THE SYSTEM OF LIMITED AMOUNTS IN MILK PRODUCTION IN POLAND

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One of the most important instruments of regulating the milk market in the European Union is the system of limited milk amounts. Limiting milk production was not known in Poland before. The experience of the highly developed countries show that this instrument influences the economic and organizational transformations of dairy farms and the development of the regions which specialize in milk production. The article confirms that similar processes have already been started in Poland in the first limited amounts in the year 2004/2005.

Keywords: limited milk amount, purchasing subject, farm, limited amount year, wholesale supplier, direct supplier.

Introduction

The limited amounts system is one of the fundamental tools of regulating milk production. Despite the fact that limiting the level of production is contrary to the principles of free market and is criticized by the proponents of the economic liberalism, the limited milk amounts have been retained until 2014/2015. Between the EU countries and Poland there are still very distinct differences concerning the production and processing of milk. The distance can be noted mostly in the fragmentation of the structure of the milk producers and low level of their specialization (Fedak, 2003). The system of managing the limited milk amounts has been entrusted to the Agricultural Market Agency, which supervises 16 Local Branches of the Agricultural Agency. The aim of the article is presenting the problem of adapting the limited amounts system introduced by EU to the Polish conditions.

Managing the limited amounts of milk

The system of managing the limited milk amounts is very different in different countries. The experience of the member countries show that introducing this system and its right functioning is not easy. Each country has its own organizational structure and a responsible organ (Iwan, 2001).

The Polish organization of the system of the limited milk amounts is based on the European systems, however, the specific situation in our country did not allow for adaptation of any of the existing systems. Up till then there were no structures in Poland, which might be connected with limiting production that is why it was considered vital to create such structures. Because of the great number of the wholesale producers, parts of the tasks connected with administration were entrusted to milk-purchasing subjects.

The level of utilizing of the national referential amount

According to the Act of regulating the dairy market (Sept. 6th 2001) the limited amount year spans from April 1st to March 31st of the next calendar year. The basis for allotting the individual referential amount (IRA) to wholesale producers was the referential year, from April 1st 2002 to 2003. The first year of the limited
amounts of milk production in Poland was the period from April 1\textsuperscript{st} 2004 to March 31\textsuperscript{st} 2005. At the European Union summit in Copenhagen, December 13\textsuperscript{th} 2002 Poland received: the following National Referential Amount: 8 964 017 000 kg, including:

- national referential amount for wholesale suppliers – 8 500 000 000 kg;
- national referential amount for direct suppliers – 464 017 000 kg.

In addition we were granted the possibility to make use (since 2006) of the so called restructuring reserve, amounting to 416 126 000 kg. Poland will obtain this possibility in the case of increasing the amount of milk introduced to the market.

There were also determined the ratios of allotting the individual limited milk amount:

- for the wholesale suppliers equals 1;
- for the direct suppliers equals 0.64.

On the day of March 31\textsuperscript{st} 2005 – end of the first limited amounts year, the total amount of milk with referential content of fat, which was put on market by wholesale suppliers in the limited amount year 2004/2005 amounted to 8 346 602 807 kg and was lower than the allotted Individual Referential Amounts. In the case of direct suppliers the total amount put on market amounted to 308 933 766 kg. Just as in the case of wholesale suppliers, it was lower and amounted to approx. 68.6\% of the allotted amount. The biggest amounts of milk and dairy products were put on market in the southern part of Poland, which is a proof of a great fragmentation of milk production in these regions.

According to the art. 32 of the Act of organizing the milk and dairy products market (April 20\textsuperscript{th} 2004), in the case when in the referential year the producer puts on market less milk and dairy products than 70\% of the individual referential amount that was allotted to him, the manager of the Local Branch of the Agency takes the decision to decrease the individual referential amount by its not used part. After the process of reducing the individual referential amount because of it not being used in at least 70\% by the producers, 15 992 wholesale suppliers had their referential amounts withdrawn, while 36 168 suppliers had the referential amounts reduced by the unused part. In total the national reserve received 215 437 232 kg because of the reductions and withdrawals.

Totally the number of the national wholesale suppliers fell by 5.15\% in relation to the previous limited amount year.

The reduction of the limited amounts by their unused part concerned the producers of all branches; the biggest number of such cases was recorded among herd owners in mazowieckie and lubelskie province, the least number – in the zachodnio-pomorskie province.

After the final calculation of the limited amount 2004/2005, the number of the wholesale suppliers, which remained after the withdrawals, amounted to 294 468. The total amount that was granted to them for the limited amount year 2005/2006 amounted to 8 189 418 236 kg. The national reserve of the national referential amount for wholesale suppliers for the limited amount year 2005/2006 received 310 581 764 kg.
In the case of direct suppliers 26 239 of them had their referential amounts withdrawn, while 2 881 suppliers had their amounts reduced by the unused part. The total number of direct suppliers was decreased by approx. 34% in relation to the first limited amount year. The milk producers, despite receiving direct limited amounts, did not submit final reports to the National Agency, which resulted in the withdrawal of these amounts.

**Conclusions**

In the context of her own observations and research the author of the article has drawn the following conclusions:

1. The system of the limited milk amounts influences the structural transformations on farms and processes of concentration. Obtaining additional limited amounts calls for definite financial means. The negative effect of the limited amounts will be visible only after 2006, when the limited amounts will really start to limit milk production.

2. The system of the limited amounts is somehow focused on the individual regions of the country. From the economic point of view focusing the limited amounts on the regions is not positive, as it limits the competitiveness of milk production, which might be run in a more effective way on the regions with more advantageous natural-economic conditions.

3. From the social point of view the system of the limited milk amounts can get a positive evaluation. Introducing the mechanisms of the Common Agricultural Policy to the Polish market is going to effect stabilization of the prices and greater protection against fluctuations of prices on world markets. It is the first time when farmers can plan their income.

**References**


**LENKIJOS PIENO GAMYBĄ RIBOJANČIŲ VEIKSNIŲ SISTEMA**

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Atliktų tyrimų rezultatai leido padaryti šias išvadas: Pieno supirkimo kvotų sistema veikia išskiriant biotipų transformacijos ir koncentracijos procesą; Papildomos kvotos reikalauja nustatytų finansinių priemonių; Kvotų neigiamas ypatumis yra gamybos apimties mažinimas; Kvotų sistema skirtingai veikia atskiruose šalies regionuose; Ekonominiu požiūriu kvotų sistema skirtingose regionuose yra nepožitivy; Socialiniu požiūriu pieno kvotų sistema vaidina pozityvų vaidmenį; Bendrosios Žemės ūkio politikos mechanizmo pritaikymas Lenkijos rinkoje leido stabilizuoti kainas. Tai sudarė sąlygas ūkininkams planuoti savo pajamas.

_**Raktiniai žodžiai:**_ kvota, tiesioginis tiekėjas, supirkėjas, ūkis, pieno produkcija, regionas.