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POLISH COUNTRY VERSUS COMMON AGRICULTURAL POLICY IN THE EU

Summary

When compared to other states of the EU, Poland is a country in which rural areas play special role. 38.1 % of the population live in the country and rural areas cover 93.4 % of the country's territory. People employed in agriculture make more than 20% of the whole workforce, so a few times more when compared to the EU. Simultaneously, farms are significantly smaller than in the „old'' membership countries.

A historical feature of the Common Agricultural Policy (CAP) of the EU has been presented in this work. The scope of the CAP reforms, as well as their influence on formation of the agricultural policy in Poland have been discussed. Both sources and the level of subsidy costs to agriculture have been presented. Aid programmes for farms have been analysed, both the already executed and those which undergo implementation. The considerations were based on analysis of the most recent documents and articles related to the above-mentioned issues.

Key words: Common Agricultural Policy of the EU, restructuring and modernization of agriculture, aid programmes, integration of land property, arrangement of agricultural areas

INTRODUCTION

For the majority of Poles, the country is their place of birth. Until 1980's, rural population made-up the majority of Polish society. However, the progressive development of urban civilization in global dimension caused that the majority of citizens of European, American and Asian states live in cities/towns. This process did not omit our country either. Nevertheless, country settlement units of different levels play an important economic, social, ecological and cultural role. One shall encounter the following features as the most distinctive elements of the Polish country:

– agriculture which fulfils the leading function in the majority of villages,

– culture which preserves the most significant values of spiritual and material heritage of the nation,

– landscape which is very rich thanks to physiographic, genetic and natural variety.

Integration of Poland with the European Union means big changes for population living in rural areas. Two basic structures: land usage and managing undergo the processes of economic and social transformation. Targets of the Common Agricultural Policy of EU member states and benefits it may bring to Polish farmers, make up the subject of this work.

HISTORICAL FEATURE OF THE COMMON AGRICULTURAL POLICY OF THE EU

The very beginning of the Common Agricultural Policy (CAP) goes back to 1950s. After devastating years of the Second World War, the countries of Western Europe were plunged into crisis. The poorly developed agriculture did not guarantee the sufficient supply of food. Therefore, the Common Agricultural Policy concentrated itself on increasing the efficiency of agricultural production. The Common Agricultural Policy offered farmers some subsidies and guaranteed the prices. Agricultural investments were given financial support, which, in turn, led to enlarging the areas of farms, as well as guaranteed technological development and proper management.

Thanks to the Common Agricultural Policy, the self-sufficiency of agriculture was achieved, so starting from the middle 1970's, the European Union faced the problem of a surplus of products. Part of it was dedicated to export, the rest was stored in countries of the Union. Nevertheless, the surplus created a big burden to the budget. It did not always serve good to farmers' interests, sometimes it even led to destabilization of some global food markets. The Common Agricultural Policy started to be a subject of more and more acute criticism of the consumers and tax-payers of EU countries. Simultaneously, a new element cropped up, i.e., the social interest in the impact exerted by the agriculture on natural environment .

The 1990's brought about principal changes into the Common Agricultural Policy. Production limits reduced surpluses. Ecological agriculture also contributed to this factor, as it was continuously developed and supported for 20 years. The agricultural producers were forced to pay close attention and to undertake quick reaction in response to the variable needs of the society. This, in turn, gave a guarantee of getting permanent direct subsidies.

The above-described shifting of priorities shaped a new policy of country development which supported many rural initiatives, helping farmers to broaden their activity, to improve product marketing and to restructure the economy.

In 2003, further reform of the Common Agricultural Policy was agreed. Since then, the farmers have not been paid only for production of food. At present, the Common Agricultural Policy results from the market demand. First of all, the consumers and tax-payers' interests are taken into account; simultaneously, the EU farmers have free choice in production, so as to meet the market demands.

On May 1st 2004, Poland found itself in political and economic structures of the EU. Therefore, Polish agriculture began to subject to common EU legal regulations.

In the former days, the more aid an EU farmer received, the more he produced. Currently, he still receives direct subsidies to keep the income stable. However, the farmers will have to obey the environment protection regulations, as well as safe food and animals' health regulations. Those farmers, who will not manage to meet them, will have to take into account some lowering of the rates of direct subsidies. A feedback between the subsidy and production should be a stimulus of competitiveness and greater marketising of production.

The Common Agricultural Policy has been existing for more than 40 years and is one of the most important European policies budget makes a significant part of the EU budget. During the first years of existence of the EU, the Common Agricultural Policy made up to 2/3 of total budget expenses. However, budget discipline and right reforms of agricultural production decreased the share of the Common Agricultural Policy in the EU budget.

