5	168	13.7	30.0
8. Institutional development	32.4	142	110.7	131	32.4	111	22.0	68.0
9. Programme information and promotion	11.0	151	22.2	121	10.5	97	1.9	17.1
TOTAL:	5 427.2	75 745	9 519.7	47 886	5 745.2	46 310	4 141.3	76.3

Source: Agency for Restructuring and Modernisation of Agriculture.

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

Rural Development Programme 2007-2013 (RDP)

Between 2007 and 2013, apart from direct payments, common organisation of fruit and vegetable markets, and market interventions applied by AMA, the Rural Development Programme 2007-2013 will be implemented, combining the support under RDP 2004-2006 and that under SPO.

The Programme was adopted by the European Commission on 24 July 2007, and the appropriate decision was issued on 7 September 2007. RDP 2007-2013 is among the earliest Programmes agreed upon, and it is already being implemented. The Programme budget (including national co-funding) is over EUR 17 billion.

37 Regulations specifying detailed conditions and mode of Programme implementation, have been published so far. Executive acts remaining to be issued, necessary for proper Programme implementation, are facing the final legislative stage.

AGRICULTURE AND FOOD ECONOMY IN POLAND

9 out of 21 Programme measures have already been launched, and it is anticipated that by the end of 2008, all RDP 2007-2013 measures will have been launched.

As of 31 December 2007, applications for the implementation of 5 measures presented in the table below were submitted.

Table 32. Administering the applications submitted under RDP 2007-2013

Specification	Number of applications submitted	Number of decisions issued	Amount of aid granted In PLN thousand
1. Structural pensions	8 869	506	486.6
2. Support for the less favoured areas	754 993	209 138	308 382.0
3. Afforestation of land	2 642	—	67 608.9 ^{1/}
4. Modernisation of agricultural holdings	18 372	—	2 364 499.8 ^{1/}
5. Support to agricultural producer groups	73	—	12 268.4 ^{1/}

^{1/} aid amounts applied for

Source: Agency for Restructuring and Modernisation of Agriculture.

Some of the tasks under RDP 2007-2013 are delegated to:

- Voivodeship self-governments
- Agricultural Market Agency
- other entities.

The following measures can be delegated :

- vocational trainings for persons employed in agriculture and forestry,
- information and promotion measures,
- basic services for rural economy and population,
- improvement and development of infrastructure linked to development and adjustment of agriculture and forestry
- village renewal and development,
- implementation of local development strategies,
- implementation of cooperation projects,
- operation of Local Action Group.

Sectoral Operational Programme “Fisheries and Fish Processing 2004-2006” and preparation for the implementation of the Operational Programme “Sustainable Development of the Fisheries Sector and Coastal Fishing Areas 2007-2013”.

SOP “Fisheries...” includes 5 priorities, out of which four are implemented by the Agency for Restructuring and Modernisation of Agriculture, and one, namely Technical Assistance, is implemented by the Ministry of Agriculture and Rural Development.

In the period between the Programme started and 31 December 2007, as part of measures implemented by ARMA, 3,912 applications for the amount of PLN 1,470 million were submitted, which constituted over 140% of the fund limits for 2004-2006. As part of all measures, the Agency concluded 3,304 agreements

AGRICULTURAL SUPPORT POLICY

for the amount of PLN 940.9 million, which constitutes nearly 90% of the financial limit. 4,511 payments in the amount of PLN 513.8 million were made, i.e. 49 % of the limit.

Table 33. Implementation of SOP "Fisheries and Fish Processing 2004-2006" as of 31.12.2007.

Name of measure	Applications submitted			Agreements concluded			
	number	value in PLN thousand	% of limit used	number	value in PLN thousand	% of limit used	payments made in %
Priority I – Adjustment of fishing effort to resources							
1. Scrapping of fishing vessels	433	411 282.7	116.1	388	353 883.9	99.9	92.3
2. Transfer of vessels to third countries or their reassignment	63	22 586.2	99.1	49	16 134.6	70.6	36.2
Priority II – Fishing fleet renewal and modernisation							
3. Modernisation of existing fishing vessels	149	8 559.6	32.6	108	4 205.4	16.0	4.0
Priority III – Aquatic resources. aquaculture. marine fishing equipment. fish processing and fishery market. inland fishing protection and development.							
4. Aquatic resources protection and development	17	23 138.2	182.2	4	6 284.5	49.5	2.7
5. Aquaculture	410	122 072.2	168.9	255	63 995.6	88.5	35.0
6. Fishing port facilities	86	298 955.9	218.2	52	149 542.1	109.1	20.5
7. Fish processing and fishery market	272	356 996.8	143.6	208	215 990.7	86.9	19.5
8. Inland fishing	22	545.8	248.3	18	439.8	200.1	160.6
Priority IV – Other measures							
9. Coastal fishing	46	9 912.6	283.0	20	3 347.8	95.6	10.3
10. Socio-economic measures	1 512	67 542.5	87.0	1 411	62 763.2	80.9	71.1
11. Measures to find and promote new market outlets for fishery products	82	11 574.5	95.4	56	5 713.9	47.1	19.3
12. Operations by members of the trade	52	8 119.2	160.4	29	3 785.0	74.8	38.1
13. Temporary cessation of activities and other compensations	702	12 314.8	41.4	664	9 788.2	32.9	32.5
14. Innovative measures and other measures	66	116 486.6	266.0	42	45 011.8	102.8	12.6
TOTAL:	3 912	1 470 042.5	140.6	3 304	940 886.4	90.0	49.1

