



Kingdom of the Netherlands



**ORGANIC FARMING AND ITS MARKET IN POLAND
FROM THE PERSPECTIVE OF 2020.
CURRENT STATUS AND PROSPECTS.**

Report provided by the
Polish Chamber of Organic Food



based on published data sources
and direct informations obtained from members

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Warsaw, June 2021

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1. INTRODUCTION

Organic farming was initiated in Poland in the mid-1980s, that is two decades before the accession to the EU and the adoption of Community legislation governing the system of organic food production.

Just then, on the initiative of several scientists and agricultural advisors and about a hundred farmers gathered around them, the movement for "food without chemicals" was born. Five years later, in 1989 it was registered as EKOLAND Association of Ecological Food Producers. In 1990, EKOLAND organized the first assessment of farms, 27 of which received the pioneering in-conversion status. The EKOLAND criteria had been derived from the Basic Standards of IFOAM (International Federation of Organic Agriculture Movements). Thanks to this the young national trend remained, from the very beginning, within the framework of the developing European system of organic production.

In 1996, the independent certification body (AGRO BIO TEST) separated from EKOLAND; some later two others came forward. In 1998, certified organic farmers received, for the first time, subsidies for control costs from the budget of the ministry of agriculture, and a few years later - also for organically farmed land. Domestic resources were quite modest and were not accompanied by a promotional campaign, so the system developed slowly.

The accession to the European Union in 2004 significantly strengthened the attractiveness of organic farming in Poland and resulted in 10 years of rapid increase in the number and area of farms converting to organic farming. The main incentive was the financial support under the EU agri-environmental program. However, the tightening of sanctions (return of several years of subsidies) for failure to meet the obligations interrupted the good streak and led to a downward trend.

Paradoxically, this has no impact on the organic market, which is developing without any institutional support, showing a steady increase in turnover (around 10% annually) despite the modest offer of domestic products, compensated by EU organic articles deliveries.

With all the complexity of natural, social and organizational factors, organic farming in Poland has enormous development potential, which is fostered by the new EU Green Deal strategy.

This study tries to bring the picture closer.

2. ORGANIC AGRICULTURE WORLDWIDE

Organic food and farming is an activity carried out in 187 countries around the world according to data for 2019 (issue Februar 2021). The relevant data are collected in the framework of annual surveys on organic agriculture worldwide, conducted by the Research Institute of Organic Agriculture (FiBL, Forschungsinstitut für Biologischer Landbau, in Frick, Switzerland) for 23 years.

While in 103 countries* organic farming is regulated by law and in others it is based on the criteria of non-governmental organizations, their common denominator is the rejection of agricultural chemicals and genetically modified organisms (GMO), and concern for animal welfare and biodiversity. These distinguishing features allow us to compile and compare global data and predict trends.

2.1. The area of organic farmland worldwide 2019

According to the latest FiBL survey on organic agriculture worldwide, the organic farmland and organic retail sales continued to grow. Compared to the preceding year (2018: 71,5 million hectares), the area of organic land worldwide increased by 0,8 million hectares in 2019 and reached 72,3 million hectares. Compared to 1999, when 11 million hectares were organic, organic agricultural land has increased more than six-fold.

A short summary of the most important global data for 2019 collected by FiBL is as follows:

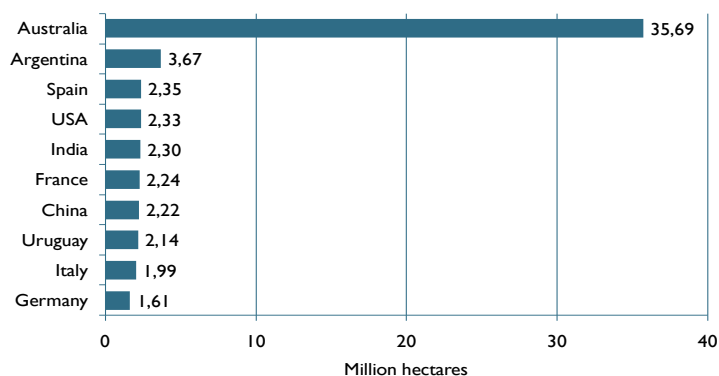
- 187 countries reported data on organic agriculture,
- 72,3 million hectares of agricultural land are organic (including in-conversion areas),
- 16 countries have 10% organic agricultural land or more, and 15 countries have between 5 and 10% organic agricultural land,
- 3,1 million producers were reported.

Among the 10 countries with the largest area of organic land worldwide, there are 4 EU member states (see figure below) with advanced farming and developed organic markets (Spain, France, Italy and Germany), while in the top countries (Australia and Argentina) it is mainly certified grassland and grazing area.

* Source: https://www.agencebio.org/wp-content/uploads/2021/01/Carnet_MONDE_2020-1.pdf

The ten countries with the largest areas of organic agricultural land 2019

Source: FiBL survey 2021



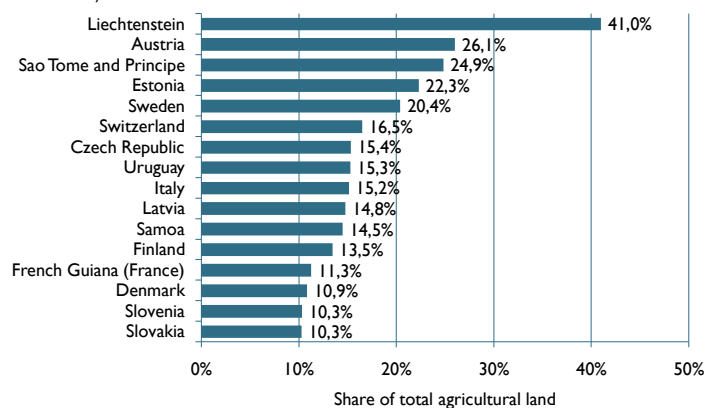
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2.2. The share of organic farmland worldwide 2019

Absolute numbers concerning the area of organic farmland cannot, however, be the basis for comparisons, due to the different sizes of countries. The importance of organic farming in a given country is reflected in the share of organic farmland in the total agricultural area. In this world ranking Europe is in the lead: small Liechtenstein (over 40%) and Austria (over 24%) opened the world list for 2019.

Countries with an organic share of at least 10 percent of the agricultural land 2019

Source: FiBL survey 2021



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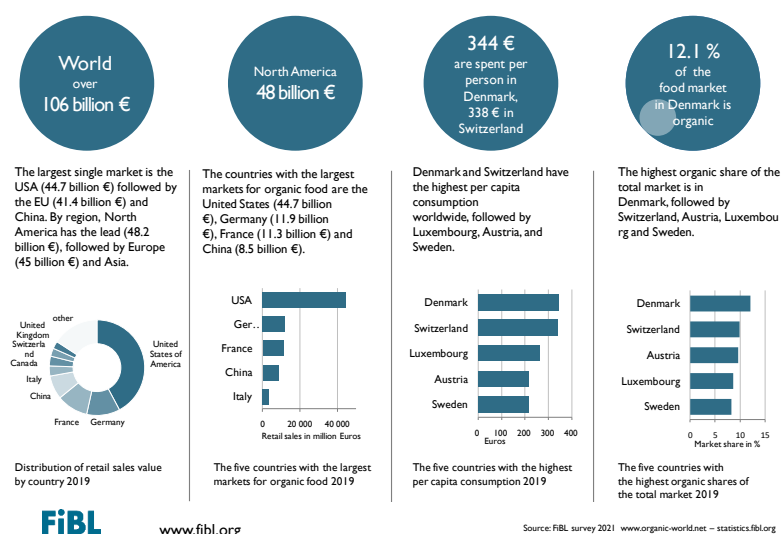
2.3. The global market for organic food and beverages 2019

The regulations of the European Union and the USA have the greatest influence on the value and volume of the global organic market. In addition to own (domestic) production, there are significant imports of organic products grown, processed and controlled according to the relevant regulations abroad, i.e. in third countries. Therefore, in addition to the data on organic production, an indicator of the importance of organic farming is data on the consumption of organic products.

A short summary of the most important data for 2019 with regard to global market (world) collected by FIBL is as follows:

- In 2019, the global market for certified organic food and drink reached over 106 billion €.
- The turnover with organic products has increased more than eight fold since 2000.
- Almost 90% of the organic product revenues is made in the North America and Europe.
- In 2019, the largest market by far was the United States with 44,7 billion € of organic food sales, followed by Germany with 12,0 billion € and France with 11,3 billion €.
- The highest *per capita* consumption in 2019 was in Denmark (344 €) and Switzerland (338 €).

ORGANIC RETAIL SALES 2019



3. ORGANIC AGRICULTURE in EUROPE and in the EUROPEAN UNION

3.1. Legal framework for organic production in the EU

In the European Union organic farming has been subject to Community legislation since January 1993 (EEC Regulation No 2092/91).

Since 2009, the EU has applied more extensive legislation: framework Council Regulation No 834/2007 and two detailed Commission Regulations: No 889/2008 and No 1235/2008, which is the basis for EU certification and statistical reporting, quoted in this study:

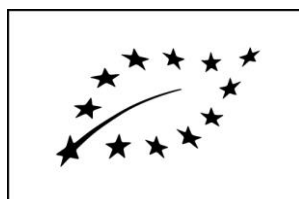
- *Council Regulation (EC) No 834/2007 of 28 June 2007 on organic production and labelling of organic products and repealing Regulation (EEC) No 2092/91.*
- *Commission Regulation (EC) No 889/2008 of 5 September 2008 laying down detailed rules for the implementation of Council Regulation (EC) No 834/2007 on organic production and labelling of organic products with regard to organic production, labelling and control.*
- *Commission Regulation (EC) No 1235/2008 of 8 December 2008 laying down detailed rules implementation of Council Regulation (EC) No 834/2007 as regards the arrangements for imports of organic products from third countries.*

These regulations apply in the EU until the end of 2021. From 1 January 2022, the above legislation will be replaced by the new framework regulation:

- *Regulation (EU) 2018/848 of the European Parliament and of the Council of 30 May 2018 on organic production and labelling of organic products and repealing Council Regulation (EC) No 834/2007*

accompanied by numerous implementing and delegated regulations, only some of which have been passed so far.

