

GENERAL AGREEMENT ON  
TARIFFS AND TRADE

RESTRICTED

COM.AG/W/L4/Add.2

31 October 1968

Special Distribution

Agriculture Committee

Original: Polish/English

POLAND

Information Supplied in Respect of

GRAINS

	<u>Page</u>
A. Production: measures and policies	2
B. Protection and support measures and policies	5
I. Internal support measures and policies	5
II. Measures at the frontier	11
C. Consumption and internal prices	12
D. International trade and prices	14

A. Production: production measures and policies

A.1. Statistical data on total volume of production; total acreage and average yield per unit of production

A.2. Trends in production and estimates for 1970

Sown areas, harvests and yields of cereals in Poland in 1965 to 1967 and forecasts for 1970 are given in Tables 1 and 2 below.

Table 1

HARVESTS AND YIELDS OF CEREALS IN POLAND  
IN 1965-1967 AND FORECASTS FOR 1970

	Harvestings ('000 tons)			Yields (100 kgs. per ha.)	
	1965	1966	1967 <sup>1/</sup>	Average 1965-67	Forecast 1970
Cereals, total	16,289	15,923	16,447	19.0	
4 cereals	15,720	337	15,847	19.2	20.1
Wheat	3,422	3,603	3,934	21.5	23.0
Rye	8,289	7,700	7,691	18.0	18.6
Barley	1,468	1,409	1,420	21.1	22.5
Oats	2,541	2,625	2,802	19.1	19.2

<sup>1/</sup> Provisional data.

Table 2

ACREAGE AND STRUCTURE OF SOWINGS OF CEREALS IN POLAND  
1965-1967 AND FORECASTS FOR 1970

('000 ha.)

	1965	1966	1967	1970
Cereals, total	8,550.6	8,444.8	8,497.8	8,680
% of sowings	55.7	55.5	55.8	58.4
of which:				
4 cereals	8,203.4	8,091.0	8,137.5	8,410
% of sowings	53.4	53.2	53.4	54.6
of which:				
wheat	1,660.4	1,679.5	1,758.2	2,000
% of sowings	10.8	11.0	11.5	13.0
rye	4,493.9	4,330.5	4,298.4	4,280
% of sowings	29.3	28.5	28.2	27.8
barley	699.9	683.1	652.9	850
% of sowings	4.5	4.5	4.3	5.5
oats	1,349.2	1,397.9	1,428.0	1,280
% of sowings	8.8	9.2	9.4	8.3

Source: Central Statistical Office: "Revised results of June census for 1965 and 1967".  
1970: Five Year Plan for Agricultural Development.

Cereals, like most agricultural products in Poland, are mainly produced by small enterprises, belonging to individual farmers. In 1966 to 1967, about 80 per cent of total grain production was accounted for by these farmers, while production of State farms amounted to about 11 per cent and co-operative production to around 1 per cent.

In 1967, cereals accounted for about 50 per cent of the total area sown, of which wheat accounted for 11.5 per cent (compared to 9.9 per cent in 1950 and 10.8 per cent in 1965), rye for 28 per cent (33.8 per cent in 1950 and 23.9 per cent in 1965). In addition to the two types listed, barley and oats and, in small quantities, mixed grains, buckwheat and millet, were produced. Poland is a traditional consumer of rye bread. In the course of the last ten years a marked shift in cultivation occurred in favour of wheat.

A.3. Statistical data on carry-over stocks and stockpiles

Poland does not maintain long-term stocks of grains. Stocks arise from the seasonality of supply and are as a rule consumed in the course of the agricultural year.

#### A.4 Factors which affect production

The basic factor influencing further increases in grain production is the deficit of domestic production in relation to the country's requirements.

The development of grain cultivation is also influenced by:

- the general agricultural policy whose endeavour and aim are to secure an improvement in the overall working conditions of the farm population. This is done through improvement and land consolidation programmes, water supply, investment credits and the establishment of extension services;
- various forms of direct State intervention based above all on organizing an improved provision of means of production (mentioned under item 5).

