

Agricultural Trade between Poland and Belgium: An Overview*

Philippe Burny and Benon Gazinski

Abstract

Agricultural trade between Poland and Belgium has a long history but was never very important and is rather erratic, though some products are traditionally traded, such as oilseeds, strawberries, alcoholic beverages or horse meat. The collapse of communism gives new opportunities for both partners, through normal trade practices but also thanks to the Interim Agreement signed by Poland and the European Community and thanks to the PHARE programme. However, several obstacles do exist: the Polish unstable economic, legal and political situation, the financial difficulties of the Polish enterprises, the lack of reliability of some partners, the low packaging and marketing quality of the Polish products, problems at the border, ... Nevertheless, Polish products have a good intrinsic quality and Poland does not produce some fruits and vegetables, which constitute good reasons to believe in an increase of agricultural trade between Poland and Belgium. This trade can also be enhanced by the creation of a public institution dealing with standardization, quality control and domestic and foreign promotion.

Introduction

This paper is an attempt to summarize the past evolution of agricultural trade between Poland and Belgium, to describe the present situation and to identify some ways for the future.

The authors think that such a broad approach is a reasonable one because, as Latins said, "historia magistra vitae est". After partition, Poland became an independent state again in 1918 and was oriented towards a market economy. So, agricultural trade developed between Poland and Belgium. However, economic relations were disturbed during and after the second world war. After 1989 and its major international political events, Poland chose political and economic freedom once again. Agricultural trade is important for the economic restructuring of the country, through many problems are arising. Belgium can become, as before, a strong and reliable economic partner of Poland.

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General economic situation in Poland

After the political revolution which occurred in Eastern countries, the economic situation has first worsened in Poland because the authorities decided to turn very rapidly to market economy and the traditional links between the economic agents and with other Eastern countries were broken. However, it was also the result of the long deterioration of the eighties, with the accumulation of very important international debts, despite several reforms trying to give more autonomy to public enterprises and the existence of a non-negligible private sector, especially in agriculture (LANE, 1992). In april 1989, political and economic difficulties led to an agreement between the communistic government and the Solidarity forces. A new government took office, with Solidarity ministers at key positions. The main goals were to organize a market economy and to fight inflation. Measures were decided in order to limit the budget deficit. A maximum increase of the salaries was fixed under the inflation rate. Prices of many products were liberated and the ceiling for controlled prices was raised. The Polish currency, the Zloty, was made convertible. The monopolies began to be dismantled and many commercial restrictions were abolished. The first results were noticeable. Inflation was sharply reduced, like the budget deficit. The foreign trade balance became positive. However, industrial production and real income went significantly down. Surpluses appeared on the market, but it was the consequence of the reduction of the demand. After mid - 1990, however, social pressure forced the government to soften its position. Public expenditures and inflation increased again and control on salaries became less strict. The economic situation continued to decline in 1991 (JAGIELLO, 1992). The budget deficit reached 3,000 billion Zlotys, which represents 6% of the GDP. Inflation reached 70% while the GDP fell 7% lower than the 1990 level. Industrial production, mainly from State enterprises, was down. However, agriculture and food processing industry stagnated while the private sector contributed up to 25 to 30 percent of the GDP. Real income increased 2%, but the demonopolization and adaptation to the market economy had a high social cost: more than 2 million workers (11.4% of the labour force) were unemployed. The international debt went up to 45 billion US \$. Investments declined 8% compared with 1990. However, 1 million private enterprises were created in spite of the legal and fiscal instability and the weaknesses of the banking system.

In 1992, the government continued its restrictive policy, trying to restrain private consumption in order to keep financial resources for investments. The government also went on with the privatization of the public ownings. Fiscality was lightened and exports were stimulated in order to encourage production.

Polish foreign trade with the EEC

In 1991, the EEC absorbed 58 % of total Polish exports and was the origin of 52 % of total Polish imports. In 1990, the EEC bought Polish products for an amount as high as 2.948 billion ECU and sold for 4.934 billion ECU. It is not negligible, though it represents only 0,6 % of total European imports and 0,6 % of total exports.

Among Polish exports to the EEC, 18 % were agricultural products, while the share of agricultural products among Polish imports from the EEC reached 17 %. During the last years, agricultural trade between Poland and the EEC has increased, with regular surpluses for Poland. In 1990, Poland exported for 962 million ECU and imported for 492 million ECU.

