

*Maria Magdalena Grzelak**

THE ADVANTAGES AND COSTS OF IMPLEMENTING THE INSTRUMENTS OF THE COMMON AGRICULTURAL POLICY IN POLISH FARMING

1. Introduction

Discussions about the advantages of Poland's accession to the EU often focus on its financial outcome, mainly direct subsidies and the increase in prices of agricultural goods. After adopting Agenda 2000 in the Common Agricultural Policy (CAP) direct subsidies play a more substantial role in farmers' income. Another result of that reform is the fall of prices of agricultural goods (cereals, oil crops, high-protein crops, beef). Yet still in many cases they are higher in the EU than in Poland.

One should keep in mind that higher prices in the EU are linked with higher quality. Aiming at such quality may entail additional costs for food producers. When comparing between countries one has to take into account exchange rates; they are difficult to guess and their impact on the estimated advantages is considerable. The cost of purchasing materials and services for agricultural production in Poland has been slowly increasing, recently at the speed similar to the inflation level. After joining the EU farmers can expect that some costs of agricultural production will rise, especially those of the material for sowing and animal raising.

Another factor vital for the advantages and costs of the integration is production quotas and limits. The volume of those allocated limits is decisive for the scope of using the Polish production potential, for preserving jobs and sources of income in Polish agriculture.

This paper is an attempt at assessing potential advantages and costs of Polish agriculture's integration with the EU. I will pay special attention to the transfer

* PhD., Chair of Economic and Social Statistics, University of Łódź.

of financial means from the EU budget to Poland, to the system of direct payment as well as to production quotas and limits.

2. The transfers of financial means from the EU budget to Poland¹

When Poland joins the European Union, Polish agriculture and rural areas will receive about 7229 million euros in 2004–2006 (from the EU budget only) in the framework of the Common Agricultural Policy. Annually, it will amount to the average of 2409 million euros, i. e. about twice as much as the budget expenditure for agriculture (except for KRUS – Agricultural Social Insurance Fund) in 2002 (5085 million zlotys, i. e. 1271 million euros). These means will be connected with:

◆ Direct payments: in 2004, 2005 and 2006, 835 million euros, 957 million euros and 1077 million euros respectively (which totals 2869 euros) from the EU budget. The possibility of increasing direct payments to the limits of 55%, 60%, 65% of the EU level respectively in 2004–2006 has been negotiated. Direct payments with the highest national subsidy may amount to 1448 million euros, 1638 million euros and 1840 million euros – which totals 4926 million euros.

◆ Market intervention and export subsidies: 135 million euros in 2004, 350 million euros in 2005 and 377 million euros in 2006, which totals 862 million euros.

◆ Rural development: 647 million euros, 769 million euros and 887 million euros respectively in 2004, 2005 and 2006, which totals 2302 million euros.

◆ Structural funds in agriculture: the total of about 1196 million euros in 2004–2006 for the Sector Operational Programme.

Polish agriculture will moreover be able to receive national subsidies as a form of national aid.

3. Direct payments

As it was decided during the accession negotiations, Polish farmers will be able to use the system of direct subsidies. Direct payments in 2004, 2005 and 2006 can amount respectively to 55%, 60% and 65% of the EU rates levels (Table 1). The highest level of direct subsidies will consist of:

• 25%, 30% and 35% of direct payments financed from the first pillar of the CAP;

¹ *Informacja na temat zakończonych negocjacji akcesyjnych z UE w obszarze "Rolnictwo"*, Warszawa 2003.

- a part of the means moved from the second pillar of the CAP (EU means and obligatory state subsidies), which will enable to raise the payments in the given years to 36%, 39% and 42% of the target level;
- a further raise of direct payments to the above-mentioned limits (55%, 60%, 65%) can take place thanks to the national budget subsidies (see Tab. 1).

It should be noted that at that time the share of the EU support from the first pillar of the CAP and the share of the state budget means will rise, while the share of the means from the second pillar of the CAP will fall.