All these factors have a positive influence on increases in production per hectare: yields of cereals amounted to 13.7 metric quintals per hectare in the pre-war period (1934 to 1938) on the lands within Poland's frontiers at the time; in the years 1965-1967 they averaged 92.2 quintals per hectare.<sup>1</sup>

#### A.5. Policies and measures of governments or bodies likely to influence production, other than those listed under B

The main means of State intervention for the purpose of raising production of grains are endeavours towards:

- assuring a gradual increase in the supplies of mineral fertilizers (since 1965 supplies to Polish farmers have risen by 43 per cent although the actual supplies are small in comparison with countries with intensive farming). In 1967 they amounted to 80 kgs. in terms of net nitrogen-phosphorus-potassium content per hectare. On the assumption of a faster growth in the immediate future, 136 kgs. per hectare will be reached in 1970;
- provision of gradually increasing quantities of mechanized agricultural equipment. The index of growth in equipment supplied in the period 1965 to 1967 amounted to 112 per cent. This equipment is to a major extent used for the production of cereals;
- supplying farmers with quality seed (including seed derived from imports; State agricultural enterprises also produce qualified seeds which are sold to individual farmers);
- linking deliveries of cereals under contract with deliveries of feedstuffs on conditions advantageous to the farmers.

---

<sup>1</sup>The highest production of grains per caput was registered in 1961 (515 kgs.); in 1966 it amounted to 490 kgs.

B. Protection and support measures and policies

B.I. Internal support measures and policies

B.I.1. Inventory of the instruments of support

Grains purchases are made mainly through the co-operative organizations (these co-operatives are federated in the central organization of farming co-operatives "farmers' self-help"). The grains so purchased are in turn placed at the disposal of the State Grains Organization.

The general characteristic feature of grain purchases is the maintenance of prices, as a rule, at an unchanged level over longer periods of time.

Three forms of purchases exist (listed in order of present importance):

- (i) contracts;
- (ii) compulsory deliveries;
- (iii) non-compulsory purchases, so-called market purchases.

(i) From 1965 onwards (i.e. since the extension of this form of purchase to other types of cereals in addition to barley) the major part of cereals - over one half of total purchases - are being purchased by the State by means of contracts, i.e. voluntary agreements by producers regarding supplies, made either directly with State organizations or, most often, with co-operative purchasing organizations. The contracts stipulate an obligation for the producer to supply a given quantity of the product at a given time; in return, the purchasing organization guarantees to the farmer the possibility of acquiring given quantities of means of production which are sometimes in short supply on the market (fertilizers, quality seeds, feed mixtures).

(ii) The compulsory purchasing system is based on regulations of an administrative nature. In particular, individual farm enterprises of above one or two hectares and collective farms have the obligation to supply given quantities of products (depending on the size of the farm and the quality of the land) at prices fixed at a considerably lower level than those paid for deliveries under contract.

The difference between the grain prices calculated on the basis of prices of market deliveries and effective returns for grains sold under the compulsory delivery system is transferred by the State into the agricultural development fund. The sums accumulated for this fund are distributed for investments related to the development of various sectors of agricultural production, mainly for the purchase of machinery which is placed at the disposal of Agricultural Circles (voluntary farmers' associations) for collective utilization by farmers.

Grains (together with slaughter animals and potatoes) are among the products covered by the compulsory delivery system in the way described, i.e. at lower prices and a relatively considerable part of these obligations is in fact realized in grains.<sup>1</sup> Nevertheless, the share and rôle of compulsory deliveries of grain (as for other products) are systematically decreasing as a result of the growth in grain production and the reduction in the setting of the quantities to be delivered. The relative percentage shares of the four main cereals are shown in the last two figures of the table below.

