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CONDITIONS AND PERSPECTIVES OF THE DEVELOPMENT OF THE ORGANIC FARMING IN POLAND

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ABSTRACT. This article shows the condition of the organic farming in Poland and changes that have occurred in the total number of the organic farms, in the area of the organically used land and also in the assortment of the organic products during the last 15 years. This paper describes the market of the organic food in Poland and the profile of Polish consumer of the organics.

Key words: organic farming, certification, governmental subsidy, organic food market, Polish organic food consumer

Introduction

The origins of the organic farming in Poland go back to the 30's of the last century. In those days count Stanislaw Karłowski founded the first biodynamic farm in Szelejewo. The significant interest in this kind of agriculture occurred at the turn of the 80's and 90's. Established at that time (1989) Ekoland Association, consisting of about 100 members, started popularising the organic farming. Nevertheless, there were no results of those activities such as high increase of the number of organic farms.

This situation remained stable during next 15 years, despire the fast that Poland has favourable conditions to carry on ecological forms of agriculture, which should constitute the element firmly fostering their dynamic development. Whereas both the area of the culture and the number of the farms are still insignificant, not only in comparison to the previous 15 EU members, but also to the countries acceding the EU. The question about the grounds of such a low increase of the organic faming in Poland comes up. This article tries to answer this question and indicate the necessary activities, which must be undertaken to make the agriculture a developing branch of the economy.

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Polish legislation concerning organic farming

In the institutional meaning the organic agriculture in Poland started functioning at the beginning of EKOLAND in 1989, which awarded the first certificates in 1990. Four years later it established the Criteria for the Organic Farming Agriculture following the IFOAM criteria (Ekoland is a member of this federation). Until 1998 there were no regulations in the area of organic farming. The law on the Organic Farming was passed in 2001. It regulates the conditions of production and agri-food processing using organic methods, also the inspection and certification system, as well as the rules of indication of the organic products and the trade. This law is greatly harmonised with the regulations inuring in the EU, that is Council Regulation (EEC) No 2092/91 of 24 June 1991 on organic production of agricultural products and indication referring thereto to agricultural products and food stuff plus Council Regulation (EC) No 1804/1999 on organic animal production.

Control and certification system in Poland is combined (public-private), consisting of:

– The Ministry of Agriculture and Rural Development as a charge empowering private certifying units to carry out the inspection and award the certificates,

– Inspection Service of Agri-Food Product Marketable Quality, which supervises the certifying units,

– certifying units accredited in Polish Centre for Accreditation, according to PN-EN/45011 standards and empowered by the Minister of Agriculture and Rural Development to carry out the inspection and award the certificates.

Six units are empowered by the Ministry of Agriculture and Rural Development to carry out the inspection and award the certificates of consistency for products sold on domestic market. However, farms producing for European market are controlled by member countries units, among which are SKAL (Holland), Ecocer, INAC, Lacon and BCS (Germany).

In accordance with the law, the indication of the organic farming product consists in placing the inscription "organic farming product" on the label or the packaging of the product. Since it came in force, it is forbidden to place the inscriptions suggesting the organic origin on the label or packaging of the product that was not produced or processed with the use of ecological methods.

First co-financing of the organic farms inspection was granted by the operation of Order of the Minister of Agriculture and Food Economy of 11 May 1998 on the level of the subsidy rate for agriculture and detail rules and granting procedures in 1998. That year the subsidies were introduced for the inspection cost only. In 1999, they also embodied the dotation to the organic production in farms in conversion. The main support is obtained by the farms in the second year of conversion, which is considered to be the most difficult (Table 1). In a period of certified production, when farmers can sell their products as organic, the subsidies are about 30% lower.

In Poland the diverse rates of the basal subsidy for individual culture are applied. It is targeted to invite farmers to convert their organic farms to produce more fruit and vegetables. Since the very beginning, the share of these products has been the lowest, while the demand is quite significant, both in Poland and abroad (Table 2). The level of the basal rate is granted according to the farm size: up to 50 ha 100% of the basal subsidy is awarded to 1 ha, in the interval over 10 ha up to 100 ha 50% is awarded. There is no subsidy for farms, which size is over 100 ha.