Table 1. Sources and level of financing direct subsidies for Polish farmers in 2004–2006 (%)

Years	EU means for direct subsidies from the first pillar of the CAP	Means moved from the second pillar of the CAP, including additional means from state budget	Means from the Polish state budget	Total
2004	25	11	19	55
2005	30	9	21	60
2006	35	7	23	65

Source: *Dopłaty bezpośrednie dla polskich rolników*, Rada 2/2003, Bratoszewice 2003.

From 2007 the level of direct subsidies will gradually increase, but the way of their financing will change. The money assigned for rural development (the second pillar of the CAP) will not serve as subsidies, but their level will be completed by up to 30% per year from the national budget. In this way the level of full direct subsidies could be reached by 2010.

Table 2. Sources and level of financing direct subsidies for Polish farmers from 2007 (%)

Years	EU subsidies for direct payments from the first pillar of the CAP	National subsidies	Total
2007	40	30	70
2008	50	30	80
2009	60	30	90
2010	70	30	100

Source: As same as Tab. 1.

It has been decided that a simplified system of direct subsidies will be applied. That system will operate in the first three years of our membership and can be prolonged for another two years until 2008 included. It seems that the introduction of the simplified system will enable to use more efficiently the financial means that the EU will put at Poland's disposal in the initial years of its membership, and to gain experience necessary for an effective implementation of more complicated procedures of the standard system of direct subsidies.

The following rates of area subsidies will function in the simplified system:

a) **the base subsidy rate** for each hectare of the Utilised Agricultural Area (UAA) in a farm, corresponding to 25%, 30% and 35% of the state quota divided by the total area of the UAA in Poland;

b) **the rate of the additional area subsidy for the tillage area** covered with direct subsidies in the EU (cereals including maize for grain and fodder, oil crops, high-protein crops, flax and hemp, pulses, tobacco, hop, starch potatoes);

c) **the rate of the additional area subsidy for the fodder area** used for animal production covered with direct payments in the EU, i. e. for cattle, sheep and milk production, without the obligation of providing documentation on animal production.

Additional area subsidies will be financed from the EU means assigned for rural development in Poland as well as from the national means. It was specified in the negotiations that the highest level of subsidies (basic subsidies + additional ones) could not exceed 55%, 60% and 65% of the EU level in the first three years of membership. Additional subsidies will exclude those cultures which are not allocated direct support in the EU (mainly non-starch potatoes, sugar beet, fodder crops except for maize, fruit, vegetables and others).

Differentiating between the rates of area subsidies for the directly subsidised crop and animal production in the EU and for the non-subsidised production in the EU will enable to assign additional direct subsidies to those products whose competitiveness in the EU depends on direct support.

In the system of simplified direct subsidies there will be no obligation that the part of the land (10%) set-aside. To get an additional area subsidy for meadows and pasturages a farmer will not be obliged to prove he/she owns cattle or sheep.

One has to bear in mind that direct subsidies for agricultural production in the EU are assigned on the basis of farmers' demands submitted to a payments agency. A producer has to meet several criteria to get the money. The crucial instrument for dealing with the demands for payments is the IACS system. Poland is creating such a system right now and has a lot of trouble with implementing it.

4. Estimating the rates of direct subsidies

At the moment, the rates of direct subsidies can only be preliminarily estimated. I have used the estimations of the rates of subsidies done by the Agricultural Policy Analysis Unit at the FAPA². The criteria for estimating the rates of subsidies (both basic and additional) were as following:

² *System uproszczony dopłat bezpośrednich w Polsce – funkcjonowanie i wstępne szacunki stawek dopłat, SAEPR / FAPA.*

Table 3. Comparison of the volume of production quotas proposed during Poland's negotiations with the EU and those fixed in Copenhagen