Table 3

SHARE OF COMMODITY PRODUCTION<sup>2</sup>, TOTAL PURCHASES  
AND COMPULSORY PURCHASES IN TOTAL PRODUCTION OF  
FOUR CEREALS IN 1955 AND 1966

(Percentages)

Production, four cereals	Share of commodity production <sup>a</sup>	Share of total purchases <sup>b</sup>		Share of compulsory purchases	
		1955/56	1966/67	1955/56	1966/67
100	24.2	23.5	19.3	16.4	6.1

<sup>a</sup>Calculated on the basis of Table 10, page 227, of the Statistical Year Book, GUS (Central Statistical Office) 1967.

<sup>b</sup>Data from Table 132, page 293, of the above publication.

<sup>c</sup>Calculated on the basis of Tables 125, page 288, and 131 and 132, page 293, of the above publication.

<sup>1</sup>Compulsory deliveries independent of their size and the respective shares of grains, slaughter animals and potatoes, can be effected also in other agricultural products or in cash in amounts defined by coefficients for each item.

<sup>2</sup>By commodity production is meant that part of cereals produced by the farmer which is not used for the producer's own needs but is delivered to the market.

(iii) Market purchases assure the producer a possibility of an outlet at stable prices also for those quantities of products which were not contracted for and which were not subject to compulsory deliveries, in other words for the whole remainder of production which the farmer desires to sell to the authorities.

The level of prices in these types of purchases does not differ from, or is only negligibly lower than that of contract prices, except that there are no reciprocal obligations on the part of the purchasing organizations as is the case in contractual purchases.

It should be noted that apart from the purchase forms mentioned above there exists in Poland a free or so-called private market for agricultural products, including cereals.<sup>1</sup> In contrast to purchases carried out by the socialist sector in which under each form of purchase the producer knows the relevant price in advance, in the non-socialist trade the prices are dictated exclusively by the immediate current play of supply and demand.

#### B.I.2. Levels of guaranteed prices or support prices

Current compulsory prices (since 1965) in governmental purchases of the main cereals<sup>2</sup>, showing the proportions of individual forms of purchases, are given in the first column of figures in Table 4 below.

#### B.I.3. Amount of producer subsidies

There are no other forms of governmental intervention or aid for producers of cereals apart from those mentioned earlier.

---

<sup>1</sup>A private (free market) trade is carried out either in the form of neighbourly exchange among individual enterprises, or in the form of free sales made by farmers.

<sup>2</sup>The purchase prices of all agricultural products are determined by governmental agencies. This includes the price of cereals which are considered as a basic food of the population and, at the same time, represent an important source of revenue for the agricultural producers; their prices are set by the Council of Ministers.

#### B.I.4. Average returns to producers

A large part of the incomes of cereal producers is derived from the sales under the three forms of governmental purchases mentioned earlier. In the agricultural year 1966/67 the sales in the framework of these deliveries represented about 80 per cent of the total production destined for the market. The proceeds of the sales were composed of two basic parts at different price levels:

- incomes deriving from deliveries under contract and from market deliveries (which take place at similar prices) and which together in that year represented about 68 per cent of total purchases and took place at a higher level of prices (in recent years these prices averaged Zl 379 to Zl 389 per 100 kgs. for wheat, and Zl 282 to Zl 293 per 100 kgs. for rye); and
- incomes from compulsory deliveries (which represented about 32 per cent of total purchases) carried out at lower prices. These prices were of the order of Zl 229 to Zl 231 per 100 kgs. for wheat, and Zl 176 to Zl 184 for rye.

More detailed data on the prices actually received which influence the returns to producers are shown in the last three columns of Table 4.

Table 4

AVERAGE PRICES OF STATE PURCHASES AND AVERAGE FREE MARKET PRICES  
OF PRINCIPAL CEREALS IN POLAND, 1965-1967

(In Zl per 100 kgs.)

