

Implementation of the mechanisms of the European Union's Common Agricultural Policy in Poland – lessons for Ukraine

Dorota Rdzanek

Ph.D., University of Szczecin (Szczecin, Poland)

E-mail: dorota.rdzanek@usz.edu.pl

<https://orcid.org/0000-0002-0966-4925>

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The Common Agricultural Policy (CAP) is one of the oldest European policies. Over the years of its operation, the European Union has developed many different policies aimed at solving problems in the agricultural sector in the Member States. Poland's accession to the European Union and the inclusion of agriculture and rural areas in the mechanisms of the common agricultural policy created an opportunity to improve the economic efficiency of agriculture and the situation of rural residents on the labor market. Ukraine has strategic plans to join the EU, so the experience of Polish agricultural policy is interesting and useful for this country. The geographical proximity of Poland and Ukraine and a similar population potential mean that the Polish experience in the field of agricultural development after accession to the EU may turn out to be valuable for Ukraine and its efforts in this matter.

Keywords: European Union, common agricultural policy, accession, Poland, Ukraine

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Introduction

The Common Agricultural Policy (CAP) is one of the oldest European policies. Over the years, the European Union has developed a wide range of policies to address problems emerging in the agricultural sector. The EU's rural development programs are intended to help farmers and the member states face environmental, social, and economic challenges. As a sector of the national economy, agriculture is one of the links of the entire economy. This means that, on the one hand, it influences general social and economic processes and, on the other hand, it is influenced by the whole economy. Factors outside agriculture and even outside the economy of a single country increasingly affect agricultural development.

Due to Ukraine's strategic plans to join the EU, it should find the experience of agricultural policy in Poland interesting and useful. The tasks at hand are to introduce reforms aimed at adjusting Ukraine's economy to meet the standards of the EU countries, to introduce the rule of law, and to build a market economy. Ukraine is also a developed agrarian country and on its way to Europe it should take into account the experience of countries such as Poland in order to be prepared to introduce reforms in this area.

Officially, there are 10.4 million hectares of agricultural land in Ukraine, but due to the lack of penalties for failure to do so, it is likely that 29 percent of Ukraine's total land, or 17 million hectares, has not been registered in the cadaster. This provides huge opportunities, but it is also an enormous challenge (Ukraina, 2019).

Poland's accession to the European Union

The accession negotiations in Copenhagen, concluded in December 2002, created a real possibility for Poland to become a member of the European Union on 1 May 2004. The result of the accession referendum held in June 2003 confirmed that the vast majority of Poles regarded European integration and the prospect of Poland's membership in EU structures as the right and desirable direction for the country's development. Membership in the European Union was seen as a great opportunity to accelerate the country's economic development, including its agricultural development. Poland's membership in the European Union raised hopes for many changes in the Polish economy, including in the agricultural sector. The countries joining the European Union faced new challenges as well as problems. The problem of rural development and modernization of Poland's agriculture was treated as one of the arguments in support of association with the European Communities and other member states, and later of accession to the European Union (Puślecki & Walkowski, 2004).

However, there were concerns among Polish farmers. One of the reasons for the rural population's fear of accession to the European Union was the lack of factual and comprehensive information on aid and structural funds aimed at assisting agriculture in the pre-accession and preparatory periods. The government also failed to present a full sectoral cost and benefit analysis and to identify all the risks to the food sector associated with EU membership. Fragmentation, low yield of marketable output, and weak links to the market made it difficult to convince many farmers of the need to modernize and restructure agriculture, regardless of the timeframes and EU requirements for new member states (Walkiewicz, 2002). In 2002, the average size of a farm in Poland was less than 5.8 ha, which made some farmers less efficient and uncompetitive compared to EU agricultural producers with large farms.

Allowing the exposure of Poland's agriculture after 1989 to free-market forces with very limited government interference was met with the national egoism of member states, the anticipation of the benefits, and often harmful stereotypes. Farmers often feared that their family farms would lose in competition with farms in the then EU member states, leading to the loss of part of the Polish food market. Before accession, there was a widespread concern that the Polish agricultural and food sector would not be able to withstand the competition and that Poland would be flooded with food from EU countries. There were also concerns about difficulties arising from compliance with food quality standards and regulations.

Poland's accession to the European Union and the inclusion of agriculture and rural areas in the mechanisms of the Common Agricultural Policy created an opportunity to improve the economic efficiency of agriculture and the situation of rural residents in the labor market. The

directions of the changes in the CAP enabled the development of Polish agriculture while respecting the environmental protection requirements and avoiding excessive intensification of production. This was only possible by gaining access to resources and instruments that Poland would not have achieved on its own for many years due to the high costs involved. By becoming a part of the agricultural sector of the EU member states, Polish agriculture gained access to many aid schemes resulting from the Common Agricultural Policy. This made it possible to improve the situation of Poland's agriculture and rural areas (Puślecki, 2007b). The inclusion of Polish agriculture in the CAP mechanisms was a measure for making it an efficient sector of the economy. Support was extended to a larger number of farms, particularly semi-subsistence farms (Puślecki, 2007a).

Agricultural policy of Poland after accession to the European Union

The agricultural and rural policy has been and continues to be a major challenge for the European Union. The economic policy pursued by the Polish government has been and is aimed at sustainable development of rural areas, which, with the prospect of integration, was closely related to an evening out Poland's socioeconomic backwardness compared to the EU Member States, as well as to adjusting the agricultural sector so that it complies with the Community's law to the fullest possible extent. The backwardness of Poland's agriculture was associated with rural overpopulation, over-employment, low productivity, fragmentation of farms, neglected infrastructure, as well as poverty, unemployment, and low level of education (Wróblewska, 2004).

