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Changes in agricultural production in Poland after accession to the European Union

Abstract. The first part of the paper presents the issue of the Common Agricultural Policy and next it presents the development of Polish agriculture in the structures of the European Community. The paper presents the changes in the agrarian structure in Poland after the accession to the European Union. Special attention is paid to crop and livestock production.

Key words: Polish agriculture, crop and animal production, the European Union, the Common Agricultural Policy

Introduction

Agriculture constitutes a very important sector of the Polish economy. Political and economic changes that are taking place in Poland have created new opportunities and posed challenges for agriculture and rural areas. They are connected with the necessity to restructure and modernise the Polish agricultural sector as well as the need to enhance social and economic cohesion in the country. The accession of Poland to the European Community on May 1, 2004 became a condition for those changes. The aim of the article is to show the development and changes in Polish agriculture before and after the accession to the European Union.

Material and research method

The materials used in the article come from reports published by the Institute of Agricultural and Food Economics – National Research Institute. The data of 1998 and 2009 reports are compared. The year 2004 marked a breakthrough in Poland because of the accession to the European Union. The article presents a comparison of growth dynamics and, based on that, conclusions regarding Polish agriculture are formulated.

The Common Agricultural Policy

The Common Agricultural Policy refers to all activities in the agricultural sector carried out by the European Union in order to fulfil the decisions of the Treaty of the European Union. It covers agriculture, forestry, vineyard production and gardening.

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Thanks to the Common Agricultural Policy, it is possible to maintain the dominance of a family-owned farm in agriculture, the basis of the agricultural system in the European Union and the protection of the model of rural areas developed throughout history, the so-called European Agricultural Model. Its main characteristic features include [Wspólna ... 2012]:

- Competitive agriculture that is able to gradually increase export without excessive subsidies;
- Balanced development of rural areas in the European Union;
- Methods of agricultural production that are friendly for the environment and guarantee a supply of high quality healthy products, which meet public demand;
- Agriculture balanced with long traditions, not only oriented on efficiency but also paying attention to rural environment and landscape, providing the society with food and increasing employment;
- Simpler, understandable agricultural policy, which clearly distinguishes between the decisions made by the Community and those that should remain within the competence of member states;
- Agricultural policy that guarantees that the costs of its implementation are justified by the farmers' activities expected by the society.

Developing production, the food-processing industry and connections with the global market, the European Union created an extremely complex economic and legal system of developing the market and maintaining agrarian prices, supporting farm modernization and development of rural areas and rural communities, promotion and subsidizing export. It is necessary to state that the European Union spends half of its annual budget on these tasks (over €40 billion). These include funds from countries' domestic budgets (€15-20 billion). The support for Polish agriculture is estimated to be \$0.8 billion annually. Additionally, agriculture is also extensively financed by consumers [Wspólna ... 2012].

One of the tasks of the Common Agricultural Policy is to guarantee 'satisfactory' income from agriculture [Traktaty ... 1957]. The income of people employed in Polish agriculture, as with most European Union countries, is below the national average [Floriańczyk 2003].

Changes in Polish agriculture after accession to the European Union

Polish agriculture is characterized by its disintegration into a large number of small farms. The average farm size is increasing gradually and in 2010 it was close to 8.6 hectares (in 2009 it was 8.0ha). The average farm size in the European Union is about 18 hectares. In Polish agriculture there is considerable over-employment and at the same time unemployment and low level of productivity. It can also be observed that there is a big proportion of people working in agriculture, forestry and fishing industry (residents of rural areas who do not work in agriculture make up 22.2%). Almost 11.5% of farms and 9.6% of people from rural areas earn their living in agriculture. There is a high percentage of farms processing their products. This is proof that rural areas in Poland are agricultural in particular. The percentage of people working in Polish agriculture is four times higher than in other European Union countries (in Poland, 25.8%; in European Union countries, 5.5% on average) [Rolnictwo ... 2011].

It is necessary to point out that Polish farmers are young because about 1/3 of all farm owners of farms bigger than 15 hectares are below the age of 40. This results in their higher flexibility in adjusting to new work conditions and domestic and international markets. However, the problem of Polish rural areas is a low level of education for youths. This is connected with the high cost of education in secondary schools and at universities. Families that earn their living in agriculture cannot afford educating all their children and this results in problems with finding employment in sectors other than agriculture [Instrumenty ... 2009].