During the five-year period 1986 - 1990, Polish agricultural exports to the EEC were destined to Germany for 39 % and to Italy for 22.5 %. The BLEU represented only 2.7 % of the total. Concerning Polish agricultural imports, they came mainly from Germany (57.3 %) and the Netherlands (14.7 %). The share of the BLEU was only 1.2 %

Trade between Poland and Belgium

Exports from BLEU (Belgium - Luxemburg Economic Union) to Poland

Exports from BLEU to Poland were never very stable, but an important increase was registered in 1991. The data are seen in table 1 ¹.

Table 1 : Total exports from BLEU to Poland (1985 - 1991)

<u>Year</u>	<u>Total exports in million BEF (1)</u>	<u>Absolute annual variation</u>	<u>Relative annual variation</u>
1985	6,156	+ 1,172	+ 24 %
1986	4,514	- 1,642	- 27 %
1987	4,017	- 497	- 11 %
1988	5,073	+ 1,056	+ 26 %
1989	8,020	+ 2,947	+58 %
1990	7,385	- 635	- 8 %
1991	17,795	+ 10,410	+ 141 %

(1) 1 ECU = ± 42 BEF

From 1987 to 1990, the main Belgian products exported were (table 2):

1 The data concerning foreign trade come from the Belgian Office for Foreign Trade (OBCE)

Table 2 : Main BLEU products exported to Poland (1987 - 1990) (in million BEF)

	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>
1. Chemical products, plastic and rubber materials	1,832	2,526	2,352	1,658
2. Textiles	201	230	1,114	1,222
3. Machines, electric materials	415	689	1,107	1,070

The main products exported in 1991 are listed in table 3.

Table 3 : Main BLEU products exported to Poland in 1991 (in million BEF)

1. Transportation material (mainly, second-hand cars)	5,089
2. Chemical products, plastic and rubber materials	2,627
3. Food products, beverages, tobacco	1,921
4. Textiles	1,862
5. Machines, electric materials	1,531

The group "food products, beverages, tobacco" is the third most important in 1991. It has registered the second most important increase in comparison with 1990 (+ 1,522 million BEF). Within this group, the most important products are mineral waters and animal feed.

Imports of Polish products in the BLEU

The evolution of Belgian imports is given in table 4.

Table 4: Total BLEU imports of Polish products (1985 - 1991)

<u>Year</u>	<u>Total imports in million BEF (2)</u>	<u>Absolute annual variation</u>	<u>Relative annual variation</u>
1985	7,170	+ 406	+ 6 %
1986	5,360	- 1,810	- 25 %
1987	5,222	- 138	- 3 %
1988	6,104	+ 882	+ 17 %
1989	5,222	- 882	- 14 %
1990	9,968	+ 4,746	+ 91 %
1991	10,928	+ 960	+ 10 %

(2) 1 ECU = ± 42 BEF

The main imported groups of products are presented in table 5.

Table 5: Main groups of Polish products imported in the BLEU (1987 - 1991) in

	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>
1. Chemical products, plastic and rubber materials	340	546	675	1,670	3,124
2. Mineral products	1,365	1,213	1,289	1,965	2,149
3. Common metals and works	491	1,381	836	2,036	1,522

The BLEU trade balance with Poland

The difference between BLEU exports and imports with Poland as a partner is given in table 6.

Table 6: Trade balance between the BLEU and Poland (1985 - 1991) in million BEF

1985	- 1,014
1986	- 846
1987	- 1,205
1988	- 1,031
1989	+ 2,798
1990	- 2,583
1991	+ 6,868

The BLEU trade balance with Poland was generally negative. However, after the collapse of communism, Poland wanted to buy Western products and the BLEU balance became positive in 1991. However, the general economic situation is not good and the Polish government has a restrictive policy, trying to reduce private consumption, to encourage investments and to increase exports. So, it is doubtful that the balance will continue to be positive.

Poland-BLEU agricultural trade

Historical evolution

Re-emerging as a state in 1918, Poland faced the collapse of hitherto existing production and trade linkages. Soviet revolution resulted in disturbance in Russian market. The collapse of the Austro-hungarian empire led to formation of new states. Decisive German market was controlled by policies hostile to Poland - as an example the "Ausfuhrsperr" ("export

dam") of 1921/22 and the tariff war ("Versackungspolitik"), lasting few years can be cited. The neighbouring relations were difficult. Therefore, Poland was forced to look for more distant trade partners - for Belgium as one of them !

Because of too unstable situation at the first year of the independence of Poland, statistical data for foreign trade, published for the first time, covered only the import for November and December of 1919.

More convincing comparisons can be made since 1922 because of the first issue of the Yearbook of Foreign Trade of Poland, published regularly until 1939.

The Polish-Belgian Chamber of Trade was officially registered as early as June 1920. The statute objectives were to enhance mutual trade by surveys on the economics of both countries, market studies and assistance in trade negotiations.