Source: Agency for Restructuring and Modernization of Agriculture.

In 2007, works were going on aimed to prepare ARMA for implementation of financial support for fisheries during the new programming period, namely 2007-2013. All the documents necessary to launch the programme are being prepared, and works are carried out to determine the scope of information technology support. The Act is being drafted on fisheries sector balanced development support with European Fisheries Fund.

AGRICULTURAL INSTITUTIONS

Agency for Restructuring and Modernisation of Agriculture

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

Major beneficiaries of the activities carried out by ARMA are farmers and agriculture sector entrepreneurs, as well as rural residents, agricultural producers groups, and representatives of the fisheries sector. Since the Agency started to operate, it has made payments in the amount of PLN 67.9 billion.

Between 1994 and the end of May 2008, the Agency for Restructuring and Modernization of Agriculture:

- implemented the pre-accession SAPARD Programme, performing the function of an implementing and paying institution as an accredited SAPARD Agency (in 20002-2006, financial support of PLN 4.5 billion was granted to around 24 thousand beneficiaries),
- managing the national assistance instruments, spent PLN 15.1 billion for support of around 5.6 billion beneficiaries,
- since 2004, ARMA has conducted annual direct payments for agricultural land campaigns for around 1.4 billion of agricultural producers (for years 2004-2007, beneficiaries were given PLN 28.5 billion),
- operates the Union's subsidies programme of 2004-2006:
 - Sectoral Operational Programme '*Restructuring and modernization of food sector and rural development 2004-2006*' (the Agency has paid PLN 5.4 billion to around 53 thousand of beneficiaries),
 - Sectoral Operational Programme '*Fisheries and Fish Processing 2004 - 2006*' (the Agency has paid PLN 0.6 billion to around 3 thousand beneficiaries),
 - Rural Development Plan for 2004-2006, under which the Agency has paid PLN 10.7 billion to 345 thousand of beneficiaries (it is worth noting that under RDP 2004-2006, ARMA annually serves around 700 thousand beneficiaries of measure: *Supporting farming in mountainous areas, in other areas, in less-favoured areas (LFA)*, under which it effectuated the payment of PLN 3.7 billion),
 - Common organisation of the market in fruit and vegetables and common fisheries products' market (the Agency has paid PLN 0.1 billion),
- since 2007, it has performed the role of an implementing entity and paying agency for the Rural Development Programme for 2007-2013, financed by the European Agricultural Fund for Rural Development (EAFRD). The total amount of funds for programme realisation amounts to around EUR 17.2 billion, out of which EUR 13.2 billion comes from EU budget, and Polish financial resources contribution amounts to around EUR 4 billion (so far, the Agency has paid PLN 3 billion to beneficiaries).

Furthermore, ARMA has been preparing to launch Operational Programme '*Sustainable development of fisheries sector and coastal fishing areas for 2007-2013*' financed by the European Fisheries Fund.

The Agency is also responsible for all measures related to administration of the national system for the identification and registration of animals (including the livestock registry updating), and to administration and updating of the identification system for agricultural parcels (LPIS), and spatial data (GIS).

In 2008, as compared to previous years, the number of available new instruments of support in ARMA is higher, thanks to successive launching of measures under Rural Development Programme 2007-2013. For ARMA, it means the necessity to improve the efficiency and effectiveness of service for beneficiaries, while maintaining control and supervision requirements.

Until 5 June, the following measures were implemented under RDP 2007-2013: *Supporting farming in mountainous areas, in other areas, in less-favoured areas (LFA), Early retirement, Agricultural producers groups, Afforestation of agricultural land and afforestation of land other than agricultural, Modernisation of agricultural holdings, Setting up of young farmers, Agri- environmental programme, Increasing the added value of the basic agricultural and forestry practice, Diversification towards non-agricultural activities.*

Agricultural Market Agency (AMA)

Agricultural Market Agency was created in 1991 with the aim to stabilise the agricultural market and protect incomes from agricultural production; since 1 May 2004 it has been one of the two paying agencies distributing aid from the EU (ARMA being the other one). AMA administers over 60 mechanisms of the Common Agricultural Policy on over 20 markets in agricultural products. AMA fulfills three basic functions: implementing Community law, paying function, and information function.