Table 1

The rates of the subsidy for the inspection costs for a farm in 1999-2003 (zl) (on the basis of Inspectorate of Agri-Food Marketable Quality)
Stawki dotacji na dofinansowanie kosztów kontroli jednego gospodarstwa w latach 1999-2003 (zł) (na podstawie danych IJHAR-S)

Area of the farm (ha AL) Powierzchnia gospodarstwa (ha UR)	1999	2000-2001	2002	2003
≤ 5	100	300	400	400
> 5-10	130	350	450	450
> 10-20	150	400	550	550
> 20-50	180	450	650	650
> 50-100	200	500	700	700
> 100	350	600	800	800

Table 2

The aid for organic farms and farms converting to organic farming in 1999-2003 (zl/ha) (on the basis of the IAFMQ data)
Stawki dotacji do upraw ekologicznych w latach 1999-2003 (zł/ha) (na podstawie danych IJHAR-S)

Land use Rodzaj upraw	Certified organic farms Gospodarstwa posiadające certyfikat				Farms in conversion Gospodarstwa w trakcie przestawiania się			
	1999	2000-2001	2002	2003	1999	2000-2001	2002	2003
Vegetables Uprawy warzywne	150	450	400	400	200	600	500	500
Arable land Uprawy rolnicze	120	360	150	250	150	450	200	300
Orchards Uprawy sadownicze	180	540	450	500	220	660	550	600
Berries Plantacje jagodowe	200	600	500	500	230	690	550	550
Meadows and pastures Łąki i pastwiska	50	120	50	80	75	150	80	100

The total amount of subsidies in 1999 was very low and figured out 674 273 zl, while in 2000 and 2001 its level increased to 3 771 355 (460% growth) and 5 800 404 zl correspondingly. It is worrying that in 2002 the amount of subsidies decreased to 4 019 409 zl, that is 31% fall in comparison to 2001, while the needs were estimated at 10 M. zl. In 2003 the subsidies amounted to about 7 M.

After five years of applying subsidies, it did not come off to change the structure of the organic culture (Fig. 1). Arable lands are still dominating. Their share totalled over 50%, whereas the demand is rather low. The similar situation concerns the share of meadows and pastures.

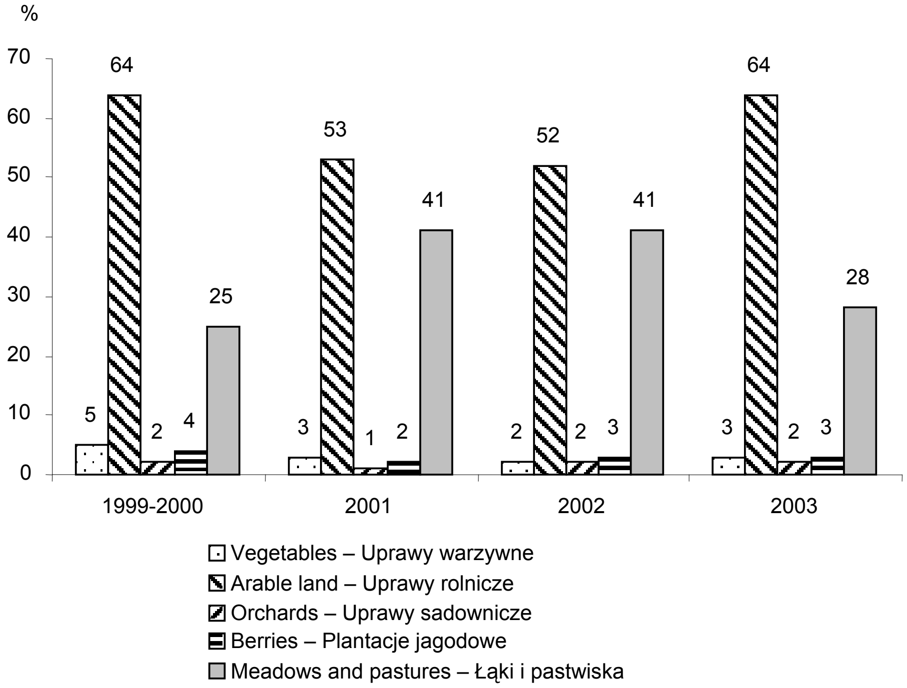

Fig. 1. The structure of the organic land in 1999-2003 (on the basis of the IAFMQ data)
Ryc. 1. Struktura upraw ekologicznych w latach 1999-2003 (na podstawie danych IJHAR-S)