Among the first ten, one can find the Trade Treaty between Poland and Belgium, signed on June 30th, 1922. Close to similar agreements with Italy, Switzerland, England, Yugoslavia and Japan, it was based on the most favoured nation clause. The period of 1-year validity of the treaty was self-prolonged.

Two other trade agreements were compounded in 30s : the Additional Contract to the Trade Treaty of 30 December 1922 (on March 18th, 1936) and the Additional Protocol to the Additional Contract to the Trade Treaty of 30 December 1922 (of February 1-st, 1937).

Within the period 1922 - 1938 Belgian contribution to Polish imports ranged from 1.4 % (1923) to 4.5 % (1937). In total Polish exports the value of Belgian share varied from 0.8 % (1922) to 8.2 % (1936).

During 20s Belgian part of Polish foreign trade turnover was less than 2.5 % of the total. Since the beginning of 30s one can observe the clear trend of strengthening of the position, occupied by Belgium, especially in Polish exports. An explanation, at least in part, is the strong protection of the domestic market by Austria and Czechoslovakia, the important Polish trade partners, during the great economic crisis.

As expressed in the terms of percentages, the Belgian share seems to be moderate. One can rank Belgium among Polish partners of external trade - during 30s Belgium, year by year, was among the top ten (the most remote position is 12 - for 1922 and 1928 in imports and 14 - in 1922 in exports).

Since 1925, with the exception of 1928 and 1929, it was for Polish exports to dominate in mutual trade exchange. The trade surpluses (exports over imports - 100 %) of the range 94 - 129,9 % was recorded for a period 1934 - 1936. During this short period - after England, Austria and Denmark - Belgium was placed as a 3rd or 4-th large importer of Polish goods !

With no doubts, therefore, Belgium can be considered as one of remarkable Polish trade partners. The opposite sentence is true in much less degree, though.

The value of imports from Poland in total Belgian imports was up to 2.2 %. Poland contributed in 1.2 % (or less) of the value of Belgian exports.

That discrepancy is easy to explain by the sharp difference in the level of development of foreign trade of both partners. Take as an example data from 1934. Belgium shared (for Poland data in brackets) 3.2 % (0.7 %) in the world imports and 3.3 % (0.9 %) in world exports. Belgium is, nota bene, remarkable smaller than Poland. Therefore, the value of Belgium exports was some 406 Polish zlotys per capita and some 414 zlotys for imports - as compared with 30 zlotys and 24 zlotys, respectively, for Poland.

Except of the beginnings of the 20s (food shortages after the war) Polish food exports were larger than food imports - since 1929 the ratio of the two volumes was around 1 : 2.

The share of food in the exports to Belgium was (after 1924) higher than the relation for the total Polish exports. Belgium occupied, therefore, a strong position as an importer of Polish food products.

Food imports from Belgium was of negligible size, usually less than 2.5 % of the total imports. The ratio of the value of food imports from Belgium to food exports to that country was of 1 : 5, 1 : 10 and more.

Some quantities of fruits, vegetables, vines, processed fish, starch and rather exotic on the Polish markets "fruits of the sea", caviar or pistachio nuts were imported. The quantities were rather small, usually less than 500 tons of a value of a few hundred thousand zlotys (the record import of 1928 consisted in 6,548 tons of products with a value of 3,334 thousand zlotys).

As a rule the value of food exports to Belgium was ten-fold higher than that one of imports (in terms of weight the differences were more than 200 fold during 1932 - 1938). Food products valued more than a half of the exports to Belgium since 1929 (with the exception of 1931).

It is worthy to note that the years of deep economic crisis lead to a remarkable increase of the tonnage of food products sold to Belgium : 294 % of the 1927 - 1929 average in 1931, 372 % in 1933 and 580 % in 1935. It was an outcome of the dramatic efforts of the governmental policy to support exports in order to sustain the influx of foreign currencies, despite of the collapse of prices. The heavy costs of such a policy are illustrated by the fact that the value of exports in 1933 was smaller than the 1927 - 1929 average and in 1935 less than two-fold higher (as opposite to nearly 6 - fold increase in volume).

Barley, potato, flour, eggs and grits were listed at the beginnings of 20s as export items to Belgium. Gradually the schedule was increased by sugar, meat, other cereals, alcoholic beverages.

Some "Belgian specialities" of the Polish exports can be identified. Since 1927 Belgium became an unquestionable leader of Polish barley exports (more than 50 % of the total volume since 1931). Belgium belonged to the most important importers of live horses and horse meat (domestic demand for horse meat is rather low in Poland).

After the second world war Poland was included into the system of emergency aid supplies of the UNRRA. For many goods, and agricultural products as well, they constituted more than a half of total Polish imports of those days.