European Union regulations are binding in their entirety and directly applicable in all Member States, ensuring a uniform standard of organic food to Community consumers. Organic certification status is symbolized by the EU organic production logo, protected by law, called shortly „euro-leaf“:



https://ec.europa.eu/info/food-farming-fisheries/farming/organic-farming/organic-logo_en

Products imported to the EU must be produced in the countries of origin (third countries) in accordance with EU legal organic rules so that they can be marketed in the EU and be combined with organic foodstuffs from the EU. They may voluntarily bear the EU organic logo.

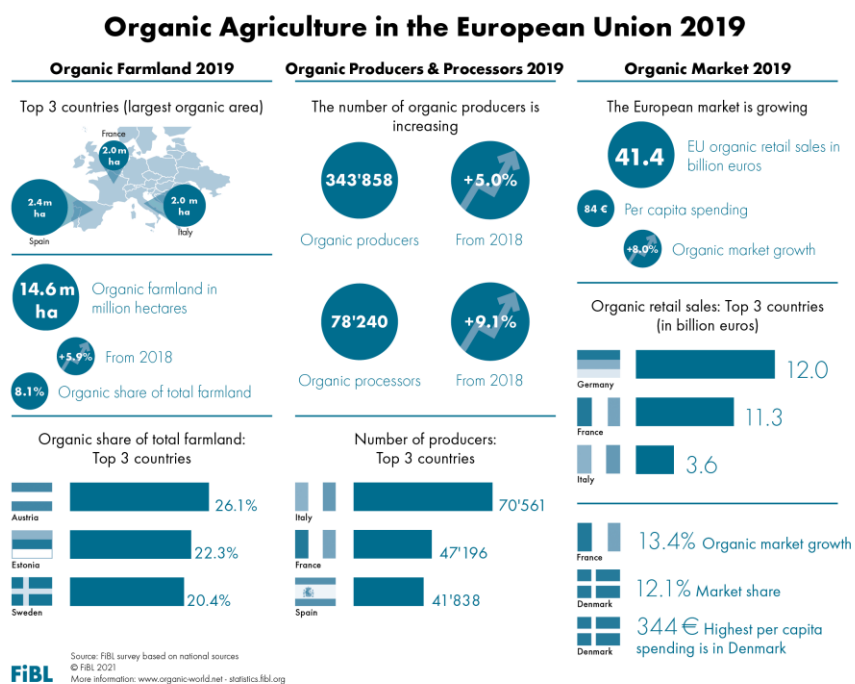
3.2. Organic farmland area and other indicators in Europe and in the EU 2019

In non-EU countries, organic farming is practiced on a smaller scale. In many cases it is production for the EU and/or US market, according to their requirements, respectively. The exception is Switzerland, where – thanks to the steady national support for nature-friendly agriculture – organic crops covered almost 16,5% of global area (2019), and thanks to the growing demand for organic food – it had almost 10% share in the country food market.

Some important data for 2019 with regard to both Europe and the EU, according to quoted FIBL survey, is as follows:

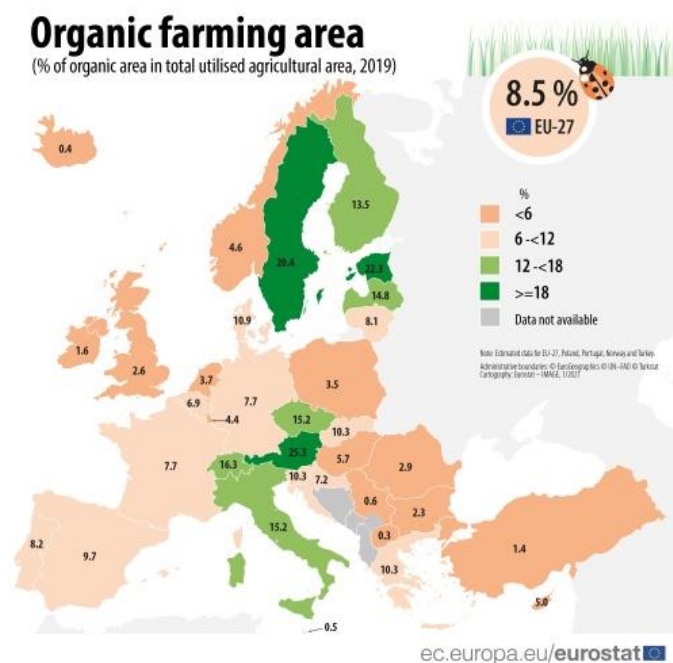
2019	EU	Europe
Organic agricultural land (incl. in-conversion areas)	14,6 million ha	16,5 million ha
Share of the overall agricultural area	8,1%	3,3%
Increase compared to preceding year (2018)	0,82 million ha / 5,9%	0,92 million ha / 5,9%
Number of producers	> 343 000	> 430 000
Organic retail sales	41,4 billion €	45 billion €

A short summary of the most important data for 2019 with regard to the European Union collected by FIBL is shown on the figure below:



According to FIBL, the total area of organic agricultural land in the EU in 2019 was 14,6 million ha (8,1%), while organic farming statistics of Eurostat provides data for the EU-27 (i.e. excluding UK): 13,8 million ha (8,5%).

The figure below shows the share of organic farmland in agricultural land area in Europe.



Source: [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Organic farming statistics#Total organic area](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Organic_farming_statistics#Total_organic_area)

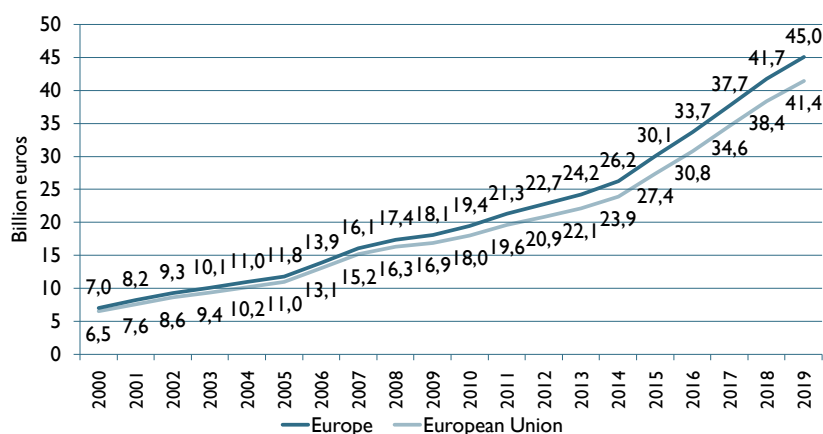
3.3. Organic food market in Europe 2019

The value of turnover on the organic food market in Europe has been growing continuously for 20 years, accelerating very dynamically in the last 5 years.

Europe and European Union: Development of retail sales 2000-2019

Europe and European Union: Development of retail sales 2000-2019

Source: FiBL-AMI Surveys 2006-2021, OrganicDataNetwork Surveys 2013-2015



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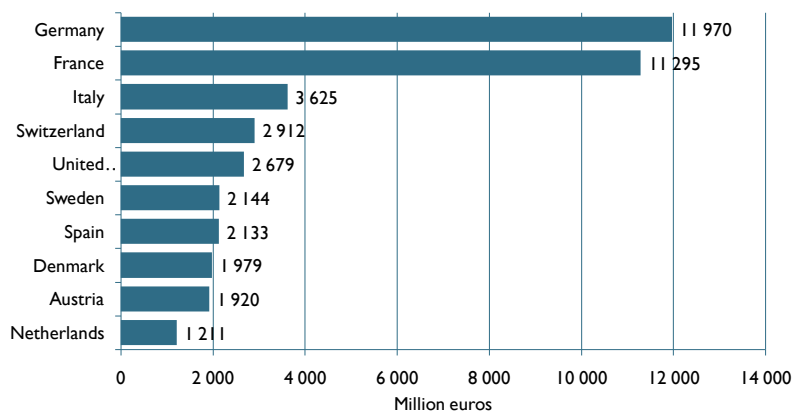
A short summary of the key-data for 2019 with regard to the European organic markets collected by FiBL is as follows:

- The global European market was 45,0 billion €, i.e. 8,0 percent more than in 2018.
- The largest market for organic products in 2019 was Germany with a turnover of over 12,0 billion €, followed by France (11,3 billion €) and Italy (3,6 billion €).
- As a portion of the total market share, the highest levels have been reached in Denmark, Switzerland, and Austria with 9 percent or more for organic products.
- The highest per capita spending is in Denmark (344 €) and Switzerland (338 €), followed by 3 countries with expenditures of more than two hundred euros: Luxembourg (265 €), Austria (216 €) and Sweden (215 €).

The European market for organic food and drink: The countries with the highest sales 2019

Europe: Organic retail sales value by country 2019

Source: FiBL-AMI survey 2021



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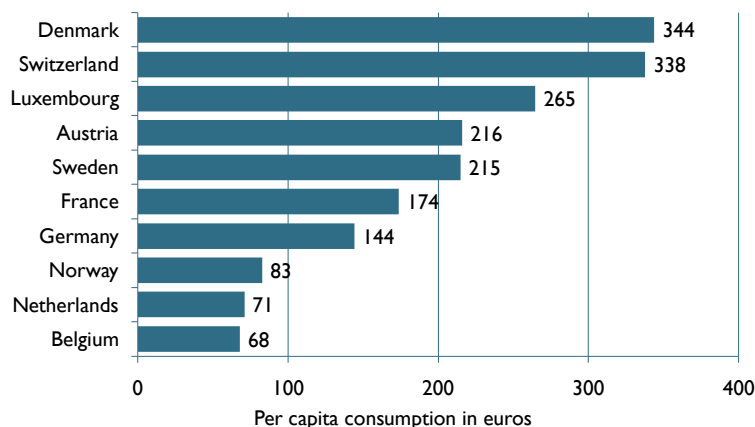
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Europe: The countries with the highest per-capita consumption 2019

Europe: The countries with the highest per capita consumption of organic food 2019

Source: FiBL-AMI survey 2021



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In the ranking of organic food consumption, actually do not count Central and East European countries, where *per capita* consumption does not exceed 20 €.