Changes in the organic agriculture in 1990-2003

Poland – even in minimal degree – has not used its possibilities in developing the organic farming. In comparison to similar countries in Central and Eastern Europe both the organic land and the number of farms are incommensurably low in accordance to the existing potential. It is worth to mention several reasons why organic farming should be expanded:

– low level of use of chemical fertilizers,

– great number of farms, which are not able to raise their competitiveness by intensive growth,

– high level of the rural labour surplus estimated at about 1.5 M. people.

The analysis of the data for 1990-2003 shows that there was no significant increase in the Polish organic agriculture, neither in the organic land use growth, nor in the quantity of farms (Fig. 2). Moreover, these figures fell in some periods. The analysis of the land use data also shows that the changes allow to indicate two basic periods:

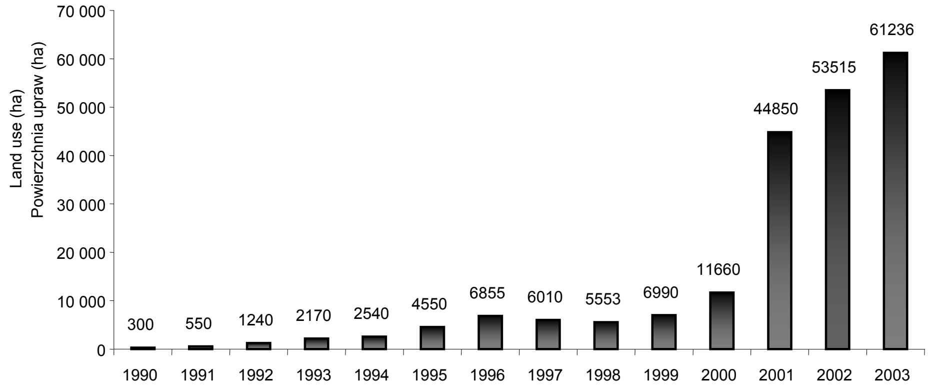

Fig. 2. Land use in certified organic farms including farms in conversion in 1990-2003 (on the basis of IAFMQ, EKOLAND and Ministry of Agriculture and Rural Development data)
Ryc. 2. Powierzchnia upraw kontrolowanych łącznie z gospodarstwami w trakcie przestawiania się w latach 1990-2003 (na podstawie danych IJHAR-S, EKOLAND oraz Ministerstwa Rolnictwa i Rozwoju Wsi)

1. Years 1990-2001 are distinguished for low and changeable growth, when the land use increased 30 times from 300 ha to 11 660 ha. However, it fell down during the next two years from 6855 ha in 1996 to 6010 ha in 1997 and to 5553 ha in 1998. The quantity of organic farms also fluctuated. The decline was noticed in 1996 and 1999. The distinctive feature of this period is a low level of support and the lack of the governmental policy concerning organic agriculture. The principal change in this area was started in 2001 and its positive results occurred in 2002 and the following years.

2. Period started in 2002, when the significant growth dynamics took place – this one year only the land use increased about four times (in comparison to 2001) from 11 000 ha to over 44 000 ha. In 2003 and 2004 in some regions (mazowieckie and wielkopolskie voivodeship), started the activities aimed to accelerate the land use and farms quantity growth dynamics have been started.

The number of organic farms in Poland is very small in comparison to total number of farms (Fig. 3). In 2003 the organic farms share amounted merely 0.11% of all farms, which means that Poland takes the last place in EU in this area. It is hardly possible for Poland to realise the approved plan of the organic farms growth. In this plan the number of the organic farms is supposed to double every year to reach 5% of total number of domestic farms in 2005.