It cannot be denied that some positive changes took place in agriculture and in rural areas during the period of transformation, which includes the growth of large commercial farms, the increase in qualifications of the rural population, and the decrease in the number of people working in agriculture. These resulted, among other things, from the programs carried out for the benefit for agriculture. Improvement of the unfavorable situation was to be ensured by projects for the modernization and restructuring of agriculture and rural areas implemented under the adjustment programs. They involved the creation of new, non-agricultural jobs, thus providing alternative sources of income for the rural population (Wróblewska, 2004). As far as the benefits are concerned, one must not overlook access to the Union's budgetary resources, especially through the Structural Funds, which aim to accelerate changes in agriculture and facilitate the development and structural adjustment of rural areas.

An analysis of the costs and benefits of the integration of Central and Eastern European countries into the European Union has shown that the Union, through greater involvement in the transformation processes taking place in these countries, has created an opportunity for more rapid development of the region. An important task for these countries is to stimulate economic policies and institutional changes to achieve macroeconomic stabilization and create an infrastructure that favours economic development. The benefits of integration for the countries of Central and Eastern Europe, including Poland, are both direct – increased access to markets, capital inflows, direct transfers of EU funds – and indirect – better allocation of production factors, increased economic efficiency, and savings resulting from the reduction of barriers to business with EU countries (Puślecki, 2007a; Puślecki, 2007b).

The costs for agriculture, which are associated with joining the European Union, were twofold. Accession to the single internal market involved implementation of numerous investments aimed at adapting farms to the EU's sanitary and hygiene requirements, as well

as the fact that Poland's agriculture was burdened with the adaptation costs, which had to be borne anyway in order to eliminate the socioeconomic lag of the country's agriculture (Puślecki, 2007a).

The surplus of supply over demand that exists in the global market forces the prices of agricultural commodities to below. The open competition in the global market, as a manifestation of globalization, carries with it many threats to Polish agriculture. These threats are neutralized by Poland's integration with the European Union (Zorska, 2000). Poland's membership in the EU has created opportunities for increasing exports of agricultural products, as well as favorable imports of modern products and making the range of goods available to Polish consumers more attractive.

Just as important as the economic benefits are the non-economic considerations, including the issue of national security. Joining the structures of the European Union has given Poland the opportunity for better, partnership-based cooperation and a sense of security and has reduced its susceptibility to the influence of stronger partners. The adoption of these standards and regulations has improved competitiveness not only in the domestic market but also in international markets. Since Poland's accession to the EU, the positive balance of trade in agricultural and food products has been growing. Exports of agricultural products to the EU have increased almost sixfold since Poland joined the Community.

Poland's spatial development policy often reflects the belief that globalization and the increased competitiveness of regions force a concentration on the most developed areas (Konieczna, 2012). Support for the peripheral regions is considered to be rather inefficient and potentially counterproductive. This is tantamount to the promotion of efficiency over justice and economic balance over humanism. Such a policy will result in a broadly defined dependence of peripheral areas on central, metropolitan areas. This is countered by the idea of sustainable and coherent development (Bański, 2014).

The area of Poland's agricultural land (18 million hectares) is the third-largest in Europe, after France and Spain, which allows Poland to avoid being forced to carry out intensive, environmentally destructive agriculture. The area of arable land (accounting for 77% of all agricultural land) allows crop production to be easily adapted to market needs. A large part of Poland's territory is ecologically clean and can be used for the development of agritourism and, most importantly, for the production of healthy food, which is supported in the EU with special subsidies (Polskie rolnictwo, 2011).

There have been other positive changes in Poland's agriculture over the last 30 years. The productivity of Polish agriculture has increased, which reduced the lag behind the results achieved in other EU countries. The difference from the EU15 countries has narrowed from 70 percent in 2008 to 49 percent in 2018 (Glapiak, 2020).

Polish agriculture and rural areas have used over EUR 50 billion from the CAP budget since accession. This money, together with financing from other EU and domestic funds, has increased the competitiveness of agriculture as well as farmers' incomes and has improved the quality of life in rural areas. Nominal incomes of rural residents have doubled since 2004, resulting in a narrowed development gap between urban and rural areas in terms of the level of infrastructure, household appliances, and access to education and other services alike. Rural residents are also increasingly aware of their ability for self-determination and to influence decisions, their activities focus on local development, and local and regional products are becoming more widespread. Demographic changes are also taking place, brought about by the migration of varying degrees of intensity. Climate change will also affect the Polish

countryside. A global trend, which also affects Poland, is the diversification of energy sources (Bański, 2014).

Conclusions

Poland's agriculture has been successful in the European Union, but it has serious structural problems. At present, 90 percent of Polish farms do not earn an income that would allow their owners to live with dignity and finance investments with their own resources. Looking beyond 2020, there will be a further reorientation of EU policy towards greater care for the natural environment and the climate. Until now, the CAP has mainly supported production targets and the reorganization of agriculture towards increased specialization and the yield of the marketable output of agricultural production. It is evident that after 2020 the EU will place greater emphasis on preventing rural depopulation, implementing principles of sustainable development, improving food quality, low-carbon farming, limiting production risks, and protecting the environment and the landscape. Certainly, support based on direct payments according to the area of land held will be reduced (Buckwell et al., 2017).

The geographical proximity of Poland and Ukraine and the similar population potential make Poland's experience in agricultural development after accession to the EU valuable for Ukraine and its efforts in this regard. This is because the potential of Ukraine's agriculture has not been tapped.

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