CAP mechanisms administered by the Agency are intended mainly for traders, storage companies, processing and production plants producers groups, as well as for farmers.

In the period between 1 May 2004 and 31 May 2008 activities of the Agricultural Market Agency covered:

- a) **intervention purchase and sale of cereals, sugar and butter.** The Agency purchased 1.69 million tonnes of cereals, 213 tonnes of sugar and 4.7 thousand tonnes of butter; the Agency spent PLN 1.5 billion on the intervention purchase of products (along with storage and transport);
- b) **payments for private storage of long-ripening** cheese, butter, pigmeat – the expenditure amounted to PLN 8.3 million;
- c) **payments for production and processing of:**
 - butter, concentrated butter and cream,
 - sugar used in the chemical industry,
 - dried fodder,
 - potato starch,
 - olive oil used in processing,
 - starch used for non-food purposes,
 - flax and hemp straw for fibre,

– in total, payments under these mechanism amounted to PLN 50.4 million;
- d) **administration of foreign trade** on the markets in: cereals, milk and milk products, sugar, beef and veal, pork, poultry and eggs, fresh fruit and vegetables, and non-annex processed products – the Agency issued 29.5 thousand export/import licenses; export refunds were paid in the amount of almost PLN 1,565.9 million, where the majority was paid for sugar export (PLN 974.3 million);
- e) **support for domestic demand:**
 - supply of food surplus to most deprived persons,

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- aid for the purchase of butter by non-profit institutions and organisations,
- aid for the consumption of milk and milk products in educational establishments,
- support of the bee products market,
- administration of distribution of fruit and vegetables non intended for sale,
- support for promotion and information measures on the markets in selected agricultural products,
 - the Agency disbursed PLN 365.4 million for the support of domestic demand;

f) other mechanisms:

- quoting of milk production,
- payments for potato producers within the framework of the potato starch quota system; payments for tobacco raw material producers – direct payments on the market in tobacco and potato starch amounted to PLN 902.5 million,
- calculation and collection of sugar levies within the framework of sugar production quota system,
- administration of the funds of the Dairy Industry Promotion Fund (FPM),
- special measures for supporting the poultry market – in 2007 the Agency paid PLN 15.8 million under this mechanism,
- payments to seed material, covering plant species of significant economic value, such as cereals, potatoes and leguminous plants – the expenditure amounted to PLN 43.1 million.

It needs to be stressed that the Agricultural Market Agency implements new tasks. The Act on biocomponents and biofuels imposes numerous obligations on the Agency, relating, *inter alia*, to maintaining registers of producers and farmers, elaboration of collective reports covering the list of farmers producing liquid biofuels for their own use, and containing information on the volume and types of liquid biofuels produced and used by farmers for their own purposes, as well as of raw materials used for the production of those biofuels; the Agency is also engaged in the implementation of controls.

Moreover, in 2007 and 2008 the Agricultural Market Agency and the Agency for Restructuring and Modernisation of Agriculture implement a CAP mechanism, referring to financial assistance in the energy plants sector. AMA is engaged in the authorisation of buying-in entities and first processors and will supervise the process consisting in converting energy plant (raw materials) into final energy products.

Between 1 May 2004 and 31 May 2008, the Agency spent almost PLN 4.6 billion within the framework of administration of CAP mechanisms. The highest percentage share in financial support was observed on markets dealing in sugar (38%), cereals (20%), tobacco (17%), and milk (13%).

Agricultural Property Agency

The Agricultural Property Agency (APA) is the state legal unit to which the State Treasury entrusted the implementation of the property right and other rights in respect of state property in agriculture. The Agency acts on the grounds of the Act of 19 October 1991 on the management of agricultural property of the State Treasury, the Act of 2003 on shaping the agricultural system, and the statute issued to it. The Agricultural Property Agency is a legal descendant of the Agricultural Property Agency of the State Treasury (APAST). The bodies of the Agency include: the President and the Supervisory Board. The President of the Agency acts through the President Office and 11 field departments (supported by 5 branches).