The size of the organic farms in Poland in comparison to other countries is relatively small – farms in the interval from 1 ha to 20 ha constitute the most numerous group of the organic farms, their share totalled 78% in 2003 (Fig. 4). The smallest farms are situated in the świętokrzyskie and małopolskie voivodeships, while the largest are localised in zachodniopomorskie and warmińsko-mazurskie voivodeship.

The characteristic feature of these farms is large dispersion, while some farms in some areas tend to concentrate. These areas are małopolskie, podkarpackie and świętokrzyskie voivodeships. The sale on these territories is getting more and more organised. It hardly meets some difficulties that are common in other regions.

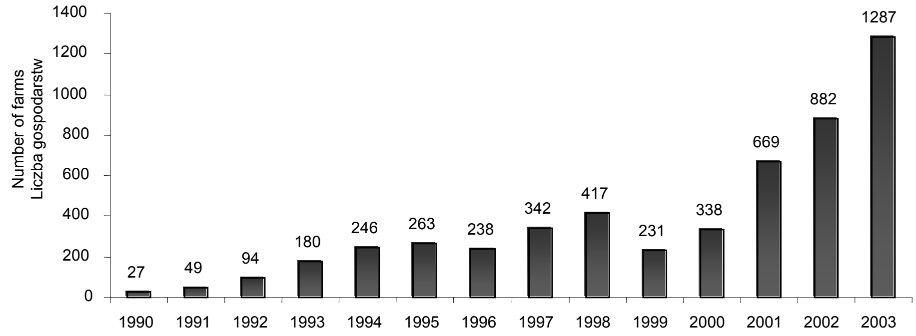

Fig. 3. The number of certified organic farms in Poland in 1990-2003 (on the basis of IAFMQ, EKOLAND and Ministry of Agriculture and Rural Development data)
Ryc. 3. Liczba gospodarstw ekologicznych z certyfikatem w Polsce w latach 1990-2003 (na podstawie danych IJHAR-S, EKOLAND oraz Ministerstwa Rolnictwa i Rozwoju Wsi)

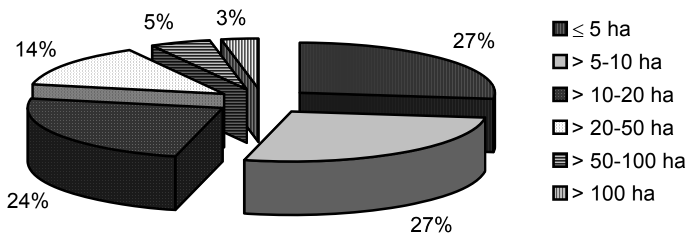

Fig. 4. The structure of organic farms according to their size (**Rolnictwo...** 2004)
Ryc. 4. Struktura gospodarstw ekologicznych według ich wielkości (**Rolnictwo...** 2004)

Market of the organic products

Domestic market of the organic food is small and it appears to be in its initial phase of growth. The part of the market responsible for the supply is characterised by large dispersion of farms, which have a slight market power. The overdispersion of the production causes many difficulties with the sale. That is the most frequent reason of the abandonment of the organic production.

The servicing units (which include food processing plants) and distribution system are in the initial phase of growth. In 2003 there were 22 certified plants in Poland. They offer 276 organic products in separate assortment groups. This number is not satisfying from the point of our participation in the common market and high requirements of European customers. A single farmer usually delivers small packs of products. It does not constitute the sufficient economic base to create ecological shops and processing plants, which would carry on their activities based on regular deliveries of large quantities of homogeneous raw material. Therefore part of raw material goes to conventional processing plants (particularly milk and slaughter animals). One can expect that future higher growth dynamics of the number of the organic farms may influence the improvement of the processing conditions.

The distribution network consists of 20 wholesalers and about 200 organic food shops. The sale scale in shops is diverse: from high level in specialised shops to small limited to several shelves in remaining shops. The sales and demand concentrate in three voivodeships: kujawsko-pomorskie, mazowieckie and łódzkie. Whereas the organic farms are dispersed all over Poland and farmers are not always able to sell their products at high prices. The profitability of sale is influenced mainly by the size of the delivery and the localisation of the farm (it does not always coincide with the areas of demand). Therefore the best profitability is gained by the farms situated either in regions of the highest concentration or near large agglomerations. As they can negotiate higher prices in comparison to conventional products (large number of other organic farmers do not reach these levels), they are in a quite good situation. These farmers have also lower distribution costs.