The Common Agricultural Policy amounts to about 50 billion Euro annually. It makes about 45% of the total EU budget. However, the reducing trend of share of the Common Agricultural Policy in total expenses still persists. In 1990's, it made 0.54 % of the GDP (of the Union), whereas in 2004 – 0.43 %.

It was foreseen that by 2013 it will amount to about 0.39 % of the GDP. Thus, it diminishes much more quickly than the Union public expenses [Polska wieś...2006].

POLISH COUNTRY VERSUS COMMON AGRICULTURAL POLICY

A reform of the Common Agricultural Policy introduced in Luxemburg in 2003 breaks off with dependence of the subsidies' level on production volume, what leads to further marketising of the agricultural sector. In Poland, from the very beginning of functioning of the Common Agricultural Policy, the size of area subsidy does not depend on the production level, but on the area occupied by a farm. In the years to come, the level of subsidies will be gradually in-

creased, until –the assumed financing from the domestic budget equals to the level of contributions of countries of the ”old” EU in 2010.

The EU offers many actions to the benefit of Polish country and agriculture. Starting from the pre-accession programme (the SAPARD), through a Plan of Development of Country Areas (PROW), up to the Sector Operative Programme (SPO): the restructuring and modernization of the food sector, as well as development of rural areas (the agricultural SPO), the Union means have found their way to Polish farms, businessmen and self-government bodies [Sektorowy program... 2004-2006]. Polish villages received 4059 million Euro in the years 2004-2006 from the EU budget, from PROW and the agricultural SPO [Polska wieś...2006].

Polish rural areas undergo dynamic structural and qualitative changes. Gradually initiated processes of numerous adaptations, new organization of production and shaping of new type of market connections, are aimed at making both the Polish country and agriculture more effective and competitive in Europe. This activity is indispensable and is purposed to solve such problems like structural unemployment, underinvestment, low income, low level of education, limited access to culture, resting and specialist medical care. The biggest scale of problems in this scope occurs in provinces of the Eastern Poland [Kawałko 2007].

For the years 2008–2009 it has been planned, within the frames of settlements of the reform of 2003, as well as in result of the decisions regarding the perspective for the years 2007–2013, to accomplish a review of the Union's budget and to evaluate the current shape of the Common Agricultural Policy. The discussion will concern not only the programmes constituting the first pillar of the Common Agricultural Policy (i.e. direct payments and market intervention), but also the second pillar - the Policy of Development of Rural Areas (PROW) [Klimczuk 2007]**.** In February 2007, the European Council resolved strategic guidelines for the Community related to development of rural areas (programming period: 2007–2013). Their aim is to achieve the targets of balanced development, as agreed in Göteborg, and to participate in execution of the renewed Lisbon strategy for the benefit of economic growth and employment. Together with executive regulations, these guidelines makeup a basis for future negotiations in matters covering 96 programmes for development of rural areas. In order to simplify the Common Agricultural Policy with the benefit for the farmers, administration and companies, the Committee proposed to establish a common organization of market, servicing all agricultural products which would replace the existing 21 common market organizations [Komunikat Komisji...2007].

In the years 2007–2013, Poland will be the main beneficiary of the Common Agricultural Policy. We will receive more than 13 billion euros, which is the most among the current EU members.

AID PROGRAMMES FOR FARMS

Aid programmes for the farms cover nine working areas.

1. Supporting the agricultural activity on areas of unfavourable conditions of farming. The so called ONW (Areas of Unfavourable Farming Conditions) fund is a financial support purposed for farms located in areas where agricultural production is hindered due to unfavourable natural conditions. Subsidies counteract depopulation of rural areas and losing its agricultural character. The extra charge of ONW type for farms located in the mountain areas amounts to PLN 320 per hectare; in the lowland areas in zone I – PLN 179 per hectare and in zone II – PLN 264 per hectare, as well as for farms located in areas of specific hindrances: PLN 264 per hectare.

2. Support of low-productivity farms is purposed to improve competitiveness and to accelerate restructuring of agricultural farms of small economic potential. The aid is rendered in form of a bonus paid once a year in the amount of PLN 5878 per farm, but during five succeeding years

3. The investments in farms are intended not only to improve the competitiveness of farms, but also to enhance the status of natural environment and landscape. The level of aid varies from 50% to 65% of reimbursement of investment costs and cannot exceed PLN 300,000.