In comparison with the European Union, the price of land in Poland is not high. The low price of land is a consequence of its low quality. However, some land price differences between regions can be observed. In regions where there is a high level of agricultural development, interest in land purchase is bigger. Cheap land encourages foreign investors to treat land purchase as a way to invest their capital. Polish land has maintained its unique quality in Europe because of the following characteristic features [Pięc ... 2009]:

- the varied lie of the land (big variation in soil and climate conditions creates an opportunity to find a multiplicity of different settlement areas and natural landscapes);
- the type of agriculture that has been lost in other European Union countries.

After the accession of Poland to the European Union, in comparison with the pre-accession period, we can observe a clear decline in arable land in hectares, which is illustrated in Table 1.

Table 1. Land-use change in Polish agriculture (2000-2009)

Dynamics	2000	2004	2009	2009
	1995	2000	2004	1995
Agricultural land	98,9	88,7	98,7	86,6
Arable land (sown land)	98,4	90,2	95,5	84,8
Permanent plantations	88,5	108,1	119,2	114,2
Permanent pastures	95,7	86,9	94,5	78,6
Other	116,4	130,6	113,9	173,2

Source: A. Judzińska, W. Łopaciuk: Wpływ Wspólnej Polityki Rolnej na rolnictwo. IERiGŻ, Warszawa 2011, p. 51.

The area of farms smaller than 1 hectare increased but their number decreased. After the accession to the European Union, the number of farms went down by 28% and their area by 3%. The development of big farms lost momentum but arable land acquisition by farms from 20 to 50 hectares continued. Purchases were from both: small farms, the number and area of which decreased and bigger ones, the number of which increased despite the decrease of their area. The suppression of the number of the biggest farms is connected with the introduction of a regulation imposing an area limit for family-owned farms and the end of lease periods in the second half of the previous decade. On the other hand, the number of farms smaller than 1 hectare decreased by 27%. The decline in the number of small (1-5 ha) and medium (5-10 ha) size farms was smaller (from 25 to 16%). But their area also went down and the change was biggest in the group of farms between 10-20 hectares. The changes show that Polish agriculture, irrespective of how big the

changes are, is still disbursed into a large number of small farms. Figure 1 presents a detailed characteristic.

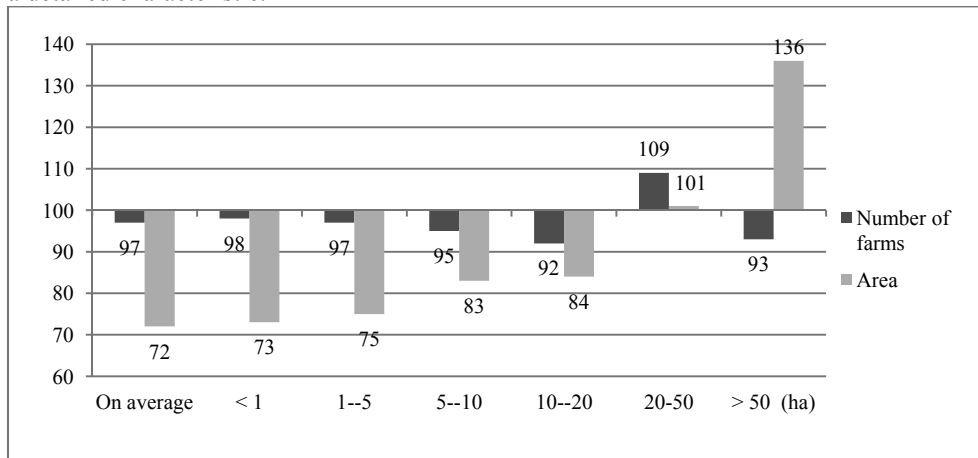


Fig. 1. Changes in the agrarian structure in Poland after the accession to the European Union (1998-2009)

Source: A. Judzińska, W. Łopaciuk: Wpływ Wspólnej Polityki Rolnej na rolnictwo. IERiGŻ, Warszawa 2011, p. 52.