Unfortunately, trade relations with Western countries were dramatically cut because of political reasons after the rejection of the Marshall plan on July 9th, 1947. In 1948, Western aid to Poland was stopped. Short-term trade credits were practised, exclusively. The trade exchanges with Western Europe after its peak value of 530 million \$ in 1948 (nearly 50 %) dropped gradually to some 370 million in 1954 (21.2 % of total).

The trade contacts with COMECON countries, especially the Soviet Union (increase of the share in the volume of trade from 19 % in 1947 to 37.6 % in 1954) were dynamically developed.

More detail statistical comparisons for the period of 1948 - 1956 is a difficult issue because of spread data manipulations. No "Foreign Trade Yearbook" and even no general "Statistical Yearbook" was published for that period !

Within the period 1957 - 1961 one can observe a remarkable increase of the volume of agricultural trade, both for imports and exports. Then the next years of the decade, the dynamics of the trade-especially in the second half of 60s - is clearly reduced because of conservative economic policy, striving towards the increase of self-sufficiency.

The economic linkages of the COMECON countries were developed during that period - food exports were oriented towards countries of developed market economy because of the need of foreign currencies to cover the costs of imports.

The change of the economic policy of the 70s, striving for speeding-up economic development by the active credit policy, "the openness for the West" resulted in rapid increase of the trade with the countries of market economy. During the period 1970 - 1976 (up to the collapse of such a policy) the average increase of imports was 20.3 % yearly and that of exports of 16.7 %.

Steadily increasing imports of cereals and feeds resulted in occurrence of negative saldo of agricultural trade exchanges which accumulated dangerously during the second half of the decade. Poland had been submerged in foreign debts, belonging to the most important reasons of the acute crisis of the system and democratic turnover of 1989.

Polish-Belgian agricultural trade has undergone different changes within the period of interest. Up to 70s in Polish agricultural exports slaughter horses and barley were important

items. In 80s living animals were replaced by the horse meat. The export of barley declined in mid - 70s (in 1978 and 1979 some quantities of barley were even imported from Belgium). Other important items of Polish agricultural exports to Belgium are the following : starch, dried beet and molasses for feed, dried vegetables, sheep (mid - 70s) and frozen fruits, strawberries and processed fruits (since 80s). Occasionally, some quantities of fish were exported.

On the side of agricultural imports from Belgium one can often find plant oils (coconut, palm, soyabean, sunflower or linseed). Some quantities of linseed and, sporadically, wheat (1962 - 1965, 1984 - 1985), animal fats, fishmeal and oilseed meals were also imported.

The saldo of agricultural exchanges was positive for Poland up to 70s; negative saldo was recorded again in 1984 and 1985. More characteristic for the exchange is the domination of exports over imports of agricultural goods, though.

From the comparison of the relation of the value of imports and exports with the tonnage, it can be clearly seen that agricultural products imported from Belgium received better price per weight unit than Polish ones. As before the war, more expensive goods were imported from Belgium than exported from Poland. Another explanation is that because of the shortcomings of food processing industry, bad packaging, labelling, promotion and trade practices, Polish products received prices well behind those paid for similar quality goods to exporters from other countries.

Similarly as before the war a kind of "asymmetry" of the volume of exports versus imports can be seen - usually the relatively high percentage of the surpluses, or sometimes of deficit can be noted (more pronounced than for total foreign trade of Poland).

Present situation

The main groups of agricultural products traded between Poland and the BLEU are shown in tables 7 and 8.

TABLE 7 : Polish imports of agricultural products from Belgium, in quantities and value (1989-1991)

	1989				1990				1991			
	1 000 kg	%	1 000 BEF	%	1 000 kg	%	1 000 BEF	%	1 000 kg	%	1 000 BEF	%
SECTION 1 (live animals and animal products)	459.2	0.4	13,708	1.1	1,309.1	7.9	39,911	7.1	2,641.8	1.9	121,470	4.6
SECTION 2 (vegetal products)	112,664.3	86.0	734,763	61.2	942.3	5.7	20,141	3.6	9,302.7	6.7	327,913	12.5
SECTION 3 (fats, oils, wax and their products)	15,217.7	11.6	333,806	27.8	3,711.3	22.3	105,667	18.7	9,674.3	7.0	243,733	9.3
SECTION 4 (food products, beverages, alcoholic liquids, vinegars, tobacco)	2,677.5	2.0	119,479	9.9	10,672.5	64.2	398,485	70.6	116,516.5	84.3	1,920,795	73.5
<u>Total Sections 1 to 4</u>	131,016.7	100.0	1,201,556	100.0	16,635.2	100.0	564,204	100.0	136,135.3	100.0	2,613,911	100.0
<u>Total imports</u>	192,728.9		8,019,636		81,915.8		7,384,748		317,710.2		17,795,069	
<u>Total Sections 1 to 4 / Total imports</u>		68.0		15.0		20.3		7.6		43.5		14.7