4. ORGANIC AGRICULTURE in POLAND

4.1. Rise and grassroots development of organic agriculture in Poland before accession to the European Union

1983 - 1989	The nascency of the "no chemicals" movement in protest against the pollution of the environment and food caused by agri-chemicals. Numerous lectures and courses by foreign and Polish speakers, on alternative farming, biodynamic method, composting, non-chemical weed control, etc.	
1989	Transformation of the informal movement of pro-ecological farmers into the registered EKOLAND – Association of Organic Producers. EKOLAND joins International Federation of Organic Agriculture Movements, IFOAM.	
1990	The first attestation (27 organic farms) based on the criteria of the EKOLAND Association derived from IFOAM Basic Standards for Organic Agriculture	
1993	The separation of a group of farmers under the name of the Polish Society of Ecological Agriculture.	
1996	The first independent body certifying organic production coming out from the EKOLAND Association. Two other organizations declared certification activities in 1997-98 and three other joined in 2001-03.	
In the 90's	Thanks to the support of the German Heinrich Böll Stiftung, EKOLAND managed to popularize the concept of organic farming through organization of trainings, publishing and event activities.	
Since 1998	Organic farmers obtained financial support of control costs from the budget of the Ministry of Agriculture; in the following years also to the area of organic farming.	
2001	Organic Agriculture Act adopted on 16.03.2001 (it applied to 30.04.2004)	
2004	By joining the EU, with the number of 2304 organic farms and their total area of 49 928 ha, organic production in Poland is submitted to EU legislation.	

Sources:

Sołtysiak U. – Rolnictwo ekologiczne w Polsce. Ocena stanu aktualnego i perspektywy rozwoju. In: Polskie Rolnictwo Ekologiczne – Kształcenie Kadry Doradców. Brwinów 2003, 33-40.
Raport. Rolnictwo ekologiczne w Polsce w 2003 r. Główny Inspektorat IJHARS, 31.03.2004.

4.2. National organic agriculture system in the legal framework of the EU

With accession to the EU, organic farming comes under EU legislation. Based on Regulation No. 2092/91, later replaced by Regulation No 834/2007 (and detailed regulations 889/2008 and 1235/2008), Polish Act on Organic Farming from 2004 has become a competence act regulating the organizational system of organic farming in Poland.

Requirements in the areas of agriculture, processing and distribution are determined by Community law, which is directly applicable in the Member States. The organization of the control system is left by the EU legislature to Member States.

Pursuant to the then-adopted Act on Organic Farming (2004) and the Act from 2009 currently in force, the organizational structure of the organic production system includes the following institutions and defines their powers as follows:

Ministry of Agriculture and Rural Development (MARD) <i>Ministerstwo Rolnictwa i Rozwoju Wsi (MRiRW)</i>
The Ministry of Agriculture and Rural Development is the Central Competent Authority for the control system on organic production and labelling of organic products, responsible for policy planning and preparation of national legislation. The MARD is also in charge of approving CBs to which the task of controls and certification of operators is delegated.
Polish Centre for Accreditation (PCA) <i>Polskie Centrum Akredytacji (PCA)</i>
The Polish Centre of Accreditation is the national body in charge of accrediting Certification Bodies to European Standard ISO/IEC 17065 (in its last amended version) including accreditation audits. It should be noted that the basis for accreditation is the official Polish version of the standard: PN-EN ISO/IEC 17065.
Agriculture and Food Quality Inspection (AFQI) <i>Inspekcja Jakości Handlowej Artykułów Rolno-Spożywczych (IJHARS)</i>
The Agriculture and Food Quality Inspection, which reports to the MARD, supervises Certification Bodies and it is responsible for decisions on derogations from organic production rules (with the exception of the use of conventional propagating material). Main Inspector of AFQI can delegate tasks to regional services: Voivodeship AFQIs. With regard to the supervision of CBs, Main Inspector of AFQI carries out controls at CBs office and the Voivodeship AFQIs carry out review audits at certified operators. Voivodeship AFQIs verify Certificates of Inspection of organic consignments imported from third countries. Since 2013 AFQI conducts state examinations to obtain the qualification of organic farming inspector in Poland.

<p>State Plant Health and Seeds Inspection Service (SPHSIS) <i>Państwowa Inspekcja Ochrony Roślin i Nasiennictwa (PIORiN)</i></p>
<p>The State Plant Health and Seeds Inspection Service manages the national seed database and derogations on the use of conventional propagating material. The Main Inspectorate of SPHSIS is responsible for the seed database, while the Voivodeship Inspectorates are in charge of derogations for conventional propagating material and carry out the relevant controls at producer level.</p>
<p>Veterinary Inspection (VI) <i>Inspekcja Weterynaryjna (IW)</i></p>
<p>The Main Veterinary Inspectorate and Voivodeship Inspectorates of the Veterinary Inspection (VI) are in charge of controls on organic feed.</p>
<p>Agency for Restructuring and Modernisation of Agriculture (ARMA) <i>Agencja Restrukturyzacji i Modernizacji Rolnictwa (ARMiR)</i></p>
<p>The Agency for Restructuring and Modernisation of Agriculture (ARMA) has been designated as paying agency for agricultural funds. It deals with the implementation of instruments co-financed from the European Union budget. ARMA is however included in the organic farming control system in such a way that Certification Bodies provide it with the production data of organic farmers verified during the annual inspection. The data provided by CBs are the basis for calculating subsidies for organic farmers.</p>
<p>Certification Bodies (CBs) <i>Jednostki Certyfikujące (JC)</i></p>
<p>On-spot controls of operators (farmers, processors, distributors, importers) are carried out by accredited by PCA and authorized by MARD Certification Bodies. They issue, suspend and withdraw certificates of compliance with the requirements of EU organic law. They are supervised by AFQI in the form of annual audits at the CB's offices and through the analysis of data reported monthly by CBs. In addition, CBs collect and submit to the paying agency the production data of organic farmers (requested by the ARMA before the end of the calendar year) although some data are not relevant to the certification process. Currently (2021) there are 13 CBs active in Poland.</p>

Sources:

*Ustawa z dnia 25 czerwca 2009 r. o rolnictwie ekologicznym (tekst jednolity: Dz. U. z 2020 r. poz. 1324)
 Raport o stanie rolnictwa ekologicznego w Polsce w latach 2017–2018. GJHARS, Warszawa 2019.*

4.3. Organic farmland area and number of farms, 2004-2020

Accession to the European Union in 2004 significantly strengthened the status of organic farming in Poland as a system that is politically, economically and socially established in the

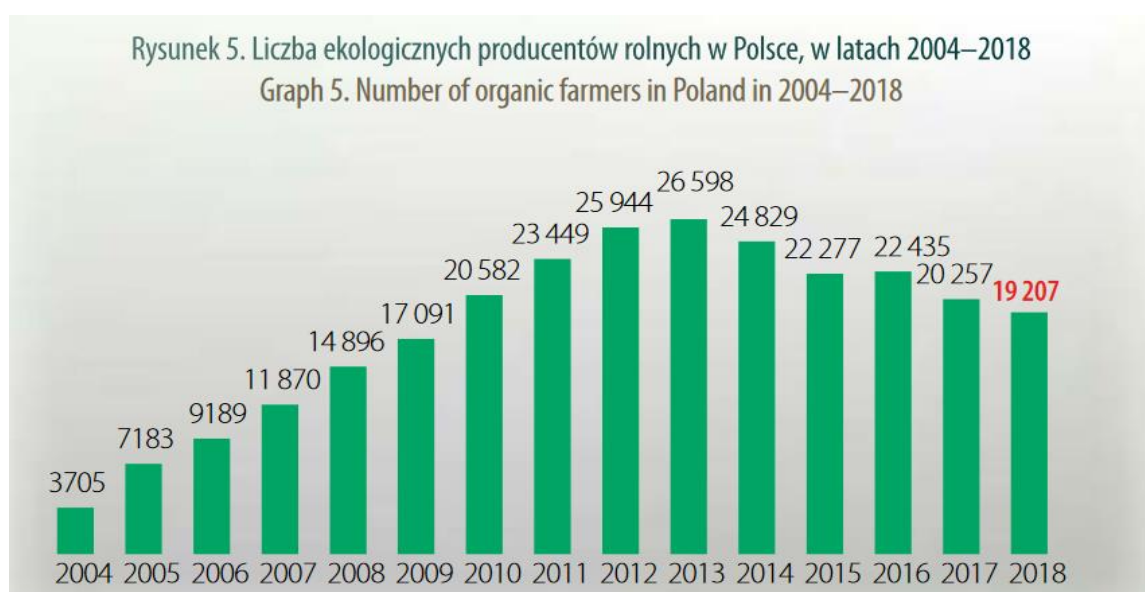
European Community. It resulted in a rapid increase in the number and area of farms converting to organic practices, not due to its products values (still too low demand) or environmental advantages (underestimated at that time), but due to the easy-to-meet criteria for access to attractive subsidies paid by ARMA.

In the years 2004–2013 the statistical data soared: from 3.705 organic farms managing altogether 82.730 ha (in 2004) to 26.598 farms and 669.969 ha of certified organic agricultural land (in 2013).