4. Support agriculture-environmental undertakings and improvement of animals' living conditions. The program promotes the system of agricultural production led in a way that complies with the requirements of environment protection and covers seven packets:

a) balanced agriculture, which aims at balancing fertilize economy, as well as keeping appropriated sequence of plants cultivated in farm;

b) ecological agriculture;

c) keeping extensive meadows, which consists in restoration or continuation of mowing the meadows of high natural values;

d) keeping the extensive pastures – it is related with restoration or preservation of extensive pasturage on valuable (from the point of view of nature) semi-natural pastures;

e) protection of soil and water, which covers applying supplementary crops and inter-crops, which limits the erosion, including washing-out nutrients from the soil;

f) buffer zones, which cover creation of 2- or 5-meter wide strips along contact line between surface waters and arable land in order to limit the run-off of agriculture pollutions;

g) keeping local races of farm animals, what is related with keeping cultivation and breeding of the animals' races menaced with extinction (cattle, horses, sheep).

In the whole country, the following packets are being implemented: ecological agriculture, protection of soils and waters, buffer zones, as well as preservation of local farm animals' races. The amount of payment depends on the kind of packet under implementation. It is defined for the period of five years. For example, in the packet „balanced agriculture", the payment amounts to PLN 160 per hectare.

5. Foresting of agricultural areas aims at increasing forest areas, as well as maintenance and strengthening their ecological stability. The amount of payment depends on the range of carried-out works and amounts to, e.g., for foresting: from PLN 4300 to PLN 5000 per hectare, care bonus from PLN 420 to PLN 1100 per hectare per year, as well as foresting bonus from PLN 360 to PLN 1200 per hectare per year.

6. Development and improving technical infrastructure related with agriculture aims at increasing agricultural incomes, as well as protection and enhancement of natural environment status. The maximum level of financial aid may amount up to 50 times the qualified costs incurred by farm on particular investment. The upper limit of financial aid depends on the type of project. For example, for construction of a new or modernization of an old inner village road, one can get PLN 200,000 .

7. Implementation of a programme of structural rents aimed at improvement of structure of agriculture farms and their productivity. Particularly, it concerns providing incomes for farmers who would give up running agriculture business at pre-pensioning age and lowering an average age of people running agriculture business. The lowest structural rent paid-up every month amounts to PLN 1181 whereas the maximal one – PLN 2475. The rents are paid-up for the period of at least 10 years.

8. Facilitating the start of young farmers shall significantly help them in setting-up or taking-over farms by them, as well as support modernization of these farms. The level of single aid amounts to PLN 50,000 regardless of the farm size.

9. Differentiating agricultural activity and activity being close to agriculture. The aim of the programme is to develop multi-functional farms, the incomes of which will not originate from agricultural production only. Financial aim is distributed on investment tasks in the following areas:

a) agro-tourism,

b) services related with tourism and recreation;

c) services for agriculture and forestry;

d) processing of food products and edible forest products run on small scale;

e) direct sale of products originating in majority from own farms;

f) production of energetic materials from biomass, as well as setting up plantations of perennial plants purposed for energetic targets;

g) craft and handicraft;

h) small services for the benefit of occupants of country areas;

i) the e-commerce – sale or promotion of agricultural products by the internet.

The maximum level of financial aid amounts to 50% of investment cost, but it cannot exceed the amount of PLN 100,000.

SUPPORT IN FINANCING AND LAND PROPERTY INTEGRATION

Polish access to the EU structures resulted in the fact that in 2006 the process of rural areas' restructuring integration started, what is a common mechanism in the EU. Its main target is to provide a proper spatial organization of food production of the farms, including increasing their production thanks to domestic and EU financial grants purposed for rural areas' development.

In Poland, since the beginning of the 20th century, land property integration has been broadly conducted [Gospodarka ziemią...1997]. Simultaneously, in the EU, since 25 years, a complex reconstruction of rural areas, mostly their spatial structure, is conducted basing on land property integration. Other investment tasks are also conducted by the way of this opportunity, including: installing water and sewage networks, organizing places for utilizing solid wastes, entrepreneurship development, including tourism and agrotourism, as well as environmental investments.

Currently, Polish farmers do not expect classical integrations only, but complex actions. The works can be executed in two variants: complex land property integration or classical organization of a rural area. Applying the first variant is proper for areas of improper division of grounds, particularly in central, south and south-east Poland. On the other hand, complex ordering works shall be conducted in other parts of the country, particularly in the north, where not only integrations, but also parcelling out of big farms are required [Woch 2006].