Specification	Quotas proposed by Poland during the negotiations	Quotas proposed by the European Union	Negotiated quotas
Field cultures Base area for cultures covered with direct payments Referential crop	9 263 000 ha 3.61 t / ha	9 217 667 ha 2.96 t / ha	9 454 671 ha 3.0 t / ha
Milk Total quota Gross sales Direct sales National reserve	11 845 000 tons 11 183 662 -	8 875 000 tons 6 956 919	9 380 000 tons 8 500 464 416
Animal premiums Suckler cow premium Slaughter premium for calves Slaughter premium for adult cattle Special premium for male bovine animals	1 500 000 heads 1 017 000 2 021 000 2 200 000	325 581 heads 1 200 600 2 034 300 857 700	325 581 heads 839 518 1 815 430 926 000
Sugar Base quota A quota B quota	1 866 000 tons 1 650 000 216 000	1 665 000 tons 1 590 500 74 500	1 671 926 tons 1 580 000 91 926
Potato starch Tobacco	242 000 tons 55 000	90 500 tons 38 100	144 985 tons 37 933

Source: My own analysis based on: „Podlaski rolniczy informator europejski” 2003, nr 2; Informacja na temat zakończonych negocjacji akcesyjnych z UE w obszarze „Rolnictwo”; Możliwości i sposoby argumentacji w zakresie zwiększenia proponowanych przez KE kwot i limitów produkcyjnych oraz wycena ekonomiczna zwiększenia kwot i wielkości referencyjnych.

1. *The base rate of direct subsidies* (for each hectare of the UAA) was calculated by dividing the available total quota of basic direct subsidies for Poland (25%, 30%, 35%) by the number of the eligible FL – 15,323 million hectares. By definition they will include the farmland in the farms of above one ha, which on 30 June 2003 will be maintained in a good rural culture. The preliminary GUS [Polish Central Statistical Office] data of the General Rural Census of 2002 were used for those calculations. It was assumed that 15% of fallow and waste lands in those farms would meet the criteria of eligibility for direct subsidies.

2. *The rates of additional direct subsidies*, one for crop production and the other for animal production, directly supported in the EU, were estimated as follows:

a) In the case of the subsidies financed from the means for rural development: dividing 25%, 20% and 15% of the means for rural development available in 2004, 2005, 2006 into the two above-mentioned sectors (animals and crops), proportionally to their share in the state quota of full (100%) direct subsidies which was calculated on the basis of the negotiated parameters; the resulting sector quota (sector envelope) was then divided into the area of farmland proper for that sector:

– *for crop production*, covered with direct support within the EU, it was assumed that the area that can serve to estimate the rate is the complete negotiated basis area of field cultures, as well as the area of other cultures directly supported in the EU (cereals, oil crops, high-protein crops, pulses, flax, fibrous crops, tobacco, hop, starchy potatoes). In the case of the products for which not an area but a quota (in tons) has been negotiated, the area was calculated on the basis of the average crop. Estimated that way, the complete tillage area directly supported in the EU amounted to 9.505 million hectares for Poland.

– *for animal production*, covered with direct support within the EU (cattle, sheep and milk [from 2005]), it was assumed that the area for estimation is the area of durable grassland equal to 3.514 million hectares (the preliminary GUS data of the General Rural Census of 2002).

– it was assumed that the difference between the total surface of the UAA and the area serving to estimate the rates of subsidies for crop and animal production, amounting to 2.305 million hectares, corresponds to the area of tillage which is not directly subsidised in the EU and is not eligible for additional subsidies.

b) In the case of the subsidies financed with the national support, their highest possible rates resulting from the negotiated ceilings (55%, 60% and 65% in 2004, 2005 and 2006) were estimated. It should be noted that the above-mentioned limits of support will be controlled in sectors, in line with the proposed formulation of the Accession Treaty – for the sector of crop production subsidised in the EU and for the sector of crop production subsidised in the EU.

3. The exchange rate assumed for estimating the rates of subsidies was 1 euro = 4,00 PLN

Figures 1, 2 and 3 present the estimated rates of direct subsidies in PLN per ha (with the above-mentioned assumptions).