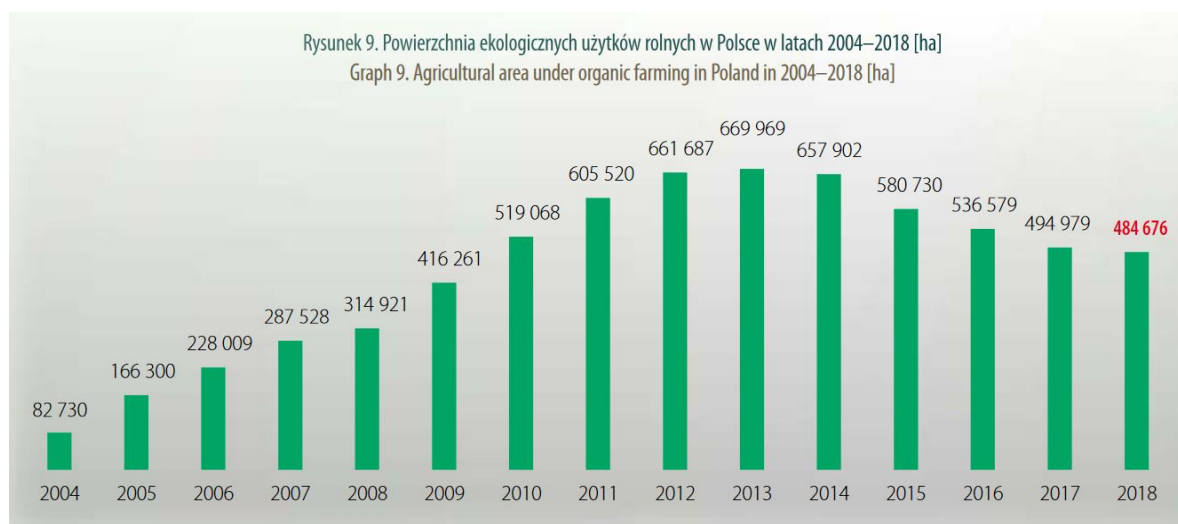
However, this boom was accompanied by a significant number of frauds (subsidies extorted from ARMA) outraging the general public. In order to counteract abuses, the next edition of the Rural Development Plan (for 2014-2020) was subject to very complicated restrictions, discouraging conversion to organic farming and discouraging non-committed people from continuing organic farming after the end of their 5-year agreement with ARMA.

As a result, since 2014, we have observed a regular decrease in the number of organic farms and their area: to 18.637 (2019) and 18.575 (2020) operators, farming respectively 507.637 and 509.291 ha (in-conversion land included).

Changes in the area and number of organic farms in 2004-2018 are illustrated by the following figures, published by AFQI in its latest available Report on state of organic agriculture in Poland (*Raport o stanie rolnictwa ekologicznego w Polsce w latach 2017–2018. GIJHARS, Warszawa 2019*).



To be completed: number of organic farmers in 2019 was 18.637 and in 2020 was 18.575



To be completed: organic farming area in 2019 was 507.637 ha and in 2020 was 509.291 ha

The share of organic farming in the global agricultural area in 2019 was approximately 3,5% of the total farmland (which is 14.69 million ha; *Concise Statistical Yearbook of Poland*). This share (3,5%) is also provided by organic farming statistics of Eurostat (January 2021): https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Organic_farming_statistics#Total_organic_area

4.4. Regionalization of organic farming

The distribution of organic farms in the country is very diverse: from over 15% in the Warmińsko-Mazurskie Voivodeship (and 10-15% in the other 4 voivodeships) to less than 0,5% in the Opolskie Voivodeship. Detailed data (2018) is presented in the figure below.



The explanation of these differences is not unequivocal. In the Warmińsko-mazurskie and Zachodniopomorskie regions a significant share of organic farming can be explained by the outsize area of farms, which sell large batches of cereals to foreign markets, mainly German (receiving higher prices than in Poland). In the Podlaskie, Lubelskie and Mazowieckie voivodeships the farms are not large, but many of them deliver lucrative organic berries.

Organic berries: strawberries, raspberries, black and red currants, gooseberries, but also rhubarb are Polish top products (mainly frozen, IQF) on international markets. Their cultivation is mainly localized in Podkarpackie, Lubelskie and Swietokrzyskie voivodeships, where there is relatively cheap labor, although many Ukrainian pickers are also seasonally employed. Organic American blueberry, offered abroad both as fresh and frozen product, is cultivated mainly in eastern and northern part of the country, in sites with acidic soil.

The development of organic production is clearly related to the availability of personally involved advisors, as the vocational training program in this field has not yet been implemented in Poland.

4.5. Structure of organic farming production

Under this title, two issues will be discussed: products grown and twofold farm types.

4.5.1. Importance of farmed crops and livestock

According to the latest available Report on state of organic agriculture, the structure of organic crops in 2018, presented as share of their cultivation area, was as follows:

Fodder crops	25,8	Pulses (for dry grains)	3,9
Grassland	20,6	Industrial use (i.e. oil crops)	7,0
Cereals	27,6	Other	2,4
Fruit (berries included)	6,2	Potatoes	0,3
Vegetables (herbs included)	6,2	Total	100

From a market point of view, the most important crop is organic cereals (more than a quarter of the organic land area) and organic berries.

Organic vegetables are grown nationwide and marketed mainly on the domestic market (however some species like cauliflower, broccoli, pumpkin, spinach, are also contracted for freezing by private companies supplying to foreign markets).

Almost half of the area of certified organic farming cover fodder crops and grassland (meadows and pastures). This is surprising considering that only little more than 10% of organic farms raised livestock in 2018 (no later data available, but the trend is well known).

Plant production operations (no livestock)	Plant production and animal husbandry operations
88,4%	11,6%

The number of animals kept on organic farms is low and is falling from year to year (also on conventional farms) mainly due to "specialization" requirements introduced at national level. There are practically no young organic animals available to be brought onto organic unit for further raising and for renovation of herds and flocks (and applying to the derogation scheme is troublesome and time-consuming). Moreover, the demand for organic animal products is limited. The exception is the increasing production of organic poultry, in particular laying hens (52% in 2018 vs. 2017), due to the growing demand for organic eggs.

Data quoted above in this chapter:

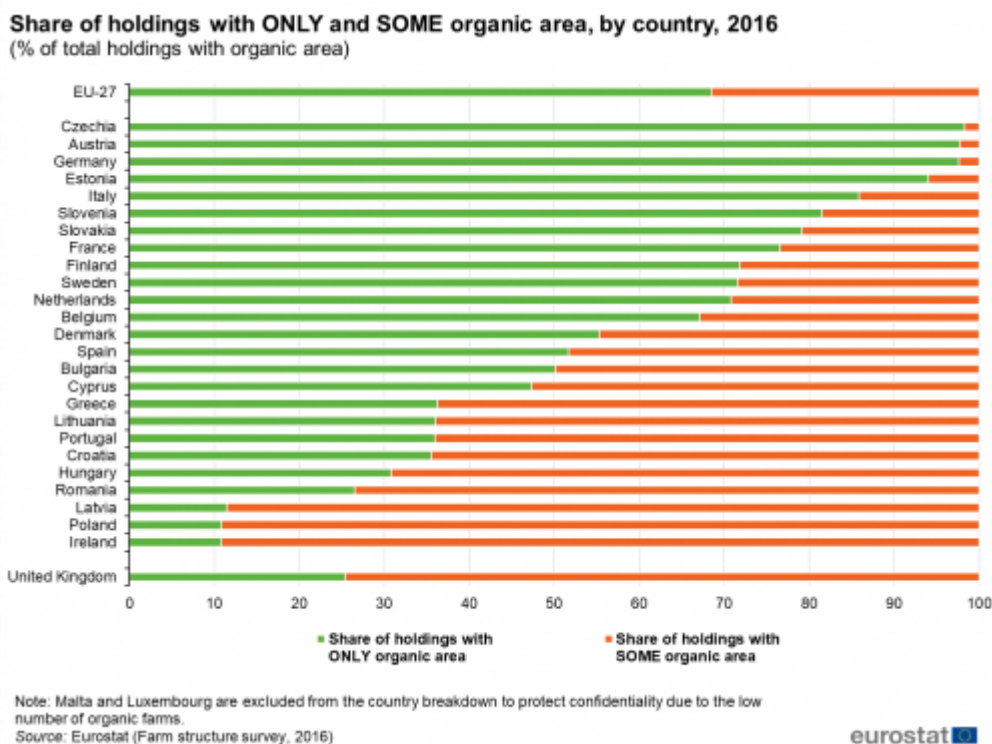
Raport o stanie rolnictwa ekologicznego w Polsce w latach 2017–2018. GJIHARS, Warszawa 2019.

Data for 2019 and 2020: www.gov.pl/web/ijhars/dane-o-rolnictwie-ekologicznym

4.5.2. Fully organic and mixed holdings

A characteristic feature of Polish organic farming – compared to majority of the EU Member States – is a very high share of operations running at the same time organic and non-organic farming units (producing different varieties and/or animal species, as required by EU law). Organic farming statistics of Eurostat (January 2021) refers to the latest available reference year, 2016: the highest numbers of farms with both organic and non-organic area were reported in Poland (17.500). About 60% of fully organic farms within the EU were located in either France, Italy or Austria in 2016.

This is related to the possibility that a „holding may be split up into clearly separated units” provided that „different animal species and/or different easily distinguishable plant varieties are produced” – possibility treated as a rule, not as an exception.



https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Organic_farming_statistics#Total_organic_area

Some EU countries limit the availability of organic payments to farms run entirely as organic (holdings with a conventional unit are not entitled to the payment).

The Polish interpretation allows for running a large conventional farm, from which, for example, 0,5 ha is allocated for the organic cultivation of raspberries (which is enough to earn a couple of points when applying for funding for infrastructure modernization). Such holdings are controlled and certified, but they do not promise durability in the organic system and are not interested in supply to the organic market.