After the accession to the European Union, there were no major changes in the share of plant cultivation and livestock production. There were some changes within those individual sectors. The share of industrial plants production and gardening increased while the share of potato cultivation decreased. Figure 2 presents this data.

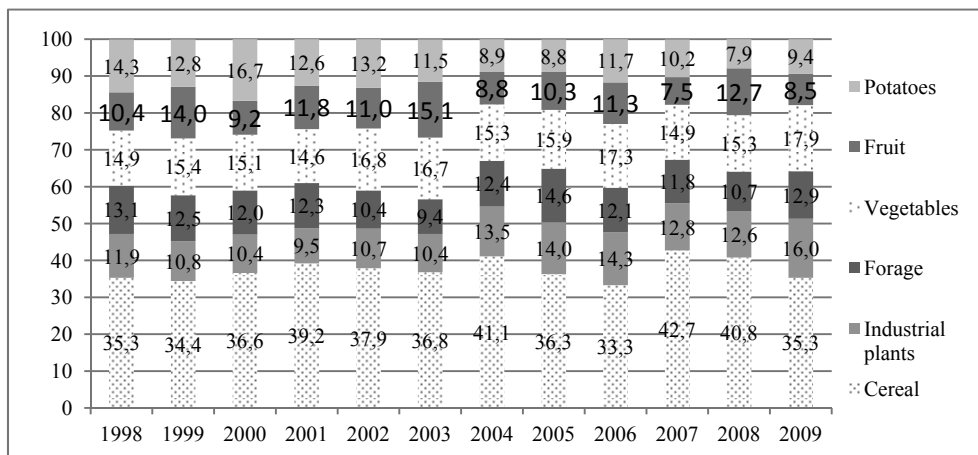


Fig. 2. The structure of plant cultivation in the Polish agriculture (%)

Source: A. Judzińska, W. Łopaciuk: Wpływ Wspólnej Polityki Rolnej na rolnictwo. IERiGŻ, Warszawa 2011, p. 55.

Poland is also known as a producer of vegetables, including cabbage, carrot and onion. Polish berry-fruit, especially strawberries and red and black currants are appreciated on the European Union markets. It is necessary to focus on Polish strawberries, which differ from those produced in other countries – they have a unique taste and flavour. The best-known Polish orchard products include apples, cherries and plums.

As Figure 3 shows, the share of maize and other grains, especially triticale and grain mixes, in the structure of grain production increased. However, the share of rye decreased.

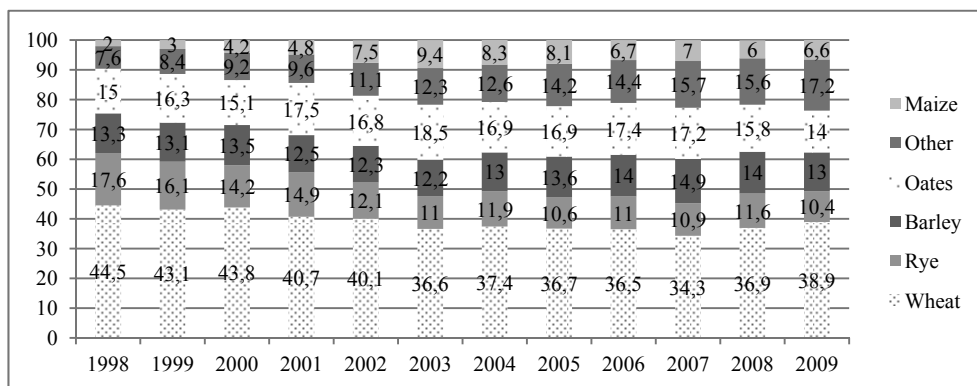


Fig. 3. The structure of grain production in Poland (%)

Source: A. Judzińska, W. Łopaciuk: Wpływ Wspólnej Polityki Rolnej na rolnictwo. IERiGŻ, Warszawa 2011, p. 56.

Within the group of industrial plants, the share of canola increased and the share of sugar beet decreased. This resulted from the sugar market reform in the European Union. Detailed data regarding this issue are presented in Figure 4.