Article and type of price	Price for the basic quality in the price list <sup>1/</sup>	Average prices actually received		
		1965	1966	1967
<u>Wheat</u>				
Non-compulsory deliveries:				
- from contractual purchases	400)	379	387	389
- from market purchases	380)			
Compulsory deliveries	235	229	230	231
Free market	-	442	428	.
<u>Rye</u>				
Non-compulsory deliveries:				
- from contractual sales	300)	282	292	293
- from market purchases	300)			
Compulsory deliveries	185	176	182	184
Free market	-	347	326	.
<u>Brewing barley</u>				
Non-compulsory deliveries:				
- from contractual sales	360			
- from market purchases	plus 36-56 <sup>2/</sup> )	373 <sup>3/</sup>	351 <sup>3/</sup>	.
Compulsory deliveries	215 and 190	236 <sup>3/</sup>	233 <sup>3/</sup>	225 <sup>3/</sup>
Free market	-	373 <sup>3/</sup>	357 <sup>3/</sup>	.
<u>Ordinary barley</u>				
Non-compulsory deliveries:				
- from contractual sales	300)			
- from market purchases	300)			
Compulsory deliveries	165)	see above and footnote 3/		
Free market	-)			
<u>Oats</u>				
Non-compulsory deliveries:				
- from contractual sales	300)	268	276	280
- from market purchases	300)			
Compulsory deliveries	165	151	153	153
Free market	-	365	336	.

For footnotes, see next page.

FOOTNOTES TO TABLE 4

1/ Basic quality, i.e. with defined parameters; while the average prices actually obtained, shown in the following columns, give the national average effectively paid in the years shown for 100 kgs. of the product delivered under the respective types of purchase, and therefore taking account of deductions for non-fulfilment of the parameters and of premiums for higher qualities and/or better punctuality in delivery.

2/ Premium for higher quality.

3/ Simple average for brewing and ordinary barley.

B.I.5. Method of determining returns for producers

In Poland there is no equalization system for incomes from domestic and export sales.

B.II. Measures at the frontier

In Poland there are no barriers such as mentioned under this point of the questionnaire.

C. Consumption and internal pricesC.1. Statistical data on consumptionC.2. Trends in consumption and estimates for 1970

The long-term downward trend in human consumption per caput has continued during recent years and is expected to continue in the future.

Table 5

CONSUMPTION OF FOUR CEREALS PER CAPUT IN  
1964/65-1966/67 AND FORECAST FOR 1970

(Kilogrammes)

	1964/65	1965/66	1966/67	1970
Four cereals, total	202.9	202.5	198.3	196
Wheat	113.8	115.4	107.3	..
Rye	78.2	76.1	82.5	..
Barley	9.6	9.6	7.3	..
Oats	1.3	1.4	1.2	..

C.3. Retail and wholesale prices on major internal markets

Processed cereals represent one of the basic products in the consumption of the population and for this reason great importance is attached to maintaining their prices at low levels. Retail prices of cereal products are maintained at a constant level. The prices of the main types of bread, wheat rolls, flour and groats have been maintained at the same level since 1955 although the purchase prices of cereals have risen. The prices of the major cereal products are shown in Table 6 below.

Table 6

RETAIL PRICES OF SELECTED CEREAL PRODUCTS IN POLAND<sup>1</sup>

(In Zl per kg.)

Rye bread, "razowiec"-type	3.00
Rye bread, "pytlowy"-type	3.00
Rye bread, "sitkowy"-type	2.80
Bread of blended flour (wheat-rye) "praski"-type	4.00
Bread of blended flour (wheat-rye) "mazowiecki"-type	5.00
Wheat roll "Paris"-type	5.00
Wheat roll of extra-fine flour	10.00
Small wheat roll, "kajzerki"-type	8.00
Wheat flour "wroslawska"-type	6.70
Barley groats (pearl barley)	5.70
Wheat groats, manna	6.50

<sup>1</sup>The price level of bakery products and groats has remained unchanged since 1955.

The retail prices of products based on cereals are uniform for the whole country.