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The Agency is self-financing (i.e. does not receive budget allocations for its maintenance and functioning). The costs of including property of the State Treasury in the Agricultural Property Stock, restructuring thereof, preparation to disposal (e.g. geodetic works, entries in land and mortgage registers, procurement announcements), securing of objects of historical value, maintenance of non-production property (e.g. a large part of the housing facilities) etc., as well as of maintenance of the Agency are financed fully from income obtained in the course of its statutory tasks. Moreover, in 2004 the Agency started to supply the state budget with the amounts resulting from the difference between the income obtained as a result of the management of the Property Stock in a given financial year, and the funds spent on implementation of statutory tasks. In 2007, the Agency supplied the state budget with almost PLN 2.4 billion.

Adhering to the Act of 19 October 1991 *on managing agricultural property owned by the State Treasury*, the Agency implements tasks relating to:

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

The Agency implements tasks defined in other regulations, particularly in the provisions on shaping the agricultural systems, the provisions on exercise of the right to compensation for abandoning real property located outside of the current borders of the Republic of Poland, and the provisions on relationships between the State and various churches.

The Agency also exercises ownership functions in relation to 57 plant production companies and animal production companies, recognised by the Minister of Agriculture and Rural Development as especially important for the national economy. As of the end of 2007, the area of land held by the companies as their own, contributed with the use of the Agricultural Property Stock, was 4.5 thousand ha, while the area of land leased by them from the Agency was 113.5 thousand ha. In 2007, the total estate of the companies was worth PLN 1.45 billion.

From the beginning of its operation until the end of 2007, the Agency owned nearly 4.7 million ha of land in the Agricultural Property Stock of the State Treasury, mainly of former state agricultural holdings (80%) and the State Land Fund, as well as other property, which had book value of PLN 8.6 billion. The Agency also took over the obligations that former state agricultural holdings had to ca. 30 thousand entities, amounting in total to PLN 2.0 billion and including mainly (ca. 45%) those arising from loans and credits taken and not repaid. The above mentioned obligations were fully settled with the use of funds acquired through privatisation.

The predominant method, in which the property included in the Agricultural Property Stock is distributed, consists in sales and leasing, organised mainly through unrestricted tenders or tenders restricted to a certain category of entitled persons, for example individual farmers intending to extend their family farms. Part of sales is done by way of pre-emption to which the current leaseholders are entitled (in 2007, ca. 41 thousand ha). In 2007, APA conducted ca. 46 thousand tenders for sale

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of land and ca. 5 thousand tenders for lease of land (including ca. 3 thousand restricted tenders for sale and lease of land). From the beginning of its operation (since April 2008), the Agency conducted over 650 thousand tenders, including 17.5 thousand restricted tenders, almost all of which were offered to farmers wishing to extend their family farms.

Within the period of its operation, the Agency sold property of the Stock of the total area of ca. 1,8 million ha, including 103.7 thousand ha in 2007.

Regardless of the sales, from the beginning of its operation until the end of 2007, in accordance with the procedure set forth in the Act on managing agricultural property of the State Treasury, and with procedures stipulated in other provisions, the Agency transferred 410.3 thousand ha to entitled entities, including, *inter alia*, 145.6 thousand ha to the State Forests, 46.6 thousand ha to local governments, 80.3 thousand ha to legal persons established by various Churches, 95.9 thousand ha to regional water management boards or Voivodship Marshals (lakes were transferred under the Water Law). In total, as a result of sale and gratuitous transfers to entitled entities, as well of other methods of permanent distribution, the Stock shrank by 2,247,5 ha, that is 47.6 % of the area taken over, and that includes 167.9 thousand ha handed over in 2007.

From the beginning of its operation until the end of 2007, the Agency leased over 4.9 million of land (although some of the plots were leased more than once), while in the said period 3 million ha were returned after lease ceased. In 2007, the Agency entered into 3.6 thousand lease agreements, which had application to 42 thousand ha, while 106 thousand ha of land were returned to the Agricultural Property Stock of the State Treasury after lease ceased. Under lease agreements entered into by APA in 2007, the average lease rent in the wheat equivalent amounted to 6.7 dt per 1 ha. At present, 1.8 million ha of land (nearly 74 % of the area included in the Stock) are leased by over 122 thousand leaseholders.

Of the 4.7 m. ha of land assumed, the Agricultural Property Stock of the State Treasury is currently in hold of ca. 2.48 million ha. 1.8 million ha are being leased and 90.3 thousand ha are under permanent management and held under perpetual usufruct. At the end of 2007, the area still to be distributed amounted to ca. 345.6 ha, while being gradually prepared for sale or lease.

A special group of Stock property purchasers consists of the so-called *Zabużanie*. In 2005, the Act on exercise of the right to compensation for abandoning real property located outside of the current borders of the Republic of Poland entered into force, and it set up new rules on satisfying material claims held by the *Zabużanie*. They participate in tenders for sale of real properties included in the Stock, for which they pay in the so-called "entitlements". By the end of 2007, the Agency had sold 5.1 thousand ha of land, with a total value of PLN 72.1 million, to members of the entitled group, who paid almost 95% of the mentioned amount with the use of the entitlements (PLN 68.8 million). Regardless of that, by the end of January 2008, the Agricultural Property Agency paid an amount of PLN 892.7 million to the Compensation Fund.

