

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT
POLICY

Voluntary Public

Date: 12/15/2014

GAIN Report Number: PL1417

Poland

Post: Warsaw

Polish Dairy Farmers without Compensation for the Russian Embargo

Report Categories:

Dairy and Products

Approved By:

Russell J. Nicely, Agricultural Attache

Prepared By:

Piotr Rucinski, Agricultural Specialist

Report Highlights:

The European Commission granted compensation to Lithuanian, Latvian and Estonian (Baltic States) dairy farmers but Poland did not receive compensation for losses of the dairy industry resulting from the Russian embargo introduced on August 7, 2014. It is estimated that in 2014 Polish exports of dairy products to Russia will be US\$ 65 million lower than in 2013.

General Information:

Despite claims sent to Brussels by the Polish Ministry of Agriculture and protests of Polish dairy farmers and processors, Poland did not receive compensation for losses of the industry resulting from the Russian embargo introduced on August 7, 2014. The European Commission (EC) granted compensation to Lithuanian, Latvian and Estonian (Baltic States) dairy farmers and is currently considering support to Finland. The EC is of the position that the dairy industry in Lithuania, Latvia and Estonia were adversely affected by the Russian embargo due to the considerable share of their exports to Russia in the past. Compensation for these countries amounts to a total of US\$ 36 million. The amount of aid for Lithuania, Latvia and Estonia will amount to US\$ 17, 10 and 9 million, respectively.

On November 28, 2014, the Polish Federation of Cattle Breeders and Milk Producers and the National Council of Agricultural Chambers organized a protest in front of the Polish Ministry of Agriculture of 3,000 farmers demanding support for the dairy industry due to the deteriorating economic situation of dairy producers. Dairy farmers organized the protest to demonstrate concern that the impact of the Russian embargo will be long-lasting and increasingly threaten their economic situation. The protesting farmers informed the minister of agriculture that in their opinion the milk market in Poland is going in the wrong direction and it requires extraordinary solutions. They demanded a quick and decisive action from the Ministry and the European Commission.

Milk producers demanded 1) elimination of penalties for overproduction of milk quota for the 2014/2015 quota year, 2) wanted to receive equivalent of at least PLN 0.3 per kilogram of milk quota after termination of quota in 2015, 3) the realignment of price levels of intervention on dairy market, and 4) additional payments to milk producers arising from the high losses incurred due to the embargo introduced by Russia on milk and dairy products. Farmers also expressed their support and participated in the protest of EU farmers on December 11, 2014 in Brussels.

In 2013, the value of Polish exports of dairy products to Russia amounted to US\$ 181 million. The Russian share in Polish exports of dairy products amounted to 8.5 percent. In addition to cheese, which constitutes 78 percent of the exports to Russia, Poland also sent milk powder, butter, cream, yogurt and whey. In the first seven months of 2014, Polish exports of dairy products to Russia amounted to US\$ 114 million, a 27 percent increase in comparison to the same period of the previous year. In August 2014, the first months of the Russian embargo, Polish exports of dairy products dropped to US\$ 3.5 million as compared to US\$ 16 in August 2013. It is estimated that in 2014 Polish exports of dairy products to Russia will be US\$ 65 million lower than in 2013.