4.6. Financial support for organic farming under Rural Development Programme

Since 2004, organic farmers may apply to Agency for Restructuring and Modernisation of Agriculture (ARMA) for financial support for organic farming under the Rural Development Programme (Pillar II of the CAP) funded mainly by the European Agricultural Fund for Rural Development (EAFRD) and partly from national budget.

Financial support for organic farming from EU funds was higher than national subsidies paid in 1998-2003. Therefore, it determined the perception of organic farming as a paid service for the EU, administered by the national institution, ARMA.

Relatively easy accessible payments, initially, led to numerous frauds (subsidy extortion) that outraged the public opinion. In order to counteract abuses, the next scheme was subject to very strict criteria and sanctions (return of several years of subsidies for failure to meet the obligations). It did not encourage the conversion or the continuation of the organic management after the end of the five-year agreement with ARMA and led (since 2014) to decrease of number and area of organic holdings.

In the currently applied third Programme (2014-2020) organic farming is a self-contained scheme (No. 11) and the subsidized organic crops have been classified into the following categories, specified as packages and variants:

Działanie „Rolnictwo ekologiczne” – wysokość stawek

„Organic Farming” - rates amounts

Lp.	Pakiety rolnictwa ekologicznego	Warianty rolnictwa ekologicznego	Stawki płatności
1	Pakiet 1. Uprawy rolnicze w okresie konwersji		966 zł/ha
2	Pakiet 2. Uprawy warzywne w okresie konwersji		1 557 zł/ha
3	Pakiet 3. Uprawy zielarskie w okresie konwersji		1 325 zł/ha
4	Pakiet 4. Uprawy sadownicze w okresie konwersji	4.1.1. Podstawowe uprawy sadownicze w okresie konwersji	1 882 zł/ha
		4.1.2. Uprawy jagodowe w okresie konwersji	
		4.2. Ekstensywne uprawy sadownicze w okresie konwersji	790 zł/ha
5	Pakiet 5. Uprawy paszowe na gruntach ornych w okresie konwersji		787 zł/ha
6	Pakiet 6. Trwałe użytki zielone w okresie konwersji		428 zł/ha
7	Pakiet 7. Uprawy rolnicze po okresie konwersji		792 zł/ha
8	Pakiet 8. Uprawy warzywne po okresie konwersji		1 310 zł/ha
9	Pakiet 9. Uprawy zielarskie po okresie konwersji		1 325 zł/ha
10	Pakiet 10. Uprawy sadownicze po okresie konwersji	10.1.1. Podstawowe uprawy sadownicze po okresie konwersji	1 501 zł/ha
		10.1.2. Uprawy jagodowe po okresie konwersji	
		10.2. Ekstensywne uprawy sadownicze po okresie konwersji	660 zł/ha
11	Pakiet 11. Uprawy paszowe na gruntach ornych po okresie konwersji		559 zł/ha
12	Pakiet 12. Trwałe użytki zielone po okresie konwersji		428 zł/ha

Packages ▪ Variants ▪ Payment rates

1. Agricultural crops in-conversion
2. Vegetable crops in-conversion
3. Herbal crops in-conversion
- 4.1.1. Basic fruit crops in-conversion
- 4.1.2. Berry crops in-conversion
- 4.2. Extensive fruit crops in-conversion
5. Fodder crops in-conversion
6. Permanent greenland in-conversion
7. Agricultural crops after conversion
8. Vegetable crops after conversion
9. Herbal crops crops after conversion
- 10.1.1. Basic fruit crops after conversion
- 10.1.2. Berry crops after conversion
- 10.2. Extensive fruit crops after conversion
11. Fodder crops after conversion
12. Permanent greenland after conversion

Source: Rozporządzenie Ministra Rolnictwa i Rozwoju Wsi z dnia 13 marca 2015 r. w sprawie szczegółowych warunków i trybu przyznawania pomocy finansowej w ramach działania „Rolnictwo ekologiczne” objętego Programem Rozwoju Obszarów Wiejskich na lata 2014–2020; as amended in 2020.

The principle of degressivity has been introduced: farms with a total area of organic crops not exceeding 50 ha are entitled to 100% of the payment rates, between 50 and 100 ha – 75%, over 100 ha – 60%.

The Rural Development Programme 2014-2020 has been extended for 2021-2022 (transition period) and the payment rates for organic farming increased in March 2021 by an average of 30% (however differently for each crop category).

The Act on Organic Farming includes ARMA in the national system of organic farming: CBs are obliged to provide it with the production data of organic farmers collected during the annual inspection. Some of this data is irrelevant to the certification process, it is useful only for ARMA to carry out its tasks i.e. calculating payments for organic farmers, at the expense of CBs (free service to a paying agency with a huge budget, imposed by national law).

4.7. Other organic production operators

Organic operators are grouped into 8 categories of activities: organic agricultural producers, producers „operating in the field of preparation”, importers of organic products from third countries, distributors of organic products, organic aquaculture and seaweeds producers, operators involved in wild collection of plants and parts thereof, organic beekeepers, suppliers of organic seed and vegetative propagating material. On the other hand, the notification of organic activities refers to 6 categories (suppliers of organic seed and vegetative propagating material are included in agricultural production, and importers combined with distributors in the „placing on the market” category). These 6 categories of activities are listed in the notification form which an operator shall fill out according to its business profile and submit by joining the national organic production system.

Number of operations other than farming for 2019 and 2020 in Poland is presented below:

Categories of organic activities (beyond farming)	2019	2020	Change (%)
Preparation (processing and packaging)	1022	1104	+ 8,1
Placing onto the market (distribution)	1042	1208	+ 16,0
Import from third countries	238	267	+ 12,2
Seed and vegetatively propagated material supply	144	250	+73,6
Beekeeping	25	30	+ 20,0
Wild collection of plants and parts thereof	33	40	+ 21,2
Aquaculture and seaweeds	6	11	+ 83,3

Source: Liczba producentów ekologicznych wg stanu na 31 grudnia 2020 r. www.gov.pl/web/ijhars/dane-o-rolnictwie-ekologicznym

Many operators undertake organic activities in more than one category, so the number of organic operators is less than the sum of operators operating in each of 6 categories.

Data on operators other than farmers indicate a steady upward trend in these categories of organic businesses, despite the lack of promotion and the lack of subsidies.

4.7.1. Organic food processing

The processing of organic raw materials is developing continuously, as shows the figure below. The exact number of processors is not known as they are reported in statistics including packers, as a common category of "preparing" (EU qualification).



Source: Raport o stanie rolnictwa ekologicznego w Polsce w latach 2017–2018. GIJHARS, Warszawa 2019.

In 2019, there were 1022 preparing operations, in 2020 – 1104, but in all these figures the number is dominated by packers who do not process raw materials, only pack or spill products in retail units, for the final consumer.

Existing processing plants are mills, freezing plants, fruit and vegetable processing plants (mainly juices and jams), pasta factories, dairies, bakeries, several butcheries, etc. They are spread throughout the country, there is no regional cluster and there is no dominant category that could be described as a Polish specialty.

Most organic processors are small and medium-sized craft plants, some have a 100% organic profile. There are also, however, some large operators that have launched an organic segment (standard solution, provided documented separation in time or space from conventional production).

Compared to other EU countries, organic processing in Poland is underdeveloped, not exploiting raw material potential. The reasons are the uncertainty of sales (still niche market), the lack of organized sales channels, the high price of raw materials, the organizational difficulties associated with the separation of the organic segment from the conventional scheme, the need to undergo certification. Last but not least is the reluctance to submit to further numerous controls (each new certified organic processing plant awaits the inspection of the Voivodeship AFQI, lasting several days, as well as additional sanitary controls).

On-farm processing of own agricultural crops, with a limited share of raw materials from purchase (such as organic sugar or vinegar), which is also subject to certification has developed well, thanks to the introduction of favourable tax solutions.

4.7.2. Import of organic products from third countries

Import and export of organic production under EU law means trade with third countries (non-Member States). Detailed rules on imports of organic products are laid down in a specific EU Commission Regulation. The purpose of this regulation is to provide EU citizens with products grown in third countries in compliance with the EU rules (conformity) or, in most cases, close to EU requirements (equivalency).

The control of the organic production in third countries is carried out by the CBs approved directly by the Commission, at their request (currently 60, including the one from Poland), Approval specifies the countries of CB activities and the type of products to be imported.

Most Polish organic processors and traders source products originating from third countries indirectly, i.e. by purchasing them in Germany, the Netherlands or another EU Member State. The import procedure was thus carried out by the wholesalers and distribution centres there. Polish operators just buy already imported goods on the EU's internal market.

Nevertheless, the number of operators who import on their own is increasing, as this entails a lower price than buying product from an EU intermediary. In 2019 it was 238 operators, in 2020 – 267 (an increase of 10%, despite the Covid-19 pandemic). In the coming years, an increase in the number of importers and the volume of imported products can be expected.

Organic products imported to Poland are: sesame seeds, soybeans, sunflower seeds, coconut oil, raisins, dates, bananas, tea, cane sugar. Supplying countries are Turkey, China, Israel, Dominican Republic, Nicaragua, Moldova, Sri Lanka, Malaysia and others. The largest import category is cereals and frozen black berries imported from Ukraine, intended mainly for Western European markets, but some are also processed in Poland.

It is worth mentioning Ukrainian operators who register commercial companies in Poland and subject them to local certification in order to facilitate the import of organic raw materials into the EU. The organic product imported to Poland is then sold on the EU common market.

Exports of organic products outside the EU are not subject to special controls under organic law. Export of Polish products is insignificant in terms of both assortment and volumen. There are single transactions regarding organic aronia juice or dried berries to South Korea and a couple Arab countries.

4.8. Certification Bodies and organic inspector examinations

Control and certification of organic production in Poland is currently carried out by 13 certification bodies – accredited by the PCA, then authorized to operate by MARD and supervised by AFQI. The list of active CBs and their particular control powers i.e. terms of authorisation is shown below.