The product sale is characterised by large dispersion and weak supply adjustment to the places where the demand is obvious. Dispersed supply of the organic farming is a basic reason of weakly expanded wholesale turnover, which functioning has an important meaning for export perspectives. The regional wholesale dominates, but there are also small wholesalers and several nationwide wholesalers. In principle these wholesalers carry on the turnover of all organic products, excluding fresh fruit and vegetables. However they have problems with collecting packs of proper quality and quantity.

The small transaction distribution cost is quite high. It is an additional limitation that lowers the competitiveness of Polish organic products on the European market. The permanent distribution channels have not been formed in Poland yet as they have in most European countries. Although, some shops already have some experience in this field, nevertheless they encounter some difficulties in assuring the deliveries continuity according to the notified demand amount. In addition, a farmer hardly knows hoe functions either the domestic market or foreign markets. Therefore the urgent need of better advisory support arises, as well as the support oriented to the organic food promotion.

The export of Polish organic products has been existing since middle 90's, but its share in total export amount is insignificant. The reason of this situation is the dispersion and small number of farms that are not able to deliver suitably large quantity of homogeneous products. The subjects of the export are mainly fruit and vegetables. The main export countries are Holland, Great Britain, Spain and Germany. Polish company SYMBIO has achieved a large share of organic food export. It purchases earlier contracted products. At present it has arranged contracts with 200 farmers from south--eastern Poland.

Regarding to the fact that Poland was not included on the list of the third countries until the integration, Polish producers did not have the possibility to participate in European free trade. Its means that Polish farms were controlled by certifying units from the European import countries or by Polish units cooperating with them. So far none of Polish certifying units has obtained the authorisation allowing to export with Polish certificate. Certification by EU units is more expensive and time-consuming for a farmer, which additionally influences the export of these products.

The profile of the organic food consumer in Poland

The profile of the Polish organic food consumer is partly similar to the European consumer profile (**Makatouni** 1998, **Richter** 2001). The results of the investigation show that women dominate among most frequently purchasing the organic products. The largest percentage of people claiming to buy the organic food (36.5%) was in group of people aged 40-49. The households of the highest incomes consisting of three to five people dominate among them.

In the survey conducted in 1997 over 40% of Polish consumers claimed that they purchased organic food. In 2001 this indicator decreased to 20% (**Żakowska-Biemans** 2002). These data do not let estimate the real percentage of Polish organic food consumers, because they do not have sufficient knowledge on the organic food indication. This knowledge is quite low and increases very slowly. The comparative analysis of the surveys conducted in 1994 and in 2001 indicates that the lowest knowledge level concerns organic food indication, which has an essential meaning in buying the organic food (**Łuczka-Bakuła** 1995). Lack of this kind of knowledge causes the Polish organic food consumer to buy accidentally. That deprives of the producers the regular income.

Among the motives of purchasing the organic food – similarly to other countries – dominates the concern for the health. On further places are the sensory value and concern about the natural environment. These motives have the source in fear of the health safety of food. This phenomenon has got a global character and occurs generally in most countries.

The survey conducted in Poznań in 2004 shows that significant majority of the responders (82%) purchase the organic food because of their concern for health. The meaning of remaining motives such as concern for the natural environment and the wish to support the organic farmers are very insignificant.

The frequency of purchasing the organic food is quite diverse. The regular customers, who constitute the base of the organic food market, constitute the smallest group – 17%, more numerous is the group of sporadic consumers – 34% and the occasional buyers – 49%. Low frequency of purchasing the organics is caused mainly by low accessibility of the organic products and relatively high prices. About 40% of the questioned consumers consider the accessibility to be good, and only 3% of them evaluated the accessibility as very good (Fig. 5).

