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Poland's Priorities for Common Agricultural Policy after 2020.

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Agricultural Situation

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Report Highlights:

On May 16, 2017, the Polish Council of Ministers approved Polish priorities for EU Common Agricultural Policy (CAP) after 2020 prepared by the Ministry of Agriculture. According to the document direct payments, support for rural development and a common organization of agricultural markets, which are the three components of the CAP, should be maintained after 2020. The future CAP should ensure a level playing field in the single EU market. Poland is demanding a leveling of direct payments between Member States with a preference (targeted support) of payments for small and medium-sized farms. Poland also tries to strengthen its position within the EU by building a coalition of countries from Visegrad Group (Poland, Czech Republic, Slovakia and Hungary) and Baltic Countries, which have a similar position on the future CAP.

General Information:

At the May 16, 2017, session the Polish Council of Ministers approved Polish priorities for EU Common Agricultural Policy (CAP) after 2020. According to the document prepared by the Ministry of Agriculture (MinAg), the current CAP solutions are a good foundation for achieving Poland's objectives in agriculture after 2020, although there is a need for a number of detailed modifications and simplifications. The MinAg is of the opinion that the CAP should also in the future provide the EU population with security of a quality food supply, promote the competitiveness of agriculture, and provide a stable environment for farming and sustainable rural development. The CAP budget should provide the benefits that it brings throughout the European Union. The MinAg document postulates deeper coordination of the CAP and other EU policies (e.g. trade, environment, climate, energy, development, cohesion, competition, health) which increasingly affect agriculture and food production. At the same time, achievement of goals set in other EU policies will not be possible without full implementation of the CAP. According to the MinAg the three components of the CAP should be maintained: direct payments, support for rural development and a common organization of agricultural markets.

I. Direct Payments (First Pillar of CAP)

The MinAg is of the opinion that Single Area Payment Scheme (SAPS) has proven itself and should be possible in the future for all EU countries. The future CAP should ensure a level playing field in the single EU market. Poland is demanding a leveling of direct payments between Member States. The direct payments system should be geared towards the basic functions of agricultural policy and new challenges, and it should be simplified. There should be preference (targeted support) of payments for small and medium-sized farms. The possibility of using direct payments linked to production in selected sectors should be maintained. Efforts should be made to introduce real simplification of the direct payments system for farmers and administration,

II. Rural Development (Second Pillar of CAP)

According to the MinAg document the second pillar of the CAP should remain an important part of the integrated and complementary system of many EU policies (including Cohesion Policy and the First Pillar of the CAP), supporting rural development as well as the cohesion and environmental goals of the EU. The financing and retention of the criteria for the allocation of funds to support rural development should be strengthened, while at the same time ensuring greater involvement of other rural development policies in the EU. The second pillar of the CAP is an important tool for achieving European objectives in the field of environmental protection and combating climate change. In this respect it is important to increase the competitiveness and innovativeness of the broadly defined agri-food sector. Within the second pillar of the CAP it is necessary to support the transfer of innovative solutions to agricultural practices that will reconcile short- and long-term economic and public objectives. Within the rural development financial instruments should be complementary to grants. It is necessary to simplify the rules for the implementation of rural development programs,

III. Common Organization of Agricultural Markets

The MinAg is of the opinion that the instruments of the common organization of agricultural markets should be actively used to more effectively counter crises in these markets, because present ones are not sufficiently effective. It is necessary to strengthen the bargaining power of agricultural producers and

processors in the food chain. The incentives to create groups and producer organizations and cooperatives should be strengthened in order to increase their market share. Support for alternative distribution channels, including short supply chains and local markets, which promote the development of organic and traditional production, and stronger links between farmers and consumers should be supported more effectively. Programs within the common organization of agricultural markets should make greater use of existing instruments promoting that are part of the CAP (e.g. "School Milk", "Fruit and Vegetables in School").

Comment: Poland and other new member states (NMS) which joined the EU in 2004, 2007 and 2013 continue to put pressure on the European Commission (EC) to level direct payments between the "New13" and "Old15" member states in the upcoming 2021-2028 CAP budget. The difference in payments stems from the Association Agreements which referred direct payments to the reference crop, which at the moment of accession were much lower in the "New 13" than in the "Old 15" countries. However, in the 2014-2020 CAP allocation Poland received Euro 23.4 billion (U.S. \$ 26 billion) for direct payments. The allocation for Poland remained stable in comparison to 2007-2013 budget allocation despite a general reduction of 3.2 percent at the EU level. In addition, in the 2014-2020 budget perspective Poland was granted the largest increase in Rural Development (II Pillar) funds allocation, which somehow leveled differences in direct payments compared to the "Old 15".

During the Economic Forum held in Torun (Central Poland) on March 13, 2017, Minister of Agriculture Krzysztof Jurgiel pointed out the four priorities of the MinAg for the CAP in the next EU financial perspective. According to Minister the priorities are equal conditions of competition, improvement of quality of life in rural areas, stabilization of agricultural markets and support for small and medium-sized farms. The Minister also mentioned that the priority for equal conditions of competition is to end the discrimination against Poland in light of the Lisbon Treaty (Please note: The Treaty of Lisbon was signed by the EU Member States on December 13, 2007. It entered into force on December 1, 2009 and amended two earlier international treaties which formed the constitutional basis of the European Union). He also stressed that the postulate on equal conditions of competition in agriculture met with the support of the Visegrad Group countries at the recent conference held on March 2017 in Jasionka (Southern Poland). During the conference in Jasionka, representatives of the Visegrad Group (Poland, Slovakia, Czech Republic and Hungary) and the Baltic Countries discussed the future CAP with Phil Hogan, the EU's Commissioner of Agriculture.

On March 21, 2017 Deputy Minister of Agriculture Ryszard Zarudski, presented to the session of the Senate's Agricultural Committee Poland's priorities for the CAP after 2020. According to Minister Zarudski, it is crucial for Poland that the new solutions ensure a level playing field in the single market and that they are in line with the treaty principle of equal treatment of EU citizens on the grounds of nationality and do not infringe the principle of non-discrimination between producers within the EU. He also said that proposals for solutions in the further debate on the CAP should ensure the effective implementation of the Treaty objectives of the CAP, to preserve the community character of this policy, including in the financial dimension, and to bridge the gap in the development of agriculture and rural areas between the member states. They should also support the development of small and medium family farms. He also emphasized that Poland believes that the new CAP should also take environmental and climate considerations into account, using primarily synergies with the European model of agricultural development, based on family farms.

During a meeting with members of the Polish Agro-Business Club and the National Association of Dairy Cooperatives on the future of the Common Agricultural Policy, Dr. Czeslaw Siekierski, Chairman and former Vice-Chairman of the Committee on Agriculture and Rural Development in the European Parliament, said that he does not expect good changes for Poland and agriculture in EU policy over the coming years. He stressed that it is still unknown how much money the European Union will allocate to agriculture in the next budgetary period. Dr. Siekierski said that he expects that the future CAP budget will be kept unchanged in nominal terms, however, in real terms it will be 15 percent lower because inflation will not be taken into account and prices will be real and not fixed. Dr. Siekierski also mentioned that in his opinion the subsidies will be leveled only down, because currently the level of CAP subsidies in Germany and France is not much lower than in Poland, if the second pillar payments (Rural Development) is included.

Please note that detailed proposals for the CAP for the years 2021-2028 will be presented by the EC at the end of 2017, first as a communication and then as a draft legislation. The new CAP will be decided by the governments of the Member States and the European Parliament.

End of Report.