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Drought Subsidies Made Available for Polish Farmers

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Agricultural Situation
Policy and Program Announcements
Grain and Feed
Sugar
Potatoes and Potato Products

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Report Highlights:

The Polish Ministry of Agriculture (MinAg) announced that farmers will be eligible to receive PLN 1.5 billion (\$410 million) in financial support to offset losses from the 2018 drought. Most areas experienced hot and dry conditions from April through mid-June 2018, although some areas of western Poland experienced drought conditions through September. Over 200,000 Polish farms on 3.5 million hectares (HA) were negatively affected.

On September 14, 2018, Poland's Minister of Agriculture and Rural Development Jan Krzysztof Ardanowski announced that the Government of Poland (GOP) would provide PLN 1.5 billion (\$410 million) in subsidies for farmers affected by drought. Affected farmers with crop losses over 70 percent of the planted area, will be eligible to receive up to PLN 1,000 (\$271) per HA, while those with losses between 30-70 percent will be eligible to receive up to PLN 500 (\$135) per HA. Eligible farmers are required to demonstrate that crops from at least half of his/her land is insured, or payouts will be reduced by 50 percent, as per European Union (EU) legislation. Farmers can apply for the assistance under the program as of October 31, 2018.

Minister Ardanowski informed Polish farmers that the EU also approved advanced direct-payments, given the situation. The advanced payments will provide up to 70 percent of support payments under the Common Agricultural Policy's (CAP) first pillar and 85 percent of payments under the CAP's second pillar. In total, PLN 11 billion (\$2.98 billion) will be made available of October 16, 2018 through November 31, 2018 for 2019. A primary objective of these advances is to help farmers buy seeds for next season's planting.

Drought conditions started in April and continued through mid-June in most production areas. However, in some areas, particularly western Poland, drought conditions persisted through September. The 2018 drought hit 200,000 Polish farms on 3.5 million HA, including 1.1 million HA of meadow, pasture, and grassland. 570,000 HA, roughly 20 percent of drought-affected arable land, had crop losses over 70 percent. Total losses in value terms are estimated at over of PLN 3.7 billion (\$1.0 billion). Subsidies will also be made available to aquaculture operations, which can apply for drought relief of up to PLN 300 per HA (\$81.4) for stocked ponds.

Some Polish farmers are also seeking loan repayment flexibility from banks, which are considering such a course of action. MinAg announced that subsidies could be used for toward interest payments for up two years. Some farmers are also advocating for low-interest loans for basic operating input like livestock feed or seeds. Under this form of assistance, farmers would only be responsible for paying the principal and 0.5 percent of the interest rate payable, with the rest of the interest covered by GOP.

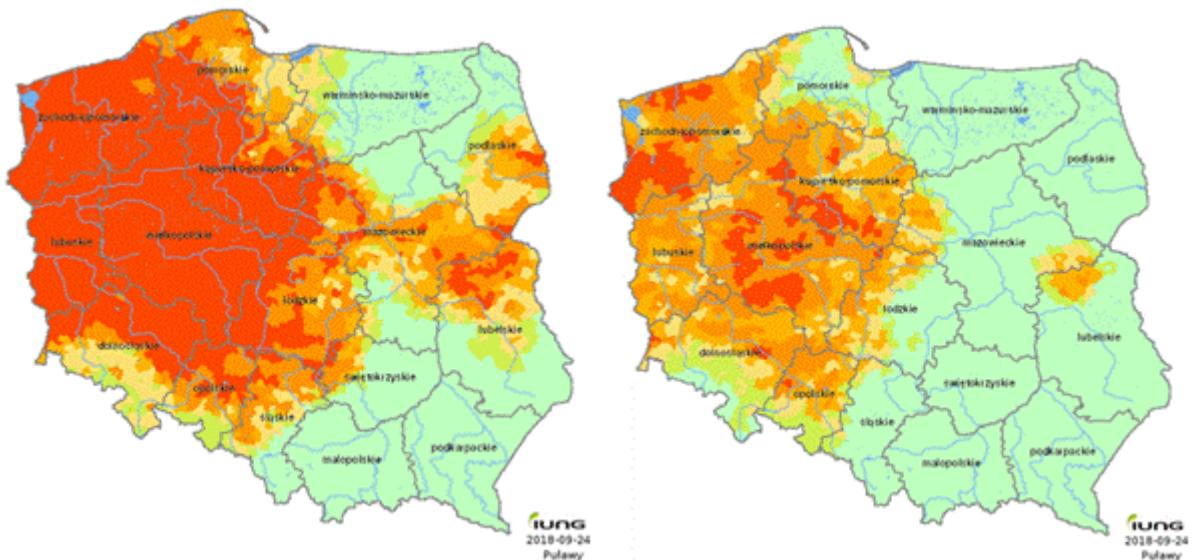
Poland's Main Statistical Office initially estimated cereal crop at around 23.4 million metric tons (MMT), approximately 16 percent less than in 2017, of which winter cereal crop at 15.2 MMT (17.4 percent less than last year), and spring cereal crop at 8.2 million MT (13.4 percent less than last year).

Table 1: Drought risk by crops in Poland from July 21 to September 20, 2018.

	Crops	Area under the drought risk (%)
1	Potatoes	50.0
2	Rapeseed	27.0
3	Sugar Beets	23.0

Source: IUNG Pulawy,Poland

Potatoes Sugar Beets



The drought benchmark (according to the Act. Dz. U No. 150) was not exceeded

- < 10 % soils
- 10 - 30 % soils
- 30 - 50 % soils
- 50 - 80 % soils
- > 80 % soils

Source: IUNG Pulawy, Poland, September 20, 2018

According to the Polish Institute of Soil Science and Plant Cultivation, brought conditions persisted in some parts of Poland until mid-September 2018, especially in western parts of the country. The largest water deficits were recorded in Wielkopolska, Lubuskie and Lower Silesia, which are major production centers for cereals, rapeseed, and sugar beets. Currently, dry conditions are affecting the potato, rapeseed, and sugar beet crops. Most Polish grains have been harvested, although the corn harvest remains underway. The fall winter-crop planting has begun, although dry and dusty conditions are creating difficulties for farmers and threaten the new crop's initial developments.

Photo: A farmer in western Poland prepares dry soil for winter crop planting.



Photo: IUNG Poland