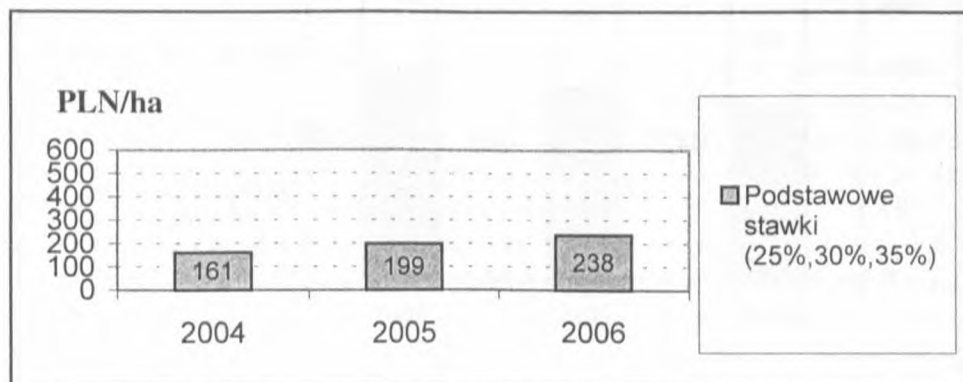


Fig. 1. Rates of base area subsidies for all UAA

Source: *System uproszczony dopłat bezpośrednich w Polsce – funkcjonowanie i wstępne szacunki stawek dopłat*, Warszawa 2003.

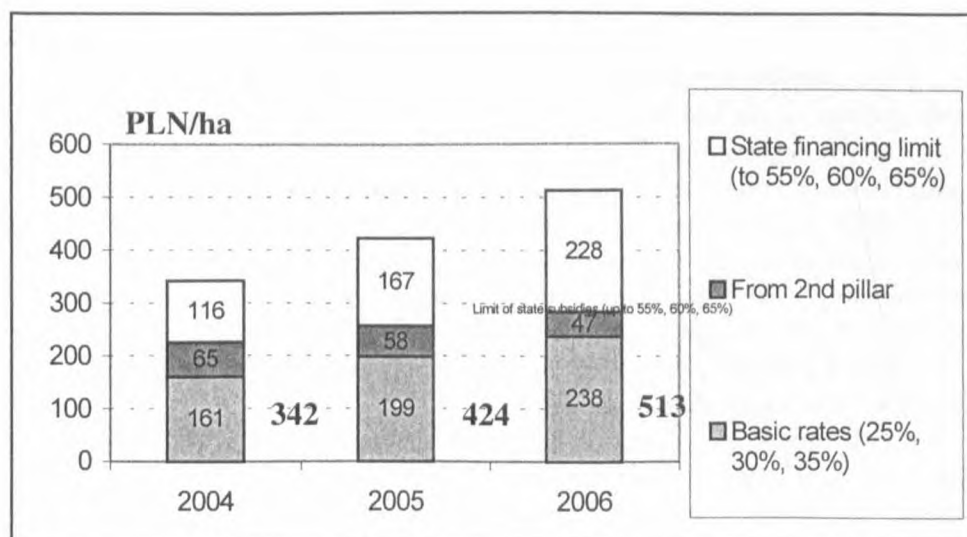


Fig. 2. Rates of area subsidies for the UAA in animal production directly subsidised in the EU

Source: As same as Fig. 1.