Along with the property, the Agency took over numerous agricultural, industrial, commercial and service facilities as well as manor and palace-park complexes. By the end of 2007, the Agency had sold, among other things, 428 distilleries, wineries and breweries (51 % of the taken over ones), 410 grain and green crop driers (46 %) and fodder mixing facilities (42 %). The sold property included also 75 hotel-restaurant complexes (60 %), 283 shops (77 %), as well as 1,095 manor and palace-park complexes of historical value (47 %). Of the 272 thousand ha of the lakes, 1.8 thousand ha were sold, while of the 47 thousand ha of the ponds that were taken over, 13.6 thousand were sold. The majority of the remaining property was leased.

State agricultural advisory service

The Act on agricultural advisory units came into force on 1 January 2005 (Dz. U. No. 251, item 2507, as amended), providing that the agricultural advisory system in Poland consists of:

- the Agricultural Advisory Centre in Brwinów, along with branches in Kraków, Poznań and Radom,
- 16 Voivodship agricultural advisory centres, which operate in the Voivodship, in the territory of which a given centre is located.

In 2007, public agricultural advisory units employed 5,426 people, of which 4,410 provided specialist and field advisory services. The Act on agricultural advisory units granted the discussed entities legal personality, which contributed to the development and improvement of the operation of these units. The main tasks implemented in recent years include providing assistance to farmers in applying for EU funds designed to support agriculture under the programmes carried out.

At the moment, the main tasks of the advisers consist in providing advice on the agricultural-environmental and cross-compliance programmes. The advisers who provide advice on these subjects have participated in additional training concluded with an exam.

Farmers can obtain advice on the matters discussed from accredited private advisers. Agricultural advisory units undertake also wide-ranged activities aimed at progress in agriculture and development of rural areas through trainings, fairs, exhibitions and competitions.

Magazines for farmers, which are published by each of the 16 Voivodship agricultural centres of high quality, and they constitute a good source of information on agriculture, scientific achievements, local developments, and conditions for running agricultural and non-agricultural activity.

In addition, agricultural advisory units strive to assist farmers and country dwellers in improving agricultural knowledge, as well as in changing their trade and starting non-agricultural activity. Public agricultural advisory units implement tasks assigned to them in the Act free of charge, but may also provide paid services and obtain funds from various sources, including those set up by the EU.

Agricultural schools

Being responsible for the agricultural policy, the Minister of Agriculture and Rural Development has the possibility to directly influence the quality and effectiveness of agricultural education, namely he can take over some of agricultural schools and institutions from local governments. As a consequence, the Minister of Agriculture and Rural Development – in accordance with the agreements with poviats local governments – has been in charge of 38 agricultural schools since 1 January 2008. At the moment, there are some actions carried out in order to take over some other agricultural schools, as requested by poviats local governments or by the Minister of Agriculture and Rural Development. Documents relating to these cases are being collected. They will be useful in drawing up appropriate agreements, which will allow for taking over 7 schools on 1 January 2009.

The effort is aimed at making the agricultural schools reporting to the Ministry model establishments with a good didactic background, having a wide impact on the environment, cooperating with agricultural advisory units, research and development units, as well as other institutions that act for the development of modern agriculture.

On 1 September 2007, the Minister of Agriculture and Rural Development formally decided on creating an institution intended for professional training of persons teaching vocational subjects in agricultural schools. This institution is the only public facility in Poland that specialises in professional

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training of persons teaching vocational subjects in agricultural schools. The objective of statutory tasks of the institution, consisting mainly in assisting in self-learning and increasing professional knowledge as well as providing teachers with methodological advice, is to improve the quality of teaching when it comes to vocational subjects in agricultural schools.

Research and Development units

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

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

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

Tab. 34. Employees of scientific & research institutions in the field of agriculture

Scientific units Employees	R&D institutes of the Ministry of Agriculture and Rural Development	Scientific units of the Polish Academy of Sciences (PAN)	R&D units under the authority of other ministries	Higher education institution	Total
Total number of employees	4 384	678	2 019	10 832	17 913
Professors	160	74	89	1 134	1 457
Scientists with a dr hab. degree	142	35	45	617	839
Scientists with a dr degree	580	138	311	3 021	4 050

Those people represent a considerable scientific potential that supports agricultural policy of the country and Common Agricultural Policy of the European Union.