Shops stock the products at prices which are calculated by subtracting from the retail price given margins which serve to cover retailing costs. In the trade in cereal products these margins represent 8 per cent of the retail price in the sales of bakery products and groats, and 12 per cent in sales of flour. The wholesale trade buys the product from the central<sup>1</sup> organization which is entrusted with the co-ordination of the wheat trade, with a further deduction of the wholesale margins fixed in money values for each type of product (e.g. for barley groats at an amount of Zl 228 per ton, for manna at Zl 260). For packaged products a lump sum is also deducted in<sup>2</sup> order to cover the costs of packaging; this sum amounts to Zl 400 per ton.

#### C.4. Factors which condition the evolution of internal consumption

Within a rising total consumption (in particular for animal feeding purposes) a slow decline can be observed in human consumption of cereals. In general this is a result, on the one hand, of the increase in consumption of bread and flour-based products in the poorer rural areas<sup>3</sup> (principally because of a decline in consumption of potatoes) and, on the other, the decline in consumption of bakery products, groats and flour-based products in other regions, especially in the towns, as a result of higher consumption of meats, fats, dairy products and vegetables; major changes have taken place in the consumption levels of these products in Poland. The main factor underlying these changes is the rise in the incomes of the respective population groups.

#### C.5. Policies and measures affecting consumption

In view of the relatively high level of demand for cereals, there is no need for recourse to measures stimulating consumption. The maintenance at a low level of prices of the principal types of bakery products and groats is made necessary by social considerations in respect of consumers with low incomes.

---

<sup>1</sup>"Panstwowe Zaklady Zbozowe" (State Cereal Organization); this organization purchases the basic quantities of cereals (cereals from domestic purchases and from imports and resales to wholesalers) and also carries out the processing (milling) of cereals.

<sup>2</sup>Except for manna groats where, taking account of the importance of this product in infant nutrition, this amount is only of Zl 180.

<sup>3</sup>As regards supplies of bread a pronounced transition can be noted from the self-supply of rural producers towards purchases by these producers of bakery products in bakeries and shops which buy the raw material from governmental stocks.

D. International trade and prices

D.1. Statistical data on the volume and value of imports and exports

D.2. Levels of export prices

Statistical data on Poland's foreign trade in cereals from 1965 to 1967, and prices obtained from exports are shown in Tables 7 to 9 below. Because of the heavy burden on the balance of payments represented by the present volume of cereals imports Poland aims to acquire these imports under the most favourable credit conditions. (The major part of purchases in recent years from countries Members of GATT was made on credits of three years.) In that period there were no transactions on non-commercial terms.

Table 7

CEREAL EXPORTS FROM POLAND, 1965-1967, BY COUNTRY OF DESTINATION

(Value: \$'000 f.o.b.)

	1965		1966		1967	
	Tons	Value	Tons	Value	Tons	Value
<u>Barley - total</u>	56,911	4,090	89,562	6,654	57,667	4,088
Austria	14,145	1,064	34,487	2,672	10,392	779
Belgium	1,994	134	8,101	579	3,550	236
Czechoslovakia	3,010	209	-	-	-	-
Denmark	4,961	351	3,356	237	-	-
Finland	3,660	278	2,238	155	4,153	287
Germany, F.R.	10,285	730	24,272	1,774	1,214	87
Norway	-	-	1,550	111	-	-
Switzerland	14,856	1,007	4,717	344	23,093	1,643
Italy	-	-	7,344	542	12,765	865
Brazil	4,000	317	2,997	240	2,500	191
<u>Rye - total</u>	-	-	19,542	1,181	65,538	4,034
Austria	-	-	7,119	450	-	-
Denmark	-	-	-	-	4,854	292
France	-	-	8,451	482	-	-
Germany, D.R.	-	-	-	-	50,489	3,121
Germany, F.R.	-	-	1,842	121	2,329	144
Sweden	-	-	2,130	128	7,866	477

Table 8

PRICES OF BARLEY AND RYE IN MAJOR POLISH EXPORT CONTRACTS IN 1967

(\$ per metric ton)