TABLE 8 : Polish exports of agricultural products to Belgium, in quantities and value (1989-1991)

	1989				1990				1991			
	1 000 kg	%	1 000 BEF	%	1 000 kg	%	1 000 BEF	%	1 000 kg	%	1 000 BEF	%
SECTION 1 (live animals and animal products)	4,092.6	7.4	298,343	29.9	7,263.4	7.5	400,900	28.4	3,698.5	4.7	241,989	20.2
SECTION 2 (vegetal products)	41,038.1	73.7	495,426	49.7	68,032.6	69.8	769,853	54.5	49,189.1	62.9	689,700	57.7
SECTION 3 (fats, oils, wax and their products)									623.6	0.8	5,754	0.5
SECTION 4 (food products, beverages, alcoholic liquids, vinegars, tobacco)	10,541.4	18.9	202,911	20.4	22,178.7	22.8	239,870	17.0	24,700.9	31.6	258,697	21.6
<u>Total Sections 1 to 4</u>	55,672.1	100.0	996,680	100.0	97,474.7	100.0	1,409,623	100.0	78,212.1	100.0	1,196,210	100.0
<u>Total exports</u>	740,601.2		5,222,395		1,174,786.8		9,969,038		1,189,534.1		10,927,566	
<u>Total Sections 1 to 4 / Total exports</u>		7.5		19.1		8.3		14.1		6.6		10.9

Within agricultural trade, the main products are shown in the tables below (tables 9 and 10).

Table 9: BLEU main agricultural imports from Poland in 1991

	<u>1 000 kg</u>	<u>1 000 BEF</u>
Living animals	1,629.9	106,804
Meat and edible offal	581.4	72,780
Fish, shellfish, molluscs	726.0	54,785
Vegetables, plants, edible roots and tubers	17,041.5	187,177
Fruits	11,794.9	335,056
Oilseeds, straw, and forages	19,286.6	144,069
Sugar and sweets	19,692.6	62,698
Processed vegetables and fruits	3,464.1	158,784

Table 10: BLEU main agricultural exports to Poland in 1991

	<u>1 000 kg</u>	<u>1 000 BEF</u>
Milk, eggs, honey	1,121.5	50,408
Fruits	2,516.1	50,618
Coffee, tea, spices	2,864.7	189,280
Cereals	2,608.6	31,934
Fats, oils, wax and their products	9,674.3	243,733
Processed meat, fish, molluscs	2,214.1	149,982
Cocoa and its products	615.8	74,606
Processed fruits	862.8	37,905
Beverages, alcoholic liquids and vinegars	71,565.5	842,227
Animal feed	37,445.0	520,120

If we consider the statistics in more details, it is clear that the traded quantities are rather erratic. However, some products are regularly exported or imported in significant quantities. Among BLEU agricultural "traditional" exports to Poland are found: soybean oil, sunflower oil, beers and alcohols. Among BLEU agricultural "traditional" imports are listed: living horses, horse meat, sheep, foie gras, strawberries, hops, alcohols, rapeseed, and processed potatoes. As already mentioned, the BLEU exports strongly increased in 1991, especially for mineral waters and protein concentrates, which became the two most important products. Exports of pork were also significant in 1991.

Opinions of people involved in agricultural trade between Poland and Belgium

According to Polish partners, one of the most important problems to be solved in order to increase agricultural trade is the Polish domestic economic situation. Many companies have

financial problems because of very high interest rates (up to 70%) and because of inflation, which makes the management of stocks more difficult. Privatization of the old cooperatives, which were involved in foreign trade, is under way, but it is not easy to choose the best structure and nature of ownership. There is also a lack of well defined agricultural policy and the general political situation is unstable. Fiscal and economic laws are often changed. In such a situation, it is uneasy to implement a long-term strategy. However, Poland is an important potential market and joint-ventures are created in the food trade and food processing sector. Some Polish-Belgian joint-ventures do exist in this field, though Polish partners complain that Western, and among them Belgian, companies do not invest enough.

The general quality of Polish agricultural products is found to be good. However, agricultural trade can slow down because of the existence of different standards. Harmonization or mutual recognition and acceptance of these standards will be important for the future development of agricultural trade. A method of food conservation like irradiation is accepted in Western Europe, but it may be difficult to sell irradiated food products to Polish consumers. Another qualitative obstacle is constituted by European sanitary measures for the imports of cattle and pigs mainly. Even animals which have received some drugs to be cured are not allowed to be imported in the Community. It seems clear that some qualitative obstacles to imports are not very serious and that they reflect bad will of the partners.