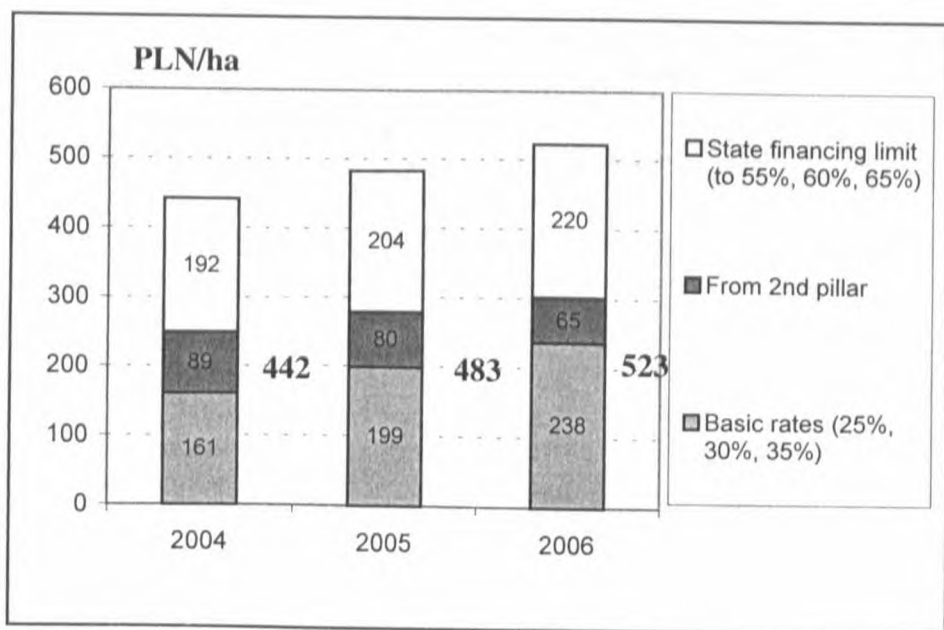


Fig. 3. Rates of area subsidies for the UAA in crop production supported with payments in the EU
 Source: As same as Fig. 1.

4. Production quotas and limits

The accession negotiations in the "Agriculture" domain were difficult not only because of the lack of a position of the EU in financial issues until the last stage of the negotiations. The EU did not take any definite stand towards our postulates concerning such vital issues as the volume of referential crop, the base area and production quotas (Rowiński, Wigier 2003). Most of Polish postulates were rejected in their entirety, while the offered volumes differed too considerably from Polish proposals. The intensive negotiations at the final stage led the EU to do change its attitude towards several issues.

Table 3 compares the quotas and paraquotas of production proposed in the initial negotiation by Poland and the EU.

Polish proposals of area of basic field cultures (cereals, oil crops, high-protein fodder crops – field bean, sweet lupine) and referential crops of cereals should be considered as moderate. During the negotiations Poland proposed to set the level of cereals production at 30.8 million tons, the resultant of the base area and referential crops ($8541 \times 3.61 = 30.8$ million tons). It was not a high

level. The differences between the Polish negotiation position and the EU position (25.9 million tons) result from assuming different referential crops. Although the volume of those crops proposed by the Polish side (3.61 t/ha) is higher than their "historical" volume, it is much lower than the crops in the eastern part of Germany (about 5 tons), in comparable climate and land conditions. There is no reason why such differences in the level of intensiveness should exist.

The base area of field cultures proposed by the Commission almost corresponds to the Polish negotiation position. It was eventually extended to include the culture of maize for silage. The referential crop proposed by the Commission (2.96 t/ha) is approximately two times lower than in the EU countries in the same climate areas as Poland.

Accepting the production capacity and the level of subsidies at 25% of the EU quota in the first year of membership, proposed by the Commission, means that the Polish farmer will receive only 13% of the average EU level of subsidies per one hectare of the UAA.

The milk production quota is one of the most important issues in the domain of agriculture. This parameter is different than the ceilings for raising beef cattle. A farmer can raise more beef cattle than the individual ceiling assigned to him; its only consequence is the lack of bonus for extra cattle. Milk production exceeding the individual quota is out of question because the farmer is severely fined (115% of the price of milk).

During the negotiations Poland postulated that a production quota of 11.845 million tons be fixed in the first year of membership and that it rise gradually in the following years. The quota would achieve its target volume of over 13.7 million tons in 2008. Such a quota would be the fourth milk quota in the EU after Germany (27.9 million tons), France (24.2 million tons) and Great Britain (14.6 million tons), which is an appropriate position, taking into account the number of inhabitants and the volume of consumption of milk and milk products recommended by food specialists. The EU wanted the Polish milk quota to be as low as possible because the Union has been producing too much milk for several years and it probably tried to avoid the trouble with the Polish surplus. Finally, the milk quota of 9380 thousand tons was negotiated, including 8500 thousand tons for gross sales, 464 thousand tons for direct sales and 416 thousand tons as a structural adjustment reserve. Accepting those proposals means that sales of milk to dairies per capita will be approximately two times lower than the average level in the EU.