Complex land property integration covers works from the area of agricultural production space, conducted basing on integration process as well as partial score of tasks covering environment protection. Agricultural devices enlarge this scope by issues connected with technical infrastructure in rural areas, environment protection and entrepreneurship active thereof. On the other hand, development of rural areas covers full scope of technical works, including village buildings. Such model is applied in most of the EU states.

Within the Sector Operational Program, point 1.5 concerns „agricultural grounds' integration" [Sektorowy program...2004-2006]. It covers such elements as: aim of the action, level of the offered help, the beneficiary, conditions of gaining the support and conditions for applying for support. According to the quoted document, the following works are covered with support:

– works connected with preparation and execution of integration projects, including preparation of proper legal and geodesic documentation,

– works connected with post-integration management, including: organizing farm transport roads, organizing the area, providing the access for newly established grounds, correction of melioration tracks, ducts, etc.

Financial aid is provided in the way of total, 100% reimbursement of qualified costs, with the EU share up to 80% of the total qualified cost. Such big share of the EU support in financing integration works shall enhance: district and voivodship authorities, Agricultural Geodesic Offices, Agriculture Restructuring Agency, Regional Steering Committees and the farmers themselves for successful organization of the works. On the other hand, it shall be considered whether a huge administration machine is required for these works.

To solve the problem of improper division of agricultural grounds in Poland with such rate as in the recent 10 years (20 – 30 thousand of hectares/year), nearly 150 years would be required, rising up to 200 years in central, south and south-east Poland [Woch 2006].

CONCLUSIONS

1. In the period 2007 – 2013, Poland will be the main beneficiary of Common Agricultural Policy (over €113 billion). It is important to let the financial support change the spatial-production structure of Polish farming and let it function on more commercial and liberal conditions. However, a broad set of transforming actions in social and economic sphere can have negative impact on the cultural, landscape and environmental values of the Polish country. For instance, in villages of attractive landscape and climatic locations, reorganization from agricultural to agrotourist function should take place. In mountain regions, stock farms shall prevail over crops farms.

2. According to the forecasts of the Central Statistic Office concerning changes of total population and rural population, only in Poland the share of rural population can increase up to 42.6% in 2030. In other EU countries, this share will be lower than in 2005. The forecasted lowest share of rural population will characterize: Belgium – 2.0%, Luxemburg – 4.7%, Malta – 5.1%, United Kingdom – 8.0%, Germany – 8.1%, while the highest: Slovenia – 40.2%, Slovakia – 35.1%, Finland – 32.1% and Portugal – 31.3%. This data proof that modernization of agriculture in Poland will be a long and complex process. However, structural changes in Polish rural areas shall lead to developing three basic kinds of villages:

a/ integrated rural areas, within the area of gravitation of agglomerations and big cities,

b/ medium rural areas of supreme share of agriculture, including big farms,

c/ peripheral rural areas, characterized by low and decreasing population density [Kawałko 2007]

3. In the Programme of Development of Country Areas for the years 2007-2013, there are 23 actions aiming at supporting agriculture and villagers. 15 tasks were transferred to the competence of the Agency of Restructuring and Modernization of Agriculture, and 8 are to be accomplished by the province self-governing bodies.

Poland submitted readiness to accomplish PROW on January 1st, 2007. The ARiMR implemented only just four undertakings, i.e., undertakings related to structural pensions, forestation, producer groups and areas of unfavourable conditions for farming.

The date of starting of the following four actions, i.e.: modernization of agricultural farms, facilitating the start for young farmers, increasing the added value of agricultural and forest production, as well as differentiating directed towards non-agricultural activity have already been postponed twice: firstly in September 2007, and secondly – in May 2008.

Lack of indispensable informatics system is the reason of the above-mentioned delays. This in turn results from lack of competence and poor quality of work of successive presidents of the AriMR [ABW zbada...2008]. The above described situation proves that CAP of EU states which is favourable for Poland can be sabotaged by clumsy officials who do not fulfil international obligations. Aid directed to Polish village is really significant, nevertheless, the only problem we are facing now is, if we can make full use of it.

4. Thanks to Union's funds, the integration works are becoming more and more vivid and take form of complex agricultural devices. Not only grounds' division of individual farms are being improved, but the whole village is being equipped with technical infrastructure as well. Moreover, some works have been undertaken aiming at protection of natural and cultural environment.

5. A huge demand for complex agricultural devices of rural areas creates a need for permanent education of well qualified geodetic engineers specializing in agriculture devices. Education programme run in frame of studies subject "geodesy and cartography" at the Faculty of Environmental Engineering and Geodesy of the Agriculture University of Kraków perfectly meets this need. It has been educating geodetic engineers in this line for 43 years.

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