A weakness of Polish agricultural products is their packaging and marketing. Efforts have to be made in order to make them more attractive. There is also a lack of information and promotion abroad, especially when a psychological obstacle exists (Eastern products = low quality products). Some people think Poland could be successful in exporting organic products, because of the natural conditions of production and the economic situation (lack of resources to buy inputs). It would be also possible to sell traditionally made products, the way of production being officially recognized (labels).

The Association Agreement is considered as a good thing which can really increase Polish agricultural exports. However, till now, it is too early to see important results. The implementation of the Interim Agreement is sometimes difficult because of different comprehension of the text, new duties, new documents to be fulfilled,

Polish partners, in addition, often complain that European agricultural products sold on the Polish market are subsidized and so can compete with national products. On the other hand, the EEC market is still considered as rather protectionist (for example, minimal prices for strawberries, raspberries, currants, ...). The existence of import duties, which are sometimes very high, both in Poland and the EEC, is often quoted as an important obstacle to agricultural trade.

In agricultural trade with Poland, Belgium is not always the origin or the destination of the products. Some products, such as oranges, lemons or bananas are imported in Belgium and

re-exported to Poland. Some products originated from Poland and sold to France, Italy or Spain, pass through Belgium. This is due to the geographical position of Belgium relatively to Poland.

The solvency of Polish partners is also an obstacle to foreign trade. The reliability of Polish partners is not always good, many of them wanting to make "coups" rather than establish solid long term commercial relations. Sometimes, Polish companies practice barter (for example, vegetables are exchanged with tropical fruits from Greece).

Domestic and foreign promotion of agricultural products

In Belgium, it is the "National Office for the Promotion of Agricultural and Horticultural Products" (NOPAHP) which is in charge of increasing the national use and the exports of agricultural products.

The NOPAHP has two objectives:

- the quality control of some agricultural and horticultural products
- the market promotion of agricultural, horticultural and sea fishery products in Belgium and abroad.

For quality control, the Office has just an executive role. However, for market promotion, it has to prepare an annual programme of action, under the control of the Ministry of Agriculture.

The NOPAHP was created by a law of December 27th, 1938. It is under the control of the Ministry of Agriculture. The administration board is composed of 23 members, appointed by the King (the government). People from the farmers trade unions and the agricultural, horticultural and sea products cooperatives hold the majority of the seats.

The quality control of agricultural products is assumed by several public administrations. The contribution of the NOPAHP is the following:

A. Potatoes, fruits, vegetables and inedible horticultural products

1. Fruits and vegetables

a) Marketing (imports and exports included): Accordance with the common quality standards if they exist; if no common quality standards exist: control of the minimum characteristics indicated; attribution of an identification number to the farmer or the first buyer, in accordance with the common quality standards; the packaging legislation is compulsory for fruits and vegetables produced in Belgium

b) Residues on lettuce:

- delivery of an identification number to each producer
- quality control concerning the presence of residues of phytopharmaceutical products

2. Potato marketing

- recognition of the early potatoes
- definition of standards concerning quality, size, packaging, presentation, marking
- control of exports
- recognition of some operators

3. Inedible horticultural products

a) Bulbs

- accordance with common quality standards for exports

b) Cut flowers and greeneries

- accordance with common quality standards for imports and exports

B. Seeds and bedding plants

1. Attestation of seeds and bedding plants for agriculture, horticulture and silviculture

The law of July 11th, 1969 organizes the control of seeds and bedding plants and, for defined species, precises marketing rules so that the reproduction material of these species can be marketed only if they are admitted for the official control. This control can be operated only on varieties which are recognized by the Minsity of Agriculture.

The purpose of the control is to give guarantees concerning identity, purity, sanitary status and other qualities required by the standards.

2. Hop

Control of the origin, quality and packaging of the Belgian hop. Attestation of hop and hop products.

3. Other tasks

Measures preparing the payment of some EEC financial aids for the production of hop and seeds of some species.

For all these controls, the law defines the retributions due to the NOPAHP.