Direct payments, the so-called "premiums", are given to the farmers raising beef cattle. The pre-determined production limits also serve as bonuses within the so-called "national ceiling"; the rules of their allocation are laid down by the Member States. A special premium is given to those farms which raise beef cattle extensively. It is not so closely connected with direct payments than the other kinds of bonuses and some of its features are similar to the agricultural and environmental resources. Traditionally in Poland cattle is raised for milk. Because of the negotiated quotas the development of that branch of farm production will however be limited after Poland joins the Union. This poses another problem: that of using grasslands in Northern Poland. It would be best to raise beef cattle extensively on that area, applying traditional methods, keeping calves with their mothers. This solution is feasible only if Poland has a sufficient production quota of feeding cows. The determined quota of 325581 heads does not allow for the development of cattle raising in Poland. The stock of feeding cows per one hectare of grasslands will be much lower in Poland than in the EU countries.

In the EU there are also other quotas, not connected with the production quotas which are or will soon be part of the system of direct payments. The most important of those is the sugar production quota. In the EU, just as in Poland, two quotas are operative. One is the quota of sugar which can be sold by its producer on the internal market (the A quota); another is the quota of sugar that has to be exported, but whose producer can apply for an export subsidy (the B quota). Apart from those, the EU sugar industry can produce sugar (the so-called C quota) that has to be exported, but whose producer can receive no export subsidy. The fundamental mechanisms of the sugar market regulation in the EU include the subsidies given to those who export, to the non-EU countries, sugar, isoglucose and insulin syrup produced within the B quota. The means used to pay the export subsidies come from the so-called sugar fee, paid by sugar industry. It is a self-financing system; the sugar fees must fully cover the export subsidies.

Poland demanded to fix the sugar quota at the total of 1866 thousands tons, where the A quota would make 1650 thousand tons and the B quota – 216 thousand tons. The negotiated A quota generally corresponds to the domestic sugar demand. The negotiated B quota amounted only to 91926 tons, which is partly due to Poland's liabilities to the WTO (104 thousand tons). However, it should be noted that in the EU countries the share of the B quota in the total quota is higher.

Potato starch in the EU is supported in a twofold way: with direct payments given to farmers for starch potatoes supplied to potato industry, and with

subsidies given to starch producers. The highest subsidy in a given member state results from the production quota assigned to it.

From the marketing year 2001–2002, direct payments total 110.54 euros for a ton of starch from the potatoes supplied by farmers, while the subsidies compensating for the production costs of potato starch higher than the starch coming from other agricultural raw materials total 22.25 euros for a ton of starch.

Poland is one of the European and world potentates in potato production. The area occupied by potatoes in Poland (1.2 million ha) almost equals that in all EU countries (about 1.4 million ha in 2000). Potato crop in Poland in 2000 equalled 24.2 million tons, while in the EU – 48.8 million tons.

Poland's negotiation position was moderate, taking into consideration the place of potatoes in Polish agriculture, the difficulty of replacing them with other crops on light soil, and the volume of crops. During the negotiations the EU did not take into account the recent transformations, i. e. the increase of the level of starch in Polish starch potato varieties from 16% at the beginning of the 1990s to about 20% now. Neither did they consider the increasing demand for potato and wheat starch products in food, pharmaceutical and paper industries. The potato starch production quota eventually assigned to Poland equals 145 thousand tons. It should be compared with the quotas in Germany (650 thousand tons), Holland (over 500 thousand tons), or France (over 260 thousand tons).

Also raw tobacco comes within production quotas. The demand for Polish tobacco started to pose serious problems after tobacco industry had been privatised and the liabilities stipulated in privatisation agreements, committing the buyers to contribute 40% of home tobacco to the production of cigarettes for the Polish market, had expired.

The European Union's proposal of the quota (38.1 thousand tons) was based on the average raw tobacco production in Poland in 1997–1999. At the end of the 1980s Poland produced about 100 thousand tons of raw tobacco per year, part of which was exported. The quota Poland proposed (55 thousand tons) was moderate, although it exceeded its present production and the usage of home material. The negotiated quota is disadvantageous. It means that tobacco production in Poland must remain permanently limited to 38 thousand tons.