The other barrier is the price. The survey shows that the highest number of responders (50%) are able to accept the higher price of the organic food in comparison to the conventional food on the level of 5%. Almost 30% is able to accept prices in the interval from 6 to 10%. Considering the average price differences between the organic and the conventional food occurring in Poland in the interval from 20 to 30%, these consumers are and will be the dominating group on the conventional food market. On the other hand for the organic food market the significant meaning has the share of the consumers accepting the higher prices in the interval of 11-25% and higher. The survey shows that consumers accepting the higher price constitute the group of 21% (Fig. 6).

The possibilities of the development of the organic food market are not fully used. It is because the consumers declare the wish of enlarging of its consumption, but the market is not sufficiently adjusted. In the survey such a wish was declared by 80% of the responders.

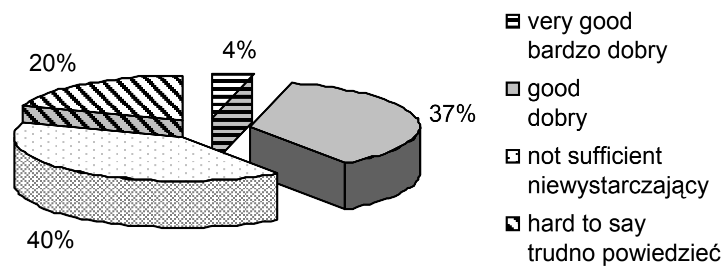

Fig. 5. The degree of accessibility of organic food in responders' opinion
Ryc. 5. Stopień dostępności żywności ekologicznej w opinii respondentów

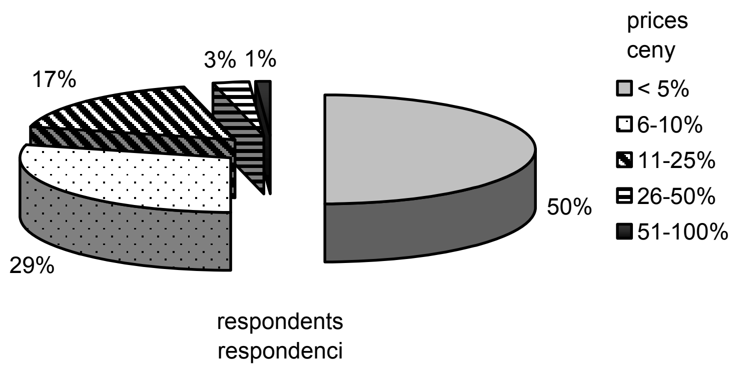

Fig. 6. Level of the consumers wishing to pay more for the organic food
Ryc. 6. Skłonność konsumentów do płacenia wyższej ceny za żywność ekologiczną

The declared growth of the demand encounters the series of barriers proving the immaturity of the organic food market. In the opinions of the consumers there is a necessary need not only of the improvement of the organic products assortment, but also its accessibility in various kinds of shops, including the conventional shops.

Conclusions

The future growth of Polish organic farming market share depends mainly on dynamising the production and processing area (more products in diverse degree of processing) and distribution. The elements conditioning the dynamics acceleration of their development are:

– applying the agricultural policy of organic farming support,

– organic farming promotion aimed to popularise its health and environmental advantages,

– including the ministerial, scientific and advisory units in organic farming promotion process,

– conducting the informative-advisory activities among producers in the field of organic farming and rules of market functioning in the EU,

– improvement of the assortment in the entire system of sale.

The effectiveness and complexity of these activities are conditioning both future degree of Polish organic food market and its share in the European market.

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WARUNKI I PERSPEKTYWY ROZWOJU ROLNICTWA EKOLOGICZNEGO W POLSCE

S t r e s z c z e n i e

Artykuł prezentuje stan rolnictwa ekologicznego i zmiany, jakie zaszły w ostatnim piętnastoleciu, w całkowitej liczbie gospodarstw ekologicznych, w wielkości ekologicznie zagospodarowanych użytków rolnych, a także w asortymencie oferowanych produktów ekologicznych. Przedstawiono również ustawodawstwo dotyczące rolnictwa ekologicznego i zasady certyfikacji. Wskazano najważniejsze problemy towarzyszące rozwojowi tego rolnictwa w Polsce, scharakteryzowano rynek produktów ekologicznych w Polsce oraz polskiego konsumenta żywności ekologicznej.