C. Eggs, poultry and sea products

1. Eggs in their shell

Attestation of the packaging plants; control of the accordance with the official standards, on the national market, for imports and for exports

2. Eggs for brooding

- Controls for imports and exports (except for the Netherlands and Luxemburg)

3. Slaughtered poultry

- Controls for imports and exports (except for the Netherlands and Luxemburg)

4. Frozen hen

- Control of the water contenance

5. Egg products

- Control of processing and marketing; attestation of producing units allowed to export

6. Sea fish

- Control of imports in the European market, according to EC standards

D. Other activities

1. Phytosanitary control

a) For imports

Potatoes from all origins; citrus (except lemons), plums, sheries, apricots, peaches, apples, pears, quinces, products with sticking earth from all non-EEC countries (for EEC countries: control by samples).

b) For exports

Nearly systematically executed for EEC countries; executed according to the exporters wish and the importing country

2. Delivery of certificates of origin for some agricultural and horticultural products

3. Delivery of export licences for some agricultural and horticultural products

The development of the demand for agricultural products has always been an important task of the NOPAHP. For decades, the financial means came from the State budget, through the Ministry of Agriculture. However, over the years, it became more and more necessary to increase the efforts in order to adapt to an expanding and diversified market and to face a stronger competition from the neighbouring countries. So, the Parliament voted an important law on April 11th, 1983. In this law, it is clearly written that the promotion of agricultural and horticultural products is the specific mission of the NOPAHP. In order to fulfill this task, the Office has now the opportunity to impose financial contributions to the economic agents of a given sector (producers, processors, wholesalers, ...). The law of 1983 created eight sections. These sections have to prepare a programme of action each year. The different programmes are coordinated by the board of administrators. The sections are specifically dealing with the following groups of products: main crops; fruits and vegetables; inedible (ornamental) horticultural products; cattle, sheep, goats and horses; pigs; poultry and other breedings; milk; sea products.

Each section can be divided in subsections (ex.: flax, potato, ...).

The members of the sections are appointed by the Minister of Agriculture. Most of them are professionals of the concerned sector.

Each section has to determine, for a product or a group of products it deals with, a financial frame for the defined promotional programme. The section has to determine the level of the financial contribution for the different agents of the sector, the means of perception of the contributions and the duration of these mandatory contributions. The measures proposed become applicable when they have been approved by the Council of Ministers and officially published. In seven sections, a specific promotional fund is established. It is not the case for milk because financial means already exist through the coresponsibility tax.

The promotional actions can be the following: participation in fairs and exhibitions with a group of typical Belgian products; advertisement campaigns; organization of contact days between Belgian exporters and foreign importers; marketing studies and commercial information (collection of prices and supply and demand trends); establishment of an information and documentation bureau in Brussels; contacts with the media, through a press service; opening of two foreign bureaux, in Paris and Köln.

Some promotional actions are general ones, in favour of agricultural and horticultural products as a whole. On the contrary, some actions are specific (ex.: butter, mutton, cut flowers, ...).

Some actions are concretely undertaken in cooperation with the professional associations.

The Interim Agreement between the European Community and Poland

The European Community and Poland established diplomatic relations in 1988. After the collapse of communism, the EC decided to help Poland economically and a five-year trade and economic agreement was signed on September 11th, 1989. This first agreement, in application since December 1st, 1989, guarantees the reciprocal treatment of the Most Favoured Nation and forseees the liberalization of European quantitative restrictions on Polish imports. Within the framework of the PHARE programme, this liberalization was accelerated and since January, 1st, 1990, all specific quantitative restrictions are suppressed and non-specific restrictions are suspended, for all Member States, except Spain and Portugal.

Concerning coal and steel products, an agreement was signed in October 1991.

However, considering the evolution of the situation and the wishes of both sides, the EC and Poland felt that the abovementioned actions were not sufficient and the European Agreement was signed on December 16th, 1991, by the European Economic Community, the European Coal and Steel Community, and the European Atomic Energy Community on the one hand, and the Republic of Poland on the other hand. The basic reason of the signature of this agreement is that both the European Community and Poland want that Poland become a Member State.

The European Agreement is an asymmetric one, more favourable for Poland than for the EC. The efforts that Poland has done in order to establish democracy and economic freedom, the numerous links between the EC and Poland which have to be strengthened and the need of stability in Europe are important reasons for the elaboration of this Agreement.

The goals of the Agreement are the following: to establish a framework for the political dialogue; to promote mutual trade and economic relations; to define guidelines for the European financial and technical assistance to Poland; to have a framework for the integration of Poland within the EC; to promote cooperation in the field of culture.

A transition period of 10 years as a maximum is foreseen. Normally, this period will be divided in two five-year stages.

The main topics of the Agreement are the following: creation of the Council of Association, the authority which will be in charge of the application of the Agreement and the solving of the problems; economic cooperation (promotion of investments, promotion of the European standards, technology transfer, ...); competition (Poland has to adopt European rules); cooperation in science and technology (notably, in order to increase the efficiency of agriculture and food processing industry); financial assistance (gifts and loans to Poland); movement of workers (equality of treatment for European and Polish workers employed in a given country, social security); establishment of companies and individuals (equality of

treatment); supply of services (development of the supply of services between EC and Poland); industrial and agricultural trade liberalization.