Table 4. Estimation of the change in production value and costs, and in direct surplus

Activity	ha / unit	Crop [t, l]	Prices		Output		Input		Direct surplus		Change in direct surplus (%)
			Polish conditions	Accession 2004	Polish conditions	Accession 2004	Polish conditions	Accession 2004	Polish conditions	Accession 2004	
Meadow	1						500	575	x	x	
Spring barley	0.5	3.2	480.4	411	769	658	353	406	416	252	61
Winter wheat	1	3.5	504.5	426	1 766	1 491	933	1 073	833	418	50
Oilseed rape	1	2.4	821.7	841	1 972	2 018	558	641	1 414	1 377	97
Edible potatoes	0.5	20	322.7	370	3 227	3 700	361	416	2 866	3 284	115
Total UAA	4										
Milk	1	4 500	0.78	1.0	3 510	4 500	853	981	2 657	3 519	132
Total	x	x	x	x	11 244	12 367	3 558	4 092	7 686	8 275	108

Source: My own analysis based on *Bilans korzyści i kosztów przystąpienia Polski do UE*, Warszawa 2003, p. 129.

5. The analysis of the economic situation of exemplary farms before and after Poland's accession to the European Union

Two farms of a different size, situated in different regions and having different structure of production were chosen to demonstrate the results of the EU Common Agricultural Policy. Such a choice will enable to present not only results of the integration for prices, but also the results of subsidising agricultural production, characteristic of the EU. The estimation of the advantages of Poland's joining the EU took into account the assumptions of the official documents prepared by Polish Government (the negotiation position, Ministry of Finance's macro-economic indices). The exchange rate assumed in the calculations was 1 euro = 4,00 PLN.

A. Farm of 5 ha

Situated: central Poland;

Profile: a multi-profile farm typical for that region;

Land: 5 ha (farmland: 4 ha), high-quality soil;

Source of income: animal production – milk, crop production – cereals.

Table 5. Impact of the accession on the changes in the examined farm's income

Specification	2004		Change	
	Polish conditions	Accession	[PLN]	[%]
Farm's direct surplus Modified [PLN]	7 686	9 280	1 594	121
Indirect costs + amortisation [PLN]	4 119	4 737	618	115
Farmers' net income [PLN]	3 567	4 543	976	127

Source: As same as Tab. 4, p. 130.

After the accession, the value of direct surplus in the examined farm will rise by 8 %. It will be mainly due to the rise in milk prices. The income from the sales of cereals will fall, since they are cheaper in the EU than in Poland. Production costs will rise by about 15%. The Table 5 data clearly show a positive impact of the accession on farmers' income. It should be observed that the examined farm will be able to achieve such good economic results if it manages to sell its products.

B. Farm of 56 ha

Situated: Western Pomerania Region;

Profile: crop production;

Land: 56 ha (farmland: 50 ha), good-quality soil;

Source of income: crop production.

Table 6. Estimation of the change in production value and costs, and in direct surplus

Activity	ha /unit	Crop [t, l]	Prices		Output		Input		Direct surplus		Change in direct surplus [%]
			Polish conditions	Accession 2004	Polish conditions	Accession 2004	Polish conditions	Accession 2004	Polish conditions	Accession 2004	
Sugar beet	10	55	111.2	180	61 160	99 000	11 600	13 340	49 560	85 660	172
Spring barley	10	5.5	480.4	411	26 422	22 605	9 400	10 810	17 022	11 795	69
Winter wheat	20	6.5	504.5	426	65 585	55 380	21 200	24 380	44 385	31 000	70
Winter oilseed rape	10	3.5	821.7	841	28 760	29 435	9 000	10 350	19 760	19 085	97
Total	x	x	x	x	181 927	206 420	51 200	58 880	130 727	147 540	113

Source: As same as Tab. 4, p. 129.