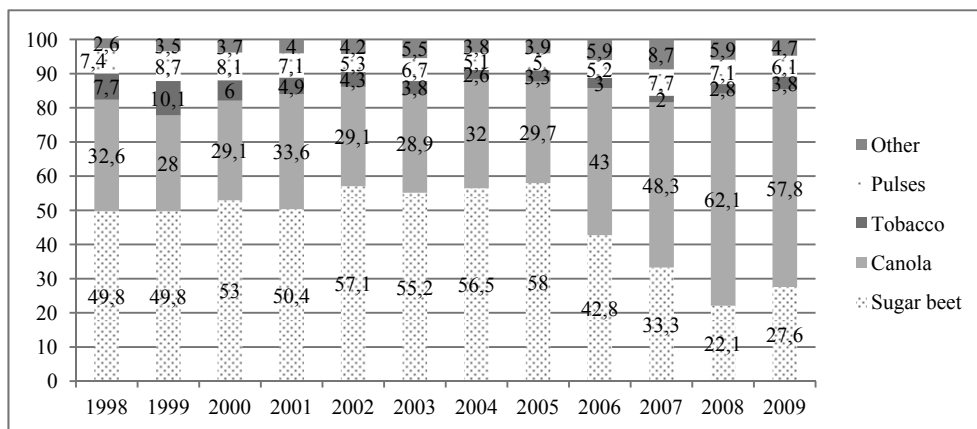


Fig. 4. The structure of industrial plants production in Poland (%)

Source: A. Judzińska, W. Łopaciuk: Wpływ Wspólnej Polityki Rolnej na rolnictwo. IERiGŻ, Warszawa 2011, p. 56.

In the livestock production, the biggest changes were connected with the decrease in the share of pig production. At the same time the importance of poultry, eggs and beef production rose (Fig. 5).

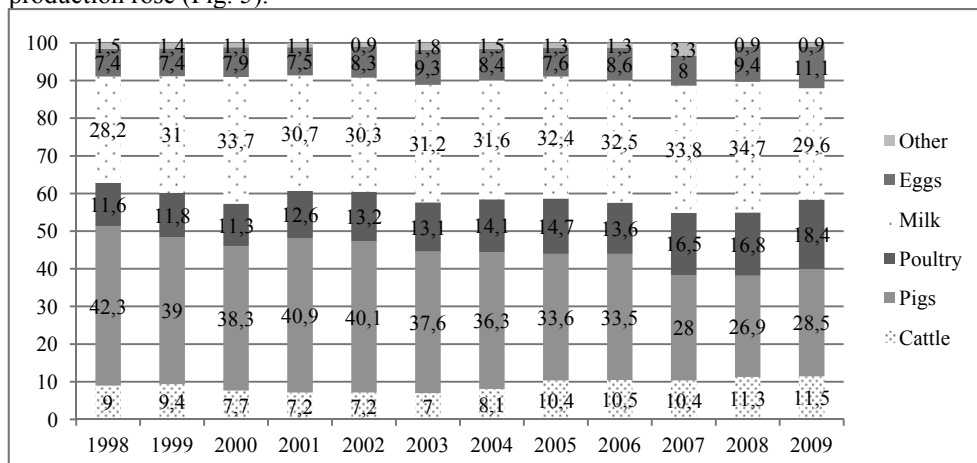


Fig. 5. The structure of livestock production and production milk and eggs in Poland (%)

Source: A. Judzińska, W. Łopaciuk: Wpływ Wspólnej Polityki Rolnej na rolnictwo. IERiGŻ, Warszawa 2011, p. 57.

Based on Figure 5, it is necessary to point out that the share of milk production remains unchanged.

Conclusions

It must be pointed out that Poland is a country, where in the course of the political and economic transformation and then as a result of the accession to the European Union there were substantial changes in agriculture and that this has had an important impact on domestic economic results. However, the sector continues to be important for the country's economy.

Literature

Instrumenty oddziaływania państwa na kształtowanie struktury obszarowej gospodarstw rolnych w Polsce. Rola systemu ubezpieczenia społecznego rolników w kształtowaniu tej struktury. Stan obecny i rekomendacje na przyszłość oraz propozycje nowych rozwiązań dotyczących tego obszaru dla systemu ubezpieczeń rolników.[2009] IERiGŻ, Warszawa, p. 55.

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