Assessment of the activity of R&D background for agriculture, agricultural markets and rural areas allows to note that scientific community actively supports transformation of the system and participates in the processes of modernisation; fulfilling it conducts its mission through R&D activities, implementation and popularisation.

Financial funds for R&D activities for agriculture, as in the case of units operating in other scientific areas, are raised, *inter alia*, by means of budgetary allocations of the Ministry of Science and Higher

Education for statutory activities and participation in international programmes of science and technology cooperation. They are also built up thanks to services provided to scientific and economic entities and from such sources as: sale or lease of assets, interest capital, credits, loans etc.

Within the framework of work over the adjustment of research and development background for the ministry to the conditions of cooperation with European Union Partners in Research and Development units of the Ministry of Agriculture and Rural Development, Centres of Excellence and Competence Centres were established, in the Plant Breeding and Acclimatization Institute (IHAR) - Crop Improvement Centre for Sustainable Agriculture (CICSA), in Sea Fisheries Institute - Centre of Excellence in Marine Fisheries Sciences, POLMARE, in the Research Institute of Pomology and Floriculture – Research Centre of Excellence in Sustainable Pomology, PomoCentre, in the Institute of Soil Science and Plant Cultivation, Puławy – Protection of Land and Water Quality and Sustainable Development of Rural Areas, PROLAND, in the Institute for Buildings Mechanization and Electrification of Agriculture – Renewable Energy Centre of Excellence and Competence in Poland, RECEPOL, in the Research Institute of Medical Plants – Medical plants in nutrition and medicine - a step towards integration engineering with European standards, MEDNAM, in the Institute for Buildings Mechanization and Electrification of Agriculture – Transfer of knowledge in agricultural engineering TRAGEN. In Skierniewice, under the Research Institute of Pomology and Floriculture, the Centre for Advanced Technologies is located. Its future activities are to significantly improve the conditions of translating research results into practice.

R&D in agriculture, agricultural markets and rural development has taken active part also in the cooperation under 7th European Union Framework Programme, as well as ERA programme – NET and EUROAGRI. After Poland obtained the status of Working Group Coordinator of the research programme entitled: “Development of Sustainable Agriculture in Baltic Sea Area” under the Standing Committee on Agricultural Research by the European Commission, the R&D staff should more effectively support changes in the agricultural sector. The conditions for research were created under the established Virtual Institute of Sustainable Agriculture (WIRZ).

The Virtual Institute is an open wide, functioning in real time, electronic information and research programme with constantly updated database.

Agricultural Social Insurance Fund (KRUS)

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

- dealing with farmers and people cooperating with them within agricultural activity (a spouse and household members) in relation to inclusion into the social scheme and payment of premiums for the purpose of this insurance,
- granting and payment of financial benefits from an insurance,
- medical certification in order to determine entitlement of insured persons to benefits depending on total incapacity for work in an agricultural holding or assessment of a state of health
- carrying out activities aiming at the prevention of accidents at farm work and occupational diseases as well as promoting health,

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- providing therapeutic rehabilitation to persons entitled to KRUS benefits with total incapacity for work in an agricultural holding but with a chance for recovery if the person undergoes treatment and rehabilitation or to persons exposed to a risk of total incapacity for work in an agricultural holding.

As of 31 December 2007, 1,598,197 people were included in the social security scheme and 1,530,234 people received pensions from the insurance.

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

- dealing with health insurance pursuant to the Act of 27 August 2004 on health care allowances financing from public expenditures which consists, *inter alia*, of: paying sickness insurance contributions for persons entitled to farmer's social insurance (financed from the State budget) and for farm recipients of pensions to the National Health Fund (NFZ); KRUS provides services in this respect to 3.1 million people included in the health insurance scheme.
- payment of national structural pensions in agriculture pursuant to the Act of 26 April 2001 on structural pensions in agriculture, the number of recipients of structural pensions gradually decreases as last year in January 619 people benefited from them whereas at the end of 2007 only 386. Last year, in terms of annual average, 512 structural pensions were paid. National structural pensions were replaced by a system financed from the EU funds.
- payment of civic financial benefits that is, *inter alia*: benefits for combatants, lump sums for energy, benefits for former miners-soldiers, benefits for secret teaching for victims of the Third Reich and USSR.

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

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

Pension Fund serves to finance pensions and sickness insurance contributions for farmers. The Fund is created on the basis budgetary allocations and premiums for pension insurance paid by farmers. In 2008 the allocation amounts to PLN 15 billion.

Fund of Prevention and Rehabilitation is designed to finance KRUS activities within the scope of accident prevention and therapeutic rehabilitation. The Fund is created on the basis of deduction from Contribution Fund and budgetary allocations. In 2008 the allocation will amount to PLN 5 billion.