Code number	Name of Certification Body	Plant production and animal husbandry	Wild collection	Beekeeping	Aquaculture and seaweed	Processing, including fodder and yeast	Placing onto the market including imports from third countries
PL-EKO-01	EKO GWARANCJA PTRE	X	X	X	X	X	X
PL-EKO-02	PNG	X	X	X	X	X	X
PL-EKO-03	COBICO	X	X			X	X
PL-EKO-04	BIOEKSPERT	X	X			X	X
PL-EKO-05	BIOCERT MAŁOPOLSKA	X	X	X	X	X	X
PL-EKO-06	POLSKIE CENTRUM BADAŃ I CERTYFIKACJI	X	X	X	X	X	X
PL-EKO-07	AGRO BIO TEST	X		X		X	X
PL-EKO-08	TÜV RHEINLAND POLSKA	X	X	X	X	X	X
PL-EKO-09	CENTRUM JAKOŚCI AGROEKO	X	X	X	X	X	X
PL-EKO-10	SGS POLSKA	X	X			X	X
PL-EKO-11	DQS POLSKA	X	X			X	X
PL-EKO-12	BUREAU VERITAS POLSKA	X				X	X
PL-EKO-13	KRAJOWE CENTRUM BADAŃ I CERTYFIKACJI	X					

Source: Kontrola i certyfikacja - Ministerstwo Rolnictwa i Rozwoju Wsi - Portal Gov.pl (www.gov.pl)

The scope of organic production governed by EU law is grouped in Poland into 6 categories of organic activity, to be notified by operators. At the same time, these categories constitute 6 specific „scopes of authorisation to carry out checks and issue and withdraw certificates of conformity in organic farming” for which CBs must apply to MARD, by submitting a PCA accreditation certificate confirming the sectoral qualification of the applying CB.

This division of organic production activities adopted in Poland and applied simultaneously to the terms of authorisation of the CBs also refers to the inspector „specialisations to carry out organic controls” introduced by secondary legislation (MARD regulation). The Polish law imposes to AFQI the tasks of conducting State inspector examinations in those 6 areas of organic agriculture (called here „specialisations”) and keeping a register of inspectors authorised to carry out organic inspections in the particular area(s).

The test exams take place mostly 3 times a year; they concern knowledge of EU rules on organic production, individually for each "specialization". Those who pass the exam (often less than half of the candidates) receive a pass card and official stamp, that allows them to apply for a job at organic CB. CB may mandate its inspector to carry out checks only within the framework of these specialisations in which he/she have passed the examination.

The register of inspectors and their specialisations is publicly available on the AFQI website, as an "extended" document, i.e. further names of inspectors and their specialisations shall be added and the entry "deleted" if applicable. The last update (28.05.2021) informs that 785 people have been qualified since 2013, of whom 651 remain eligible.

The inspectors' examination fulfilled only partially the expected role; practice has shown that verified knowledge of organic farming rules does not translate into professionalism of inspectors. During inspections, it takes longer and more trouble to verify ARMA's subsidy requirements which are modified annually, than control for certification. Examination formalities prove to be a laborious duty of AFQI, CBs lose time to administer its inspectors' "specializations" in the context of inspection logistics, and the results measured by the number of irregularities requiring correction (and resulting in sanctions against CBs) – paltry.

The concept of the inspector exam is a pure Polish initiative, not undertaken either in other EU Member States or in third countries (although it is said to be also implemented in China).

4.9. Organic market and points of sale

Despite the development of organic farming, information on the organic food market is scarce and difficult to access. In the EU, there is still a lack of a coherent system for collecting data on the distribution and consumption of organic food. In Poland, this is even more difficult due to the lack of common platforms and structures and the reluctance and lack of trust in research institutes collecting data on trade and economic matters. Nevertheless, some retail market research was conducted before 2019 by economic universities. For several years the surveys have been also carried out by commercial agencies, on behalf of retail chains, which shows that the potential of this market has been recognized. Commercial market research refers to retail prices, i.e. final consumer expenditure.

Direct sales (farmer to ultimate consumer) in Poland take place mainly at weekly fairs. Farm shops (in German Hofladen) are not practised, for tax reasons (Polish farmer can only sell his products, he can not trade products purchased outside). For about 10 years, Saturday BIO-Bazaars have been launched in big cities: places of sale where certified farmers have their fixed stands and which are very popular with loyal customers. Despite quite high prices they fit into the fashionable trend of shortening supply chains and give consumers a sense of authenticity and freshness of products.

Organic food stores (called also BIO-shops) appeared in Poland in the early 1990s and to this day they are an important segment of the organic market. Organic chain stores (BIO assortment only) have also been established, and run branded shops in big cities. The share of special organic stores in national organic market is estimated at about 50% (IMAS, 2017).

A few years ago, large foreign retail chains and well-known discounters, following experience of their mother-companies in home countries, put organic articles on the shelves and initiated the promotion of organic food in Poland. Thanks to this, certified organic food reached also provincial towns in Poland, and this way foreign market chains have financed the campaigns promoting organic food and farming, which is lacking in Polish politics.

Recently certain organic articles (retail packagings only, like yoghurts, eggs, pasta, drinks, juices, sweets, etc.) are available in regular grocery stores, convenience points of sale, petrol stations, vending machines and other common points of sale.

Organic e-commerce grows very well, but in the year 2020, due to the Covid-19 pandemic and the accompanying restrictions, there has been a real boom in online sales. Well known Warsaw distributor reports that its 2020 turnover in the online segment has increased by 70%, reaching 250 thousand € in 2020. A respected cereal processor who started selling online a few years ago (expanding his own product portfolio with just a few organic products produced in the region) recorded a 30% increase in sales in 2020 vs. 2019.

As regards the available range of organic products in Poland, there are today almost all products in organic quality on the shelves, i.e. there are over thousand kinds of products.

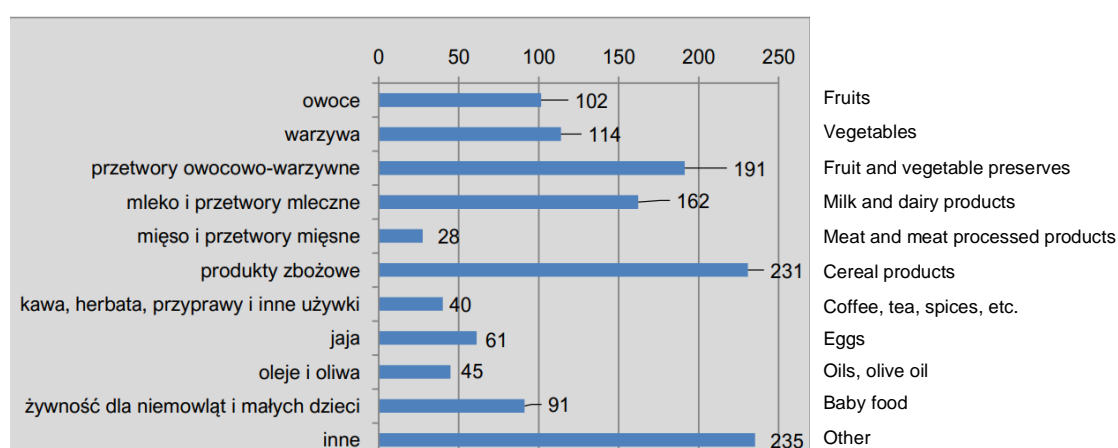
4.10. Organic market value estimations

Although organic food is still a market niche, its absolute value is growing at a rate of more than 10% *per annum*. According to the IMAS report (editon 2017) "Organic Food in Poland", the value of the BIO-market in 2015 was PLN 700 million (167 million €).

A 2019 study* of the value of the organic food market by the Warsaw University of Life Sciences, commissioned by MARD, showed that in 2018 organic retail turnover was estimated at almost 1,3 billion PLN (about 250 million €). Thus, compared to IMAS report, the value of the organic market almost doubled in 4 years (2015-2018).

Source (in entirety, as required by MARD): Żakowska-Biemans S., Górska-Warsewicz H., Szlachciuk J., Zwolińska J., Bobola A. (2019) "Marketing, promocja oraz analiza rynku: analiza wartości i struktury rynku produkcji ekologicznej w Polsce ze szczególnym określeniem wartości jego poszczególnych branż". Raport z badań zrealizowanych w ramach projektu finansowanego ze środków Ministerstwa Rolnictwa i Rozwoju Wsi na podstawie § 8 ust. 1 pkt 2 i ust. 8 oraz lp. 7 załącznika nr 7 do rozporządzenia Ministra Rolnictwa i Rozwoju Wsi z dnia 29 lipca 2015 r. w sprawie stawek dotacji przedmiotowych dla różnych podmiotów wykonujących zadania na rzecz rolnictwa (Dz. U. z 2015 r. poz. 1170, Dz.U. z 2016 r. poz. 1614 oraz z 2017 r. poz. 1470), na podstawie decyzji z 26.04.2019 r. Instytut Nauk o Żywieniu Człowieka, Szkoła Główna Gospodarstwa Wiejskiego w W-wie.

The estimated turnover for each segment of the organic food market in 2018 in PLN millions:



Source: *ibidem*

According to the largest Polish distributor of organic food, the gross turnover on the retail market in 2019 was PLN 1,236 billion and in 2020 is roughly estimated (full data lack) at PLN 1,36 billion, which exceeds € 250 million. This represents 0,5% of the global food market (Fast-Moving Consumer Goods, FMCG) in Poland. On a *per capita* basis, this is PLN 36.

