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## **Poland**

### **Trade Policy Monitoring**

### **Poland's CAP Reform Position**

## **2003**

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#### **Report Highlights:**

**Poland's new Minister of Agriculture stated that Poland favors CAP reform proposals to shift to acreage based direct payments but opposes Poland being subject to direct payment reductions during its 2007-2013 direct payment transition period.**

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Includes PSD changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Warsaw [PL1], PL

Poland has not officially released information about its CAP reform views. Nevertheless, for the first time, Poland's new Minister of Agriculture Adam Tanski recently made public statements on this topic. Neither the Ministry of Agriculture and Rural Development nor other Polish government institutions have issued official government documents outlining Poland's CAP reform position. Following is information translated by FAS Warsaw from Poland's two major dailies and an information website:

"Adam Tanski, Polish Minister of Agriculture, presented the Polish opinion on CAP reform during the first joint meeting of the Council of Ministers of Agriculture of the 15 EU member states and 10 candidate countries held May 27, 2003 in Brussels .

Minister Tanski presented an open position regarding proposed CAP reforms of the EU, but he mentioned that CAP reform can not lead to a decrease in competitiveness of Polish farmers within the EU. He stated that CAP reform should improve the situation of Polish farmers or in the worst scenario, their situation should not deteriorate in comparison to conditions agreed in Copenhagen (Dec. 2002 EU Summit).

The EU Commission proposes that EU member states start a gradual reduction of direct payments and reallocation of generated funds for rural development in 2007. The Commission also proposed to calculate direct payments on the basis of acreage instead of production. Minister Tanski mentioned that for Polish farmers direct payments calculated on the basis of acreage instead of production will be more beneficial. However, Poland does not agree that within the period 2007 to 2013, reduction of direct payments should also apply to Polish farmers. Within this period subsidies from the EU budget for Polish farmers will be increasing 10 percent per year. It is planned that new subsidies will be paid based on "historical" extent of support.

In the case of the current 15 EU member states, the reference period would be from 2000 to 2002 while for acceding countries the reference level would be based on conditions negotiated upon accession.

The EU Commission also proposes to exclude from limitation of subsidies farms which receive from the EU less than 5,000 Euro per year. For Poland it is beneficial because the majority of Polish farms will be within this category. France is against this solution and proposes to cut subsidies equally for all categories of farms.

According to the proposal of CAP reform, from 2007 to 2013 the direct payments would be reduced by 19 percent for farms receiving annually over 50,000 Euro of support and by 12.5 percent for farms receiving annually 50,000 to 5,000 Euro of subsidies. Minister Tanski proposed that this reduction will only apply to current EU members. He indicated that within the Accession Treaty it was agreed that Polish farmers will have a 9 year transition period (2004-13) before they receive the full level of subsidies. However, Ministers of Agriculture of current EU members are of the opinion that acceding countries should also be included in the future reduction of subsidies

The EU proposes that within the CAP reform intervention prices for grains, milk and butter will be reduced and farmers will receive compensation for reduced income. For Poland as well for Germany it is important to maintain intervention on the rye market. The EU proposes to reduce the

intervention price for grain by 5 percent to 95.35 Euro per ton. Proposed reduction of intervention prices for dairy products is even greater and amounts to 28 percent.

At the end of his statement, Minister Tanski admitted that apart from the fact that he is a Minister of Agriculture and his role is to protect the interest of Polish farmers, he personally thinks that a complicated agricultural subsidy system is bad and gradual abandoning of this system is a move in the right direction. He said that his dream would be to create in Europe a system without subsidies which perfectly works in New Zealand."

Sources:

1. "Painful Savings" article in May 28, 2003 issue of "Gazeta Wyborcza."
2. "Do Not Touch Anything of Ours" article in May 28, 2003 issue of "Rzeczpospolita."
3. "Tanski About CAP Reform" onet.wiadomosci web page