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

KRUS has been a member of the biggest international associations bringing together institutions of social security schemes in the world, such as: ISSA, International Social Security Association bringing together social security institutions from more than 130 countries (member since 1992) and IAAMRH, International Association of Agricultural Medicine and Rural Health, organisation that is concerned with agricultural medicine.

ADDRESSES OF INSTITUTIONS RELATED TO AGRICULTURE

MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT (MARD)

00-930 Warszawa, ul. Wspolna 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>
e-mail: anr@anr.gov.pl

FOUNDATION OF ASSISTANCE PROGRAMMES FOR AGRICULTURE (FAPA)

00-930 Warszawa, ul. Wspolna 30
tel: /fax (0 22) 623 16 03; (0 22) 628 93 87
<http://www.fapa.com.pl>
e-mail: fapa@fapa.com.pl

AGRICULTURAL SOCIAL INSURANCE 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

AGRICULTURAL AND FOOD QUALITY INSPECTION (IJHARS)

00-930 Warszawa, ul. Wspolna 30
tel./fax (0 22) 621 64 21; (0 22) 621 48 58
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e-mail: sekretariat@ijhar-s.gov.pl

GENERAL VETERINARY INSPECTORATE THE VETERINARY INSPECTION

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tel./fax (0 22) 628 85 11; (0 22) 623 14 08
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e-mail: wet@wetgiw.gov.pl

PLANT HEALTH AND SEED INSPECTION (PIORIN)

