

**GENERAL AGREEMENT  
ON TARIFFS AND TRADE**

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**International Dairy Arrangement**

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INTERNATIONAL DAIRY PRODUCTS COUNCIL

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

POLAND

A. PRODUCTION

The cow numbers continued to decline in 1993 and reached the level of 3.9 million at the end of the year. This is 5 per cent lower than at the end of 1992.

The production of milk decreased further in the course of 1993 and was estimated at 12.3 billion litres, down by almost 3.2 per cent in comparison with 1992. Purchases of milk by dairy plants increased by 5 per cent in the third quarter of 1993 in comparison with the same period of the preceding year. Thus for the whole year purchases reached a level of 6.5 billion litres (a decrease by 100 million litres in comparison with the previous year).

1. Support and/or stabilization measures:

(a) Inventory of the instruments of support and/or stabilization

The economic transformation of Poland diminished substantially the scope of State influence in the dairy market. After a sharp decrease of food production the Agricultural Market Agency (AMA: Agencja Rynku Rolnego) was created in June 1990. The Agency 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, but its foreign trade operations are quite limited.

A decision whether to export or import is based on commodity market-equilibrium analysis. For example in 1991, due to good crops of cereals and resulting stock-building, part of surpluses were exported abroad at prevailing world prices. In 1992/93, because of severe drought in Poland, the AMA has engaged in imports of some goods.

The operations of the AMA in the period of 1990-1992 covered also some dairy products, subject to the Dairy Arrangement (values in thousand tons):

Years	Commodities	Production	Total exports	AMA's exports	Total imports	AMA's imports
1990	Butter	271.6	30.0	-	4.2	-
1991		190.7	5.4	-	~ 4.9	4.9
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	-	-

(b) Levels of guaranteed prices or support prices

Since May 1992 the AMA is responsible for guaranteeing the minimum prices for certain dairy products. When a domestic market price is more than 10 per cent lower than the minimum guaranteed price then the AMA is obliged to make intervention purchases.

In 1993 the minimum prices were set at the following levels (in Polish zloty: **PLZ**<sup>1</sup>):

Raw milk (first class): 2,300 PLZ/kilogram;

Butter (packed): 30,000 PLZ/kilogram;

Skimmed milk powder: 23,000 PLZ/kilogram.

During 1993 the market prices for dairy products were generally above the minimum guaranteed prices. Only in the second half of 1993 the AMA purchased 21.5 thousand tons of butter and 23.5 thousand tons of milk powder.

2. Policies and measures of governments or other bodies likely to influence production, other than those listed under 1.

(None)

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<sup>1</sup>The average National Bank of Poland exchange rates (in PLZ per 1 US\$) were as follows: 1989: 1,446 PLZ/\$; 1990: 9,500 PLZ/\$; 1991: 10,583 PLZ/\$; 1992: 13,631 PLZ/\$; 1993: 18,145 PLZ/\$.

**B. INTERNAL PRICES AND CONSUMPTION**

1. Representative retail and wholesale prices on major domestic markets (in PLZ thousand per metric tonne)

Products	VII.1992	VII.1993	VII.1994
Raw milk 2.0-2.5 %	2,524	3,629	
UHT milk	4,752	7,368	
Skimmed milk powder	19,289	24,243	28,082
Whole milk powder	25,586	30,428	
Cheese (type Emmentaler)		43,180	
Cheese (type Cheddar)		37,606	
Cream (18%)	13,075	16,293	
Fresh butter (extra)	27,748	29,599	36,990
Casein	48,526	51,932	

(2) Producer prices of drinking milk (yearly average)

Year	Price (PLZ/litre)
1989	209
1990	626
1991	1,048
1992	1,828
1993	2,349

2. Prices which condition the evolution and level of internal prices:

Milk production declined by about 21 per cent in the period 1989-1993. This decrease is due mainly to the reduced domestic demand for unprocessed dairy products.

3. Policies and measures and comments on their effects on consumption

- (1) Consumer subsidy  
(None)
- (2) Maximum consumer and producer price levels  
(None)
- (3) Subsidy to mild and dairy products for people in social need  
(None)

C. MEASURES AT THE FRONTIER

1. Customs tariff

Polish customs duties for dairy products currently range from 10 to 40 per cent ad valorem, with a simple average of 25 per cent.

2. Other import measures at tariff line level

(1) Charges and fees

Since mid-December 1992, Poland applies a temporary BOP import surcharge of 6 per cent. The surcharge will be reduced to 5 per cent in 1995 and to 3 per cent in 1996. The government's intention is to discontinue the surcharge from 1997.

In June 1994 Poland introduced a temporary variable levy system for some imported agricultural products. The rate of variable levy (expressed in zloty) is equal to the positive difference between the threshold price and the external price increased by customs duties and taxes.

The threshold price means the domestic price of the agricultural product determined by the Minister of Agriculture on the basis of intervention prices of agricultural products used by the AMA, or published by the Central Statistical Office. The threshold price may be changed if average purchasing prices or average producer prices have changed by more than 5 per cent over a period of at least seven days. The external price means a representative price of the product. The price is determined on the basis of analysis of foreign commodity exchange quotations and analysis of invoices for imported goods, plus the costs of insurance and transport to the Polish border.

Rates of variable levies are published in the Official Journal of the Ministry of Agriculture and Food Economy and become effective after publication. Revenues from variable levies constitute budget income appropriated for subsidies to the Agency for Modernization and Restructuring.

Milk and cream, concentrated or containing added sugar or other sweetening matter (CN group: 0402) are subject to variable levies. In Order No. 15 of the Minister of Agriculture and Food Economy of 17 June 1994 the following levels of variable levies for CN 0402 were determined:

0402.1011.0: 16.2 PLZ thousands per kilogram;

0402.1019.0: 16.2 PLZ thousands per kilogram;

0402.1091.0: 16.2 PLZ thousands per kilogram;

0402.1099.0: 16.2 PLZ thousands per kilogram.

(2) Global quota

(None)

(3) Licensing

The system of non-automatic licences is applied to the products covered by the GATT Dairy Arrangement. The only purpose of the system is to monitor the observance of the minimum prices by importers.

3. Export measures at the tariff line level

(1) Export subsidy in 1994

(None)

(2) Licensing

The system of non-automatic licences is applied to the products covered by the GATT Dairy Arrangement. The only purpose of the system is to monitor the observance of the minimum prices by exporters.