Anticipating a further 10% increase in organic consumption per year, the quoted distributor expects this market to reach PLN 2,2 billion in 2025, i.e. 0,7% of the Polish FMCG market:

	2019	2020	2021	2022	2023	2024	2025
Polish FMCG market (gross prices), PLN billion	264	269	275	280	286	291	297
Polish organic market (gross prices), PLN million	1236	1360	1496	1645	1810	1991	2190
Organic share in national FMCG market	0,47%	0,50%	0,54%	0,59%	0,63%	0,68%	0,74%
Annual expenditure <i>per capita</i> , PLN	33	36	40	44	48	53	58

4.11. Retail premium prices of organic vs. conventional products

Prices of organic food in Poland have long been high: 20-200% higher than conventional counterparts. To see what prices look like in the current period of Covid-19 pandemic restrictions, the own survey was carried out on several products on May 25th, with the exception of the evaluation at the BioBazaar (May 29th), which is a well-known Saturday market, visited by crowds of loyal customers, where organic farmers, small processors and trading companies offer fresh produce. Seasonal products (such as cherries, strawberries, radishes, spring lettuce and others), the prices of which are highly variable in short period, have been omitted.

Seasonal imported vegetables and fruits were also omitted, because they are imported mainly in the period when, due to climate, there are no local ones. An exception has been made for bananas, lemons and oranges, impossible to cultivate in Poland, as they are available all year round and regularly purchased (their prices are relatively constant). In cases where there were several products from different suppliers on a shelf, the price range is given in the table.

Retail prices (PLN) of several organic and conventional food articles, Warsaw, May 25, 2021
Prices are given in the national currency (PLN), according to the store's offer. 1 PLN = 0,22 €

Example prices of selected food products. Per kg if not other said	Organic sale points		Conventional sale points [□] Conventional groceries			Organic
	Bio-supermarket 350 m ² , in wealthy district, packaged / bulk	Luxury grocery 130 m ² , in shopping centre, packaged / bulk	Hipermarket in shopping centre		Small shops	Direct farmers and retailers, at famous „Bio Bazaar”, May 29
			Marked „islands” with prepacked organic products	Conventional products, packaged / bulk	Groceries at stationary market place	
Apples	5,99	8,99	11,65	4,99 – 7,29	4,50 – 6,00	5,00 – 6,00
Watermelon, spanish	11,99	15,99	-	4,99	8,00 – 10,50	12,00
Bananas	8,99	9,99	5,99	4,99	7,50	
Butter, 200 g	6,99 – 8,49	9,99	8,15 – 8,49	5,29 – 5,99	6,30 – 6,90	
Brown sugar	21,99	26,39	16,99	10,19	-	
Carrots		5,99	4,99	3,49 – 3,99	2,50	6,00 – 7,00
Chicken, in portions		42,99	54,00	9,99 – 13,99	-	
Eggs	1,00 – 1,20	1,30 – 1,40	1,20 – 1,30	0,50 – 0,70	0,90 – 1,00	1,30
Lemons	12,99	19,00	13,99	6,99 – 7,39	8,00	15,00 -18,00
Onions	5,99		3,49 – 4,99	3,99	4,50	6,00 – 7,00
Milk, 2% fat		5,49	4,99	2,69 – 3,19	3,30 – 3-60	
Olive oil virgin 0,75 l	36,00 – 65,00	55,99	34,19	19,29 – 27,39	-	
Oranges		17,99	8,19	5,99	8,50	10,00 – 13,00
Potatoes	4,99	4,99	4,69	3,69	2,50	4,00 – 7,00
Spelt flour		10,99	17,00 – 18,00	11,39	-	
Yoghurt natur, 140 g		3,19	1,79	0,79 – 1,79	2,20	
Wheat flour		10,99	6,99 – 8.40	2,99 – 4,19	2,90 – 4,30	

In specialized organic stores (BIO-shops), some fruit and vegetables are offered in bulk, from collective packaging, as there is no similar conventional assortment, therefore substitution, commingling or mistake are excluded. In ordinary (conventional) stores, only prepacked, labelled organic products can be offered, which significantly limits a pallet of organic goods.

The presented example prices confirm the previous findings: certified organic products are a costly luxury. The reasons for the long term persistence of such a high price difference between organic and conventional products should be looked for not only in lower yields, but also in insufficient commercial production (there are many hectares of pseudo-organic management for organic payments) and underdeveloped organic trade organization.

Organic products from economically developed EU countries, which account for about half of the assortment in BIO-stores, are also much more expensive for the Polish consumer than for citizens of these countries, as wages in Poland are 2-3 times lower.

While retail prices are visible to every consumer, wholesale prices of organic raw materials are not available in official market reports. This segment is not organized (no common structures, no organic auctions); individual operators play alone, looking for buyers.

The mentioned earlier processor of cereal products (pasta, flakes, groats) has indicated the buying-in prices (in PLN per tonne) regarding 2020 harvest:

Cereal, raw material	Organic	Conventional
Wheat	1000 – 1200	750
Spelt	3500 – 3700	1200
Rye	850	750

This applies to prices on the domestic market; wholesale prices for cereals or frozen berries (Polish top organic products) are much higher on the markets of Western countries. The share of sales of organic raw materials abroad is unknown.

4.12. The impact of the Covid-19 pandemic on the organic food market 2020

The spread of SARS-Cov-2 has resulted in a broad lockdown. Many studies have been discontinued and many others have not been undertaken. With regard to organic food market, we only have random information and findings, which, however, are encouraging.

Significant are NielsenIQ data from the permanent survey of the Retail Panel conducted on the Polish market in 2020, including the organic food sector referred to as BIO, excluding however specialized organic stores (BIO-shops), e-commerce channel, institutional sales, Cash & Carry stores, vending machines, seasonal sale points, bazaars and HoReCa channel. According to NielsenIQ's survey Polish buyers spent just over PLN 776 million on BIO-products (signed with the EU green leaf logo) taking into account only purchases made in monitored general FMCG stores. It is worth noting that although 2020 was a pandemic, the sales value of these products grew rapidly for the next year in a row. A 23% increase over the previous year is four times faster than the increase in general food basket sales.

NielsenIQ estimates that large-scale stores account for more than 3/4 of organic sales, what is overestimated, as the said turnover of 776 million is 57% of the value of Polish organic market worth PLN 1360 million, but signals changes in the structure of organic points of sale.

The importance of own organic brands in discount stores is growing: as many as 60% of BIO-products sold there, it is the products of discount own organic brands. In February 2021, 45% of Polish shoppers declared that they reach for discount stores own brands because they are cheaper than luxury organic products and 35% because of their improving quality (*NielsenIQ, Shopper Trends, 2021*).

Data received from a supermarket belonging to a well-known chain (not a discount) in the city of 60 thousand inhabitants, in the agricultural region, confirm the observations that the Covid-19 pandemic has not stopped the growing demand for organic food: their organic sales in April 2020 were 16% higher than in April 2019. The share of organic products in the FMCG segment was 1,15% in April 2020, the top product – organic lemons.

Concluding: despite the pandemic, the certified organic food market saw an increase in sales volume in 2020 compared to 2019.

4.13. Forecasts for organic production and its market in Poland

Despite the fact that the Polish organic market is characterised by major fragmentation of organic food production and supply, and by major differences in prices of conventional and organic products, economic forecasts for the organic segment are rather optimistic.

As far as the supply side is concerned, domestic organic production is able to meet current raw material needs. However, there are still not enough processing plants in the organic sector, and those that decide to introduce an organic segment into their portfolio are appearing too slowly (which is hidden in the statistics, as processors are reported together with packers). For this reason, a large share of processed products from other EU countries, which account for more than half of the organic retail range, should continue to be expected, despite the high prices of foreign products. In addition, consumers are constantly looking for new flavors and new brands, so this trend is sure to continue.

As regards the supply of foreign organic products within the Common Market, it is worth mentioning that citrus and other tropical fruits have a very large, year-round market share, as well as fresh organic vegetables from Mediterranean countries in winter (lettuce, celery, tomatoes, zucchini, spinach, cauliflowers and broccoli) which are not grown in Poland in winter, for climatic reasons. This category of products is transported by Polish traders twice a week from Berlin to the center of the country; this functions very well and will certainly continue, as a large distribution plant of fresh products still lacks in Poland.

Imports of organic products from third countries, both for the importer's own business needs and by means of specialised companies supplying smaller operators, will become increasingly important. It is a major logistical facilitation for Polish entrepreneurs and provides a cheaper product than the purchase of goods already imported by an operator in another EU country. The bottleneck of Polish imports may be the border control of organic products, involving 2 institutions: standard customs control and Voivodeship AFQI control. The protracted waiting for the result of the analysis of the product blocked in the customs warehouse, involves high fees and complicates fulfilling contractual obligations. The organisation of border control may be simplified with the implementation of the new EU organic regulation.

The new EU Green Deal strategy which aims to increase the area of organic farming to 25% of agricultural land by 2030, is a huge boost and will certainly contribute to the importance of organic farming and food in the economy. The target 25% is defined as an EU-wide average; some countries are already above this figure (Austria – more than 26%) or pursue it (Estonia – more than 22%, Sweden – more than 16%) and anticipate further growth. Others like Poland and eastern European countries (with the exception of the Czech Republic and Slovakia) have only a few percent of agricultural land under organic farming (see picture on page 9) and probably will not even come close to half the numeric value of the "25% target".

The draft national Strategic Plan for achieving new CAP objectives was made public in December 2020. Unfortunately, the 150-page draft document (plus 9 annexes) does not respond to the EU's target to increase the area of organic farming to 25% of agricultural land. Nevertheless, it is clear from the content of the draft that it is foreseen to intensify measures to support the development of organic farming. Organic subsidies are planned to increase by 30% (rates from PLN 1250 to PLN 3000 per ha, depending on the type of crop).

At the same time, the draft new law on organic production published in May 2021 provides for the subsidisation of organic food in kindergartens and schools *via* public procurements, which will increase the demand, and for the financing of organic propagation materials.