Table 7. Impact of accession on the change in the examined farm's income

Specification	2004		Change	
	Polish conditions	Accession	[PLN]	[%]
Farm's direct surplus Modified [PLN]	130 903	164 227	33 324	125
Indirect costs + amortisation [PLN]	58 480	67 252	8 872	115
Farmers' net income [PLN]	72 423	96 975	24 552	134

Source: As same as Tab 4, p. 133.

The farm of 56 ha is exceptionally big for Poland. There are about 12 thousands of such farms, which makes 0,6% of the total number of farms in Poland. The direct surplus in the examined farm will rise by 13% after the accession. It should be noted that the prices of sugar beet considerably influence the surplus level. It is also evident that farms specialised in crop production are in a relatively worse position than cattle or pig farms because of the unfavourable price ratio. After the accession the examined farm's income will rise by 34%. Because of its substantial size, the farm's income from direct payments should suffice to finance its modernisation and investment.

6. Final remarks

Polish farmers are in a difficult situation just now. Agricultural output in Poland does not pay, the profitability of agriculture has been steadily decreasing. A dramatic decrease of farmers' income entailed many negative social and economic effects, not only in the agriculture, but also in the whole economy. It has weakened the position of Polish agriculture in the negotiations with the EU.

The analyses prove that the examined farms will benefit from the integration with the Union, provided that they receive direct subsidies of 55% of the EU level in 2004 and that the anticipated prices in the EU and Polish agriculture turn out to be true. The condition of public finances as well as the government's and parliament's decisions will determine whether the anticipated level of subsidies becomes real.

Not all branches of production will equally benefit from the advantages of the accession such as a higher income from sales. Producers of beef cattle and milk can expect the biggest profits. Direct subsidies for cereals will make this branch more remunerative.

Agricultural producers have to be prepared for the increase in some direct costs of agricultural production. It is estimated that production costs will rise by

15% on the average. Simulations prove that farmers' income will rise by 27–34%. The surplus achieved may allow for compensating the farm's other costs, such as the necessary adjustments to the EU standards for instance.

Agricultural production in the EU is regulated by means of various instruments, mainly by the so-called production quotas and limits. Simulations do not take into account the impact of the negotiated production quotas and limits on the volume of production in the examined farms. It was assumed that the farms would easily manage to sell their agricultural goods. It should be kept in mind that the limited possibilities of producing some goods may noticeably influence farmers' income.

The EU budget for 2004–2006 includes financial means for structural activities which can play a vital part in modernising farms and in revitalising rural regions. A coherent state policy and an immense organisational effort to attract and effectively use the financial means from the EU budget will be the condition *sine qua non* for the improvement of the situation in agriculture and rural areas.

As a result of the negotiations in the "Agriculture" domain, Poland gained more favourable conditions than those initially offered by the European Union; unfortunately, some of its essential postulates were rejected. Thus both during the transition period, i. e. 2004–2006, and in subsequent years, Polish agriculture will have to change a lot in order to become comparable with and to compete with the agriculture of the EU countries.

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Maria Magdalena Grzelak

KORZYŚCI I KOSZTY OBJĘCIA POLSKICH GOSPODARSTW INSTRUMENTAMI WSPÓLNEJ POLITYKI ROLNEJ

Przedmiotem artykułu jest próba określenia potencjalnych korzyści i kosztów integracji polskiego rolnictwa z rolnictwem Unii Europejskiej. Szczególna uwaga została zwrócona na transfer środków finansowych z budżetu UE do Polski, system płatności bezpośrednich oraz kwoty i limity produkcyjne. Do zaprezentowania skutków wspólnej polityki rolnej Unii Europejskiej wybrano dwa gospodarstwa o różnym obszarze, położone w różnych regionach kraju oraz o różnej strukturze produkcji. Z przeprowadzonych analiz wynika, że dochody rolnicze wzrosną przy założeniu uzyskania dopłat bezpośrednich w 2004 roku w wysokości 55% poziomu unijnego oraz sprawdzenia się cen rolnych w UE i w Polsce. Uzyskana nadwyżka być może pozwoli pokryć wzrost kosztów produkcji na konieczne dostosowania do standardów unijnych.