

GENERAL AGREEMENT ON

RESTRICTED

DPC/INV/4/Add.7

2 March 1989

TARIFFS AND TRADE

International Dairy Arrangement

Original: English

INTERNATIONAL DAIRY PRODUCTS COUNCIL

Reply to Questionnaire 5 Regarding Information on Domestic Policies and Trade Measures

POLAND

- The area of cultivatable land in Poland - circa 18,000 thousand hectares;
- The structure of agricultural farms;
- Circa 3,500 thousand hectares - State sector - State farms;
- Circa 700 thousand hectares - co-operative sector;
- Circa 13,500 thousand hectares - individual family farms;
- Population of milk cows/1988-June/ - 4.8 million;
- The total production of milk in 1988 - 15,000 million litres;
- The average milking capacity per cow in 1988 - 3,120 litres;
- Destination of milk for - consumption of fresh milk:

	1985	1988
In general	2,542,614,000 ltr.	2,554,000,000 ltr.
For 1 inhabitant	68.4 ltr.	67.5 ltr.
- processing for - skimmed milk powder:		
In general	1,852,449,000 ltr.	1,720,300,000 ltr.
For 1 inhabitant	49.8 ltr.	45.5 ltr.
- full cream powdered milk:		
In general	415,571,000 ltr.	387,900,000 ltr.
For 1 inhabitant	11.2 ltr.	10.3 ltr.
- ripening cheeses:		
In general	1,282,226,000 ltr.	1,346,000,000 ltr.
For 1 inhabitant	34.5 ltr.	35.6 ltr.

The principles of purchasing and contracting of milk

- The number of suppliers in 1988	1,391,197
- The number of purchasing centres in 1988	9,910
- The number of dairy plants	721
- Of this: the number of District Dairy Co-operatives	325

In order to increase both: total production of milk and production of milk for commercial purposes, the dairy co-operatives established direct co-operation with individual farms, especially with bigger ones, specialized with milk production, concluding with them long-term agreements on production and delivery of milk. The criteria determining the size of farms and number of cows, which the farmers should possess to be able to conclude a/m agreements, are fixed by the people's provincial councils upon application of provincial unions of dairy co-operatives. These agreements are concluded with such farms, which have already directed or have the possibility to direct their farms for production of milk. The agreements are signed for many years and each year they are renewed by an annex, in which the parties state the delivery of milk anticipated by the producer for a given year. Within the frames of concluded agreements the dairy co-operative is obliged to:

- take steady control and veterinary charge of producer's herd of cows;
- collect milk from producer's farms at co-operative's own expense;
- pay for collected milk according to fixed prices;
- deliver to the producers in conformity with regulations in force and existing possibilities:
 - (a) dairy products (butter, cheeses, cottage cheese, whey, buttermilk);
 - (b) means for hygienic production of milk;
 - (c) protein fodders (mineral additives for fodders and milk substitutes);
 - (d) other means of production as: refrigerating machines for milk, milking machines, small utensils for manual milking etc.;
 - (e) heifers heavy with young, cows and female calves for further breeding;
- bare costs for repair services for milking machines and refrigerators for milk within five years after the expiration of warranty;
- give competent advice to the producers as regards organization of production of fodders and feeding of cattle, improvement of conditions of breeding and hygienic milking and storage of milk;

- conduct specialist training for farmers on intensification of production and hygiene of milk.

The supply of utensils, heifers, fodders and other means of production to the farms is carried on by the dairy co-operatives on the principle of goods credit paid back with deliveries of milk.

The producer obliges himself to:

- assure constant increase of milk production;
- sell to dairy co-operatives the whole quantity of milk for commercial purposes produced on his farm;
- produce and supply the milk in conformity with conditions determined in the Polish Standard for raw milk delivered to purchasing centres;
- to follow the orders of raw material service of the dairy co-operatives on breeding of cattle and production of milk.

The deliveries of milk from State farms are also based on long-term agreements concluded between the co-operative and the State farm, but the essential part of milk deliveries - ca. 80 per cent - comes from individual family farms (9,204 million litres in 1988).

The prices of purchase

In the purchase of milk there is applied so-called "summer price" from 1 May to 31 October and "winter price" from 1 November to 30 April higher from "summer price". The differentiation results mainly from the diversified costs of production of milk and still persisting considerable seasonability.

Depending on the quality (among other fat content and appearance) milk is diversified into three classes: basic, second and first.

The average fat content of milk is ca. 3.5 per cent.

The price of milk paid to farmers includes Zl 2.6 per each 0.1 per cent of fat and additionally Zl 19/ltr. for first class or Zl 11/ltr. for second class. In some southern provinces is applied a so-called "mountain additional payment" for unfavourable conditions of milk production, amounting to 30 per cent of the ground price.

The subsidization of dairy production

According to the social policy, the production of milk and the majority of milk products are subsidized by an additional payment to the price of the sale of dairy products. In this way the appropriate model of consumption with relatively cheap dairy products is created. These additional payments are granted to the producers in the amount depending, from one side on the level of prices fixed mainly centrally, and from the other side on the amount of costs of production and sale borne by the separate producers.

The majority of dairy products - mostly liquid milk, cottage cheese, ripening cheese, butter and skimmed milk powder is subsidized with some exceptions like caseinates, ice cream and sweets.

The level of subsidization to be granted to dairy co-operatives in 1989 for financing the sale of dairy products on internal markets shall make about Zl 950 milliard (US\$1 = circa Zl 500).

The representative retail prices and wholesale prices on internal markets

The prices for dairy products are the same in all the country except those articles, the sale of which is performed at so-called "free" prices, but the share of these articles in the total value of sale is rather small.

There do not exist any wholesale prices in dairy co-operatives (with the exception of milk fodder mixtures for calves - MLEKOPAN and MLEKOMIX - which are not of entirely market character.

The wholesale turnover of market articles is done through the intermediary of the divisions of trade turnover acting within the frames of dairy co-operatives. So the expenses connected with running of wholesale turnover are one of the elements of costs (commission) and are taken into consideration when fixing both retail prices and subsidization.

In order to present representative and selling prices we choose from dairy products those articles, which have been produced for many years and have a stable position on the market:

- the nutritive milk with contents of fat 2 per cent - costs in retail trade Zl 19/litre;
- sour cream with contents of fat 9 per cent - costs in retail sale Zl 87/0.5 litre bottle;
- cottage cheese "KRAJANKA" with contents of fat 30 per cent - costs in retail trade Zl 150/kg.;
- fresh extra butter costs in retail trade Zl 850/kg.;
- ripening cheese - the average costs in retail trade Zl 460/kg.

The level of retail prices of dairy products is established taking into consideration the purchasing power of population in such a way as to guarantee steady increase of consumption.

The measures applied at the border

When importing dairy products, the following customs duties are applied:

- | | |
|-----------------------|------------------|
| - skimmed milk powder | - 20% ad valorem |
| - whole milk powder | - 15% ad valorem |
| - butter | - 10% ad valorem |
| - ripening cheese | - 15% ad valorem |

Other charges do not exist. There are also no non-tariff restrictions. Imported goods must correspond with the sanitary rules of the Ministry of Health. The value of imports depends on the needs of home market and the balance-of-payments situation in the country.