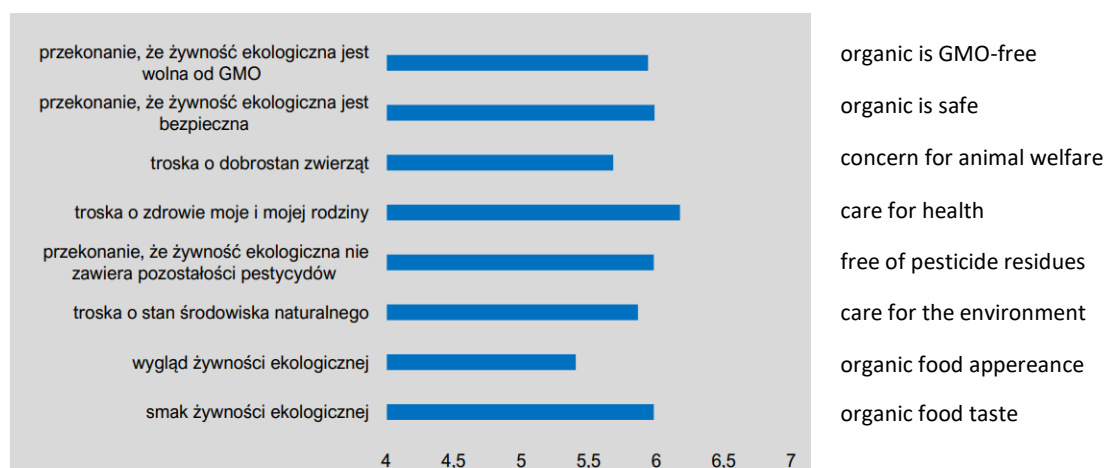
In Poland, with the current share of 3,5% organic farming area, reaching the 10% ceiling by 2030, i.e. tripling the current state, is an ambitious but realistic task, provided that a well-planned action strategy is in place. However, if the organic area (and therefore the volume of production) increases insufficiently and demand increases significantly, organic products from other EU Member States will be on the market.

The supply of raw materials and finished products does not pose therefore a challenge in the light of support for organic production under the EU new Green Deal.

Demand is a big unknown, because despite the growing awareness of the positive health and environmental impact of organic production, it is not clear what proportion of consumers will remain deaf to such arguments and which, despite their belief in organic values, will not be able to afford an organic basket for financial reasons. On the other hand, buying organic food is a sign of the growing consumer awareness of the impact of the quality of food on health, fitness and the quality of life. Recently, the ecological aspect of food production has also become important: more and more consumers associate organic farming with environmental protection, and declare that this is one of the motives for purchasing organic food. The above factors and, last but not least, the growing wealth of the middle class bode well for the organic food market in Poland.

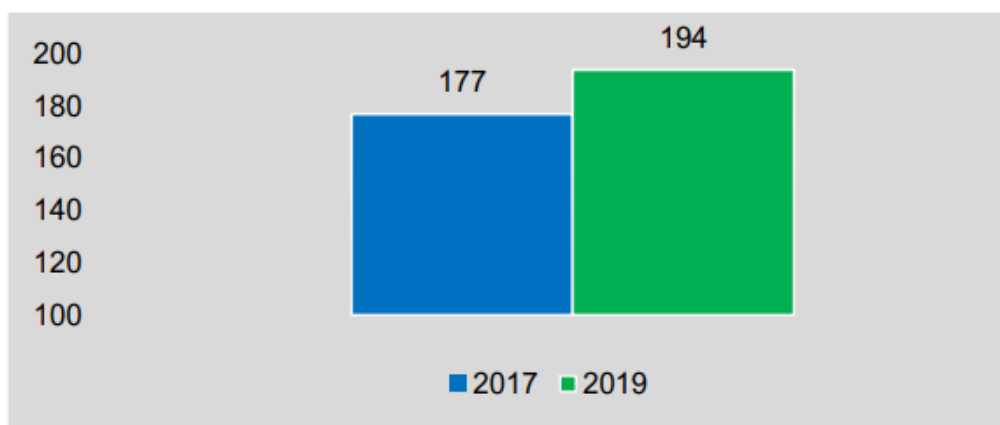
It is difficult to predict changes in the consumer market without knowing all the economic effects of the Covid-19 pandemic. However, the latest available studies allow for cautious optimism.

Assessment of consumer behaviour and motives for purchasing organic food was one of themes of the study conducted in 2019 at Warsaw University of Life Sciences, commissioned by MARD. A survey of 1030 adults, half of whom declared to be regular (at least once a month) or occasional buyers of organic food, w rating 1 to 7 reasons why they were willing to pay more for organic food:



Source: full name of the study as required by MARD is given on page 27

Respondents showed also an increase in monthly organic food expenditure between 2017 and 2019 (in PLN):



Source: full name of the study as required by MARD is given on page 27

In any case, not only occasional promotional events are necessary, but a permanent information campaign on the multilateral advantages of organic farming as a sustainable system delivering quality food (what Austria has been doing for 25 years). A well-designed campaign can convince skeptical consumers to try organic food, and well-managed subsidies for organic farming (under the EU Green Deal) can encourage more farmers to convert to organic agriculture. The larger the area of organic production, the greater the volume of organic products on the market and lower prices. This brings us closer to the noble goal of „**BIO for everyone**”.

5. SWOT ANALYSIS OF POLISH ORGANIC AGRICULTURE AND ITS MARKET

STRENGTHS	WEAKNESSES
<p>High knowledge and skills of farmers about former, traditional agricultural management</p> <p>Relatively low consumption of fertilizers and pesticides (as a national average)</p> <p>Varied agricultural landscape (Kulturlandschaft) and well-preserved biodiversity in rural areas</p> <p>Lower production costs than in Western Europe are an advantage in international trade</p> <p>Well-developed crop specialisation in some regions (e.g. organic berries)</p> <p>Certainty of financial support for organic farming under the Rural Development Programme</p> <p>Strong experience of the existing branch of the Agricultural Advisory Center dedicated to organic farming (provided that it is granted a competence to create projects, instead of the technical support for Ministry of Agriculture and Rural Development, and gets an appropriate budget)</p> <p>Very large and potentially very absorbent domestic market (growing consumer demand)</p> <p>Strong commitment of NGOs to promote environmental protection and care for health</p> <p>Willingness of producers to take on challenges in view of growing demand for organic food</p> <p>Common knowledge of the term organic agriculture (already assimilated concept), although mostly not fully understood; positive image of organic practices</p>	<p>Excessive bureaucratic burdens to discourage joining the system (bad fame)</p> <p>AFQI's interpretation of EU organic rules often differs from that applied in other countries (deviation in the spirit of pre-EU law), resulting in discrimination against Polish producers and CBs (compared to foreign counterparts)</p> <p>No political commitment to organic farming; it is tolerated and handled <i>ex officio</i>, but not propagated</p> <p>Dramatically poor preparation of agricultural advisors in the field of organic farming</p> <p>Lack of apprenticeships for modern organic management („groping” activities)</p> <p>No vocational trainings in organic farming, not in agricultural school curricula; no prepared teachers</p> <p>Fading animal production on organic farms = shortage of organic fertilizer</p> <p>Unsufficient number of plant protection products approved for use in organic farming compared to other EU countries</p> <p>Poor range of available modern machinery for organic farming and their high prices</p> <p>Narrow fields mosaic (no chance of buffer strips) causes a risk of pesticide drift from conventional plots</p> <p>No strong organizations representing the political and economic interest of organic operators; no lobbies</p> <p>Farmer disregard for product commercial quality; poor preparation of products for sale (myth: „organic doesn't need makeup”)</p> <p>Unwillingness of farmers to associate into producer groups to jointly sell and cooperate - a response to the compulsion of cooperatives during communism</p>

SWOT ANALYSIS OF POLISH ORGANIC AGRICULTURE AND ITS MARKET

(continued)

OPPORTUNITIES	THREATS
<p>The Green Deal strategy promises sustainable support for organic farming and encourages conversions</p> <p>Increasing involvement of local authorities in the development of organic farming</p> <p>Increase in the ecological awareness of the rural population and readiness for ecological attitudes</p> <p>State promotion of agricultural direct retail trade (RHD = Rolniczy Handel Detaliczny), priced with reduced tax</p> <p>Growing interest of large food producers to enter the segment of organic products and launch certified organic brands</p> <p>Consolidating the organic industry, taking joint actions</p> <p>Consumer retreat from highly processed foods</p> <p>Growing consumer trend to buy products associated with health benefits, free from additives</p> <p>Growing consumer awareness that organic farming is a 'two-in-one': an environmental and health benefits</p> <p>Growing consumer interest in local and regional products (short supply chains)</p> <p>Steady increase in consumer purchasing power (getting richer)</p>	<p>The systemic setting of CBs as ARMA subcontractors, and certification as a condition for obtaining subsidies, will not result in organic market production</p> <p>Farmers dependence on subsidies = risk of economic instability of organic farms</p> <p>Strong pressure for intensification from conventional farmers side as well of some scientific authorities</p> <p>Disregard for organic agriculture experts, instrumental treatment („fig leaf”) of the MARD Organic Council; relying on opinions of narrow-minded economists</p> <p>So-called public consultations involve indifferent organizations that usually do not act</p> <p>No MARD dialogue with stakeholders; decisions are communicated and comments are not taken into account</p> <p>Shortage of natural fertilisers (key organic input) due to declining livestock production</p> <p>Fear of a drastic drop in yields</p> <p>Manpower shortage, the need to invite Ukrainians to the field works and harvesting</p> <p>No special distribution channels = uncertainty of sales</p> <p>Weak confidence in the certification system</p> <p>Food market dominated by discount chains that put a strong price pressure on suppliers = limited market access for small organic producers</p> <p>The high price of organic food constitutes the main roadblock to buying such products for many consumers</p> <p>Confusing organic with food from the countryside (farmer's products), local, traditional food, etc., resulting from multiple designations present on the market</p>