00-930 Warszawa, ul. Wspolna 30
tel./fax (0 22) 623 23 02; (0 22) 623 23 04
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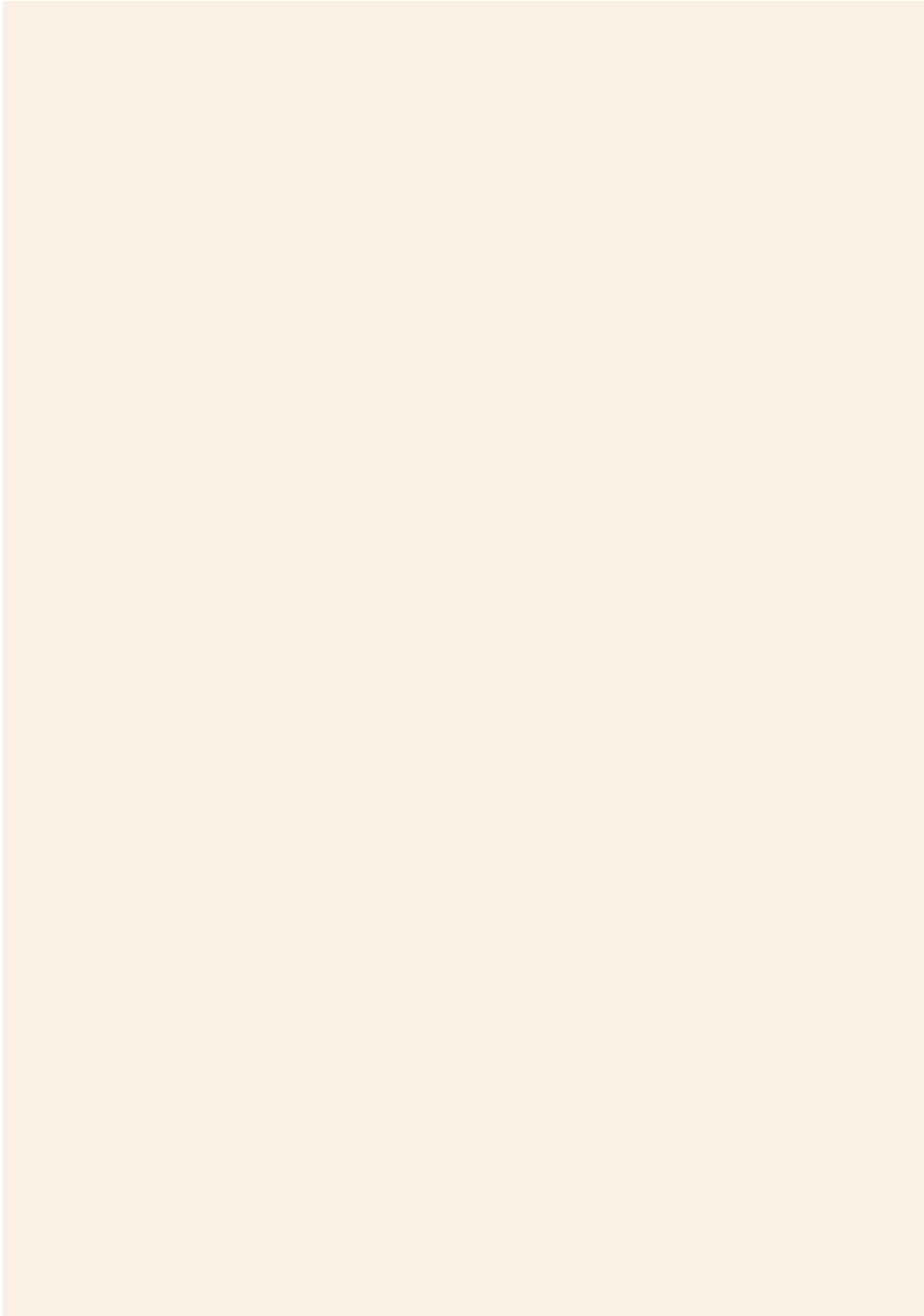
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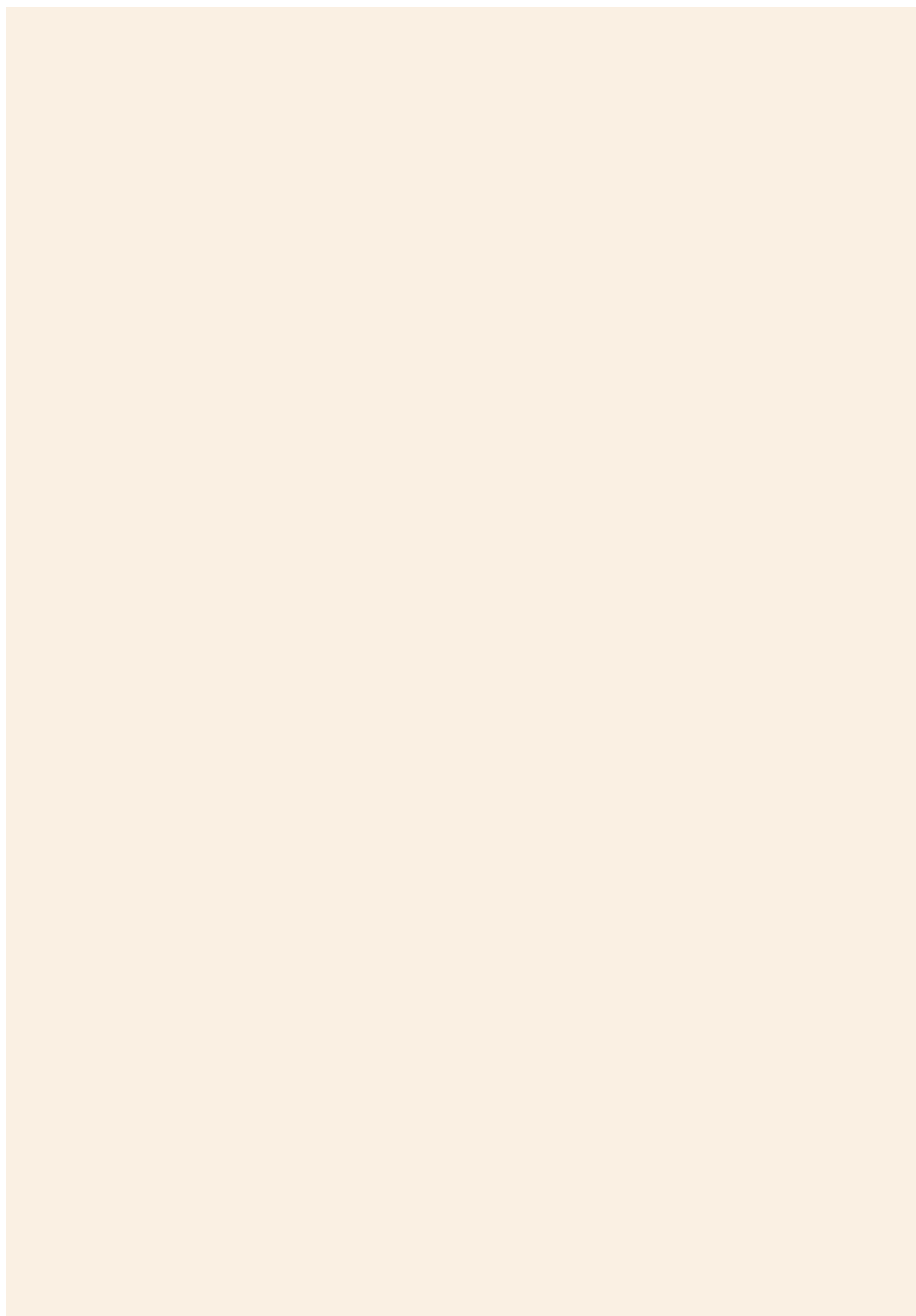
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