

GENERAL AGREEMENT ON

TARIFFS AND TRADE

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STATE-TRADING

Notification Pursuant to Article XVII:4(a)

POLAND

The following communication, dated 21 May 1993, has been received from the Permanent Mission of Poland.

The Government of Poland wishes to notify the functioning of the Agricultural Market Agency (AMA: Agencja Rynku Rolnego) - a public agency, which has some features, of a State-trading entity within the meaning of GATT Article XVII. The Agency, created in June 1990, is responsible for intervention in the domestic market for agricultural commodities in order to encourage more stable supply/demand relationships and consequently bring about greater stability and predictability of prices. In discharging its statutory functions, the Agency may engage in purchases, sales and stock management. It may also extend credit guarantees to domestic producers and processors of farm commodities.

AMA's principal activities are financed through annual budgetary authorizations granted by the Parliament. Notwithstanding the fact that the financing is relatively modest and decreasing in real terms, such Government funding is not available to other operators in the market. Therefore, it appears to represent a special privilege within the meaning of Article XVII of the General Agreement and may thus qualify under the disciplines provided in that Article. For this reason the Government of Poland has decided to submit the present notification.

I. Reasons and purpose for introducing and maintaining State-trading enterprise

The AMA was created on 7 June 1990 (Journal of Laws, 1990, No. 39, item 223). In addition to its principal functions indicated above, AMA conducts market research and analysis and assists the Government in elaboration of policy guidelines for the agricultural sector.

The main purpose of AMA's activities is to limit excessive agricultural price fluctuations so as to provide domestic producers with more security in their decisions regarding investment, production and marketing. This type of activity is essential for facilitating the transition to a full-fledged and open market economy in Poland.

The principal commodities dealt with the AMA are the following:

- wheat and rye;
- beef and pork meat;
- butter and skimmed milk powder;
- sugar;

Occasional and relatively small-scale operations involve also:

- bee honey;
- wool, linen and raw flax;
- potato starch

II. Description of the functioning of the Agency

There are several forms of the AMA operations:

1. For example, in the case of cereals, the Agency acts to prevent domestic prices from falling below the minimum reference price. To this end, the AMA conducts purchases and sales of cereals by authorized state-owned and private agents, on commercial terms including profit. When domestic price is lower than the intervention trigger price, cereals stocks are augmented and retained until domestic prices approach the maximum reference level, at which point the stocks may be released. A similar pattern is essentially followed as regards other principal commodities.
2. The Agency provides up to 60 per cent advance-payments to a limited number of large wheat producers for keeping their crop off the market. These contracts are usually signed for 5-6 months.
3. The AMA also extends credit guarantees to those private and state-owned grain storage facilities and mills which could lose their financial viability due to substantial time lag between buying cereals and selling flour.

The state budget disbursements for the whole activity of AMA totalled in:

- 1991: - ZL1,900 billion (about US\$180 million at average 1991 exchange rates);
- 1992: - ZL1,840 billion (about US\$135 million at average 1992 exchange rates); and
- 1993: - ZL1,907 billion (anticipated value).

A decision whether to export or import is based on commodity market-equilibrium analysis. In 1991, due to good crops of cereals and high stocks, surpluses were partially exported abroad at prevailing world prices. In 1992/93, because of severe drought in Poland, the AMA had engaged in imports of cereals.

It should be stressed that AMA does not directly conduct foreign trade operations of its own. All such deals are commissioned to trading firms. Foreign trade operations undertaken on half of the Agency conform to standard commercial terms, conditions and practices, including price, profit margins, quality, availability, marketability and other regulations of commerce. Consequently, other traders remain free to export and import on competitive terms and under normal market conditions and their rights in this respect are not affected by AMA's activities. In none of the products traded does the Agency have monopolistic or exclusive position. This applies also to administration of quantitative trade measures. For example, in 1992 the Government established duty-free import quotas for cereals open to all registered companies. The quotas, valid until the end of June 1993, are being allocated first-come first-served.

III. Statistical information

The main operations of the AMA in the period of 1990-1992 were conducted in the following commodities:

Table 1: **Main operations of the AMA in 1990-1992:** (in thousand tons)

Years	Commodities	Production	Total exports	AMA's exports	Total imports	AMA's imports
1990/91	Cereals	22,971	480	330	520	-
1991/92		27,772	1,300	970	250	-
1992/93		19,900	-	-	3,500	-
1990	Sugar	2,037	343	224	11	-
1991		1,509	332	320	-	-
1992		1,442	80	35	40	-
1990	Potato starch	130	-	15	-	-
1991		65	48.1	43	-	-
1992		63	20.7	17	-	-
1990	Pork meat	1,904	49.2	-	31.8	-
1991		2,080	21.1	0.5	74.2	-
1992		2,132	10.0	-	30.0	-
1990	Beef meat	906	44.1	-	1.8	-
1991		745	26.3	3.0	34.4	-
1992		592	10.0	-	40.0	-
1990	Butter	271.6	30.0	-	4.2	-
1991		190.7	5.4	-	4.9	4.1
1992		153.5	1.3	1.3	7.5*	4.8
1990	Skimmed milk powder	174.2	71.5	-	-	-
1991		145.4	85.0	-	-	-
1992		122.1	80.0	10.5	-	-
1990	Bee honey	13.8	3.6	-	2.4	-
1991		14.1	1.0	1.0	-	-
1992		14.0	x	-	x	-
1990	Wool	14.8	-	-	2.4	-
1991		10.7	-	-	0.8	-
1992		7.0	-	-	x	-

Comments:

- AMA's exports and imports: transactions commissioned by AMA to trading companies;
- data for 1992 are preliminary;
- ~: rough estimates;
- x: lack of data;
- *: value of imports for first three quarters of 1992.