Serial number	Date	Country of destination	Tons	Price f.c.b., \$ per metric ton
<u>Barley</u>				
1	11. 1.1967	Switzerland	2,350	71.30
2	20. 1.1967	Italy	2,000	71.40
3	20. 1.1967	Italy	6,000	71.00
4	28. 1.1967	Austria	1,000	75.00
5	28. 1.1967	Sweden	3,000	71.00
6	31. 1.1967	Sweden	1,000	71.00
7	11. 2.1967	Sweden	3,000	70.25
8	21. 2.1967	Sweden	3,000	70.00
9	23. 3.1967	Sweden	1,500	74.00
10	3. 5.1967	Sweden	2,000	76.50
11	4. 5.1967	Sweden	1,500	73.00
12	18. 5.1967	Austria	1,500	77.00
13	11. 8.1967	Sweden	2,000	69.00
14	15. 8.1967	Brazil	2,000	76.50
15	6. 9.1967	Finland	1,000	66.00
16	19. 9.1967	Belgium	1,800	65.00
17	23. 9.1967	Italy	4,500	66.00
18	2.11.1967	Belgium	1,200	64.50
<u>Rye</u>				
1	12. 1.1967	Denmark	1,500	60.10
2	17. 1.1967	Germany, F.R.	1,000	60.00
3	31. 1.1967	Germany, D.R.	13,500	62.00
4	17. 2.1967	Germany, D.R.	10,000	62.00
5	20. 2.1967	Germany, D.R.	10,000	61.50
6	22. 2.1967	Germany, D.R.	17,000	61.75
7	15. 3.1967	Germany, F.R.	1,000	60.50
8	18. 4.1967	Sweden	2,600	60.00

Table 9

PRICES OF BARLEY AND RYE IN EXPORTS FROM  
POLAND TO SELECTED COUNTRIES

(Quantities: '000 tons)  
(Values: \$ on f.o.b. basis)

Commodity and country of destination	Quantities exported in 1967			Range of prices in contracts	
	Total	of which under contracts		from 1966	from 1967
		from 1966	from 1967		
<u>Barley</u>					
Austria	10.4	5.9	4.5	74.70	74.00-77.00
Belgium	3.6	-	3.6	-	62.60-69.90
Finland	4.1	1.5	2.6	69.00	65.00-72.30
Italy	12.8	-	12.8	-	64.00-70.85
Switzerland	23.1	5.2	17.9	70.50-72.00	68.00-76.50
Brazil <sup>1</sup>	2.5	-	2.5	-	75.95-78.20
<u>Rye</u>					
Denmark	4.8	2.4	2.4	59.00-60.75	58.40-62.00
Germany, D.R.	50.5	-	50.5	-	61.50-62.00
Germany, F.R.	2.3	0.2	2.1	60.00-72.00	60.00-60.50
Sweden	7.9	5.2	2.7	60.60	60.46

<sup>1</sup>In sacks.

D.3. Export aid measures and policies

D.3.a Specific data and comments on export payments, subsidies and other aids

Poland does not grant export subsidies.

D.3.b Stock management policies as they relate to exports

As Poland does not maintain long-term stocks, there was no need to establish a particular policy in this respect.

D.3.c Types and influence of non-commercial transactions and policies

Exports of cereals do not include transactions on non-commercial terms.

The production support policy in respect of cereals in Poland is maintained within moderate limits. This is why it has not resulted in the creation of exportable surpluses, even in years of exceptional harvests. On the contrary, Poland remains an importer of considerable quantities of cereals.

The raising of cereal prices in 1965 aimed at the maintenance of incomes of the agricultural population at a reasonable level. It was a counter measure against the worsening of the conditions in the development of cattle production; this worsening was the result of the difficulties which Polish exports of animal products met with in the countries of Western Europe, especially from the year 1963 onwards.

For this reason conditions were created for agricultural producers that would stimulate a greater interest in the development of production of crops, in certain cases by means of reducing the profitability of animal production.

D.4. Description of bilateral agreements affecting imports or exports

- - -