The European Agreement, in order to enter into force, has to be ratified by all the concerned Parliaments. It has been ratified by the Polish Parliament in July 1992.

However, because of emergency, the EC and Poland decided to sign an Interim Agreement, dealing with industrial and agricultural trade essentially and which is in application from March 1st till December 31st, 1992.

The main measures are:

Industrial products

Elimination of import quotas for Polish products; elimination, immediate or progressive, of import quotas for European products; elimination, immediate or progressive (maximum 5 years) of import duties for Polish products; elimination, immediate or progressive (maximum 7 years) of import duties for EC products; elimination, immediate or progressive, of export quotas (both in Poland and the EC); elimination, immediate or progressive, of export duties (both for Poland and the EC).

The products concerned are listed in annexes.

Agricultural products

Elimination of import quotas for Polish products; reduction, for some Polish products, of import duties and levies, within quotas and up to limited reductions; progressive elimination of import quotas for EC products; reciprocal concessions.

However, the Agreement recognizes the importance and sensitivity of agricultural markets.

Safeguard

Normally, if problems appear, the Joint Committee (named the Association Council in the European Agreement) takes measures to solve them. However, in extreme cases, the EC and Poland have the right to decide some measures unilaterally.

Poland has also the right to increase taxes on European products, when imports are doing harm to young or restructuring industries, especially when there are important social consequences. These measures are limited in time and in size and an agreement has to be found between the Parties.

The calendar foreseen in the Interim Agreement has a duration of five years. The general principle is a progressive duty and levy reduction, without quantitative limitations for some products and within increasing import quotas for other products.

The main concessions that the Community grants to Poland are given below:

- reduction of 20% of the levy in 1992, 40% in 1993 and 60% in 1994, 1995 and 1996, for some products, within import quotas (table 11).

Table 11 : Products with a levy reduction of 20% in 1992, 40% in 1993, and 60% in 1994, 1995 and 1996, within import quotas (in tons)

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>
Bovine meat	4,000	4,400	4,800	5,200	5,600
Total of mutton and caprine meat and living sheep and goats	6,600	7,200	7,800	8,400	9,000
Living pigs	1,000	1,100	1,200	1,300	1,400
Pork	7,000	7,700	8,400	9,100	9,800
Hen (living animals)	2,500	2,750	3,000	3,250	3,500
Poultry (hen)	3,500	3,850	4,200	4,550	4,900
Turkey (living animals)	1,000	1,100	1,200	1,300	1,400
Milk in powder	3,000	3,250	3,550	3,800	4,100
Butter	1,000	1,100	1,200	1,300	1,400
Cheese	2,000	2,200	2,400	2,600	2,800
Eggs	1,260	1,380	1,490	1,600	1,720
Buckwheat	3,200	3,500	3,800	4,100	4,350

- reduction of 50% of the levy, from 1992, for some products and within import quotas (table 12)

Table 12 : Products with a levy reduction of 50% from 1992, within import quotas (in tons)

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>
Ducks (living animals and meat)	950	1,000	1,100	1,200	1,300
Geoses (living animals and meat)	12,600	13,800	14,900	16,100	17,200
Salted pork	2,200	2,400	2,600	2,800	3,000
Sausages	1,650	1,800	1,950	2,100	2,250
Pork in tins	7,000	7,700	8,300	9,000	9,600
Potato flour	5,500	6,000	6,500	7,000	7,500

- progressive reduction of the duty level on some vegetables and fruits, within increasing import quotas (table 13)

Table 13 : Vegetables and fruits with decreasing duties (in %), within import quotas (in tons)

	<u>1992</u>		<u>1993</u>		<u>1994</u>	
	<u>Quantities</u>	<u>Duties</u>	<u>Quantities</u>	<u>Duties</u>	<u>Quantities</u>	<u>Duties</u>
Potatoes	2,900	14.4	3,200	10.8	3,400	7.2
Onions	107,000	9.6	116,500	7.2	126,000	4.8
Frozen beans	9,500	14.4	10,500	7.2	11,500	7.2
Other frozen vegetables	33,580	(1)	36,690	(1)	39,750	(1)
Blackberries and blueberries	10,500	(1)	11,500	(1)	12,500	(1)
Apple juice	6,000	33.6	6,500	25.2	7,000	16.8
Apples	1,100	(1)	1,200	(1)	1,300	(1)
Strawberries	3,980	(1)	4,310	(1)	4,710	(1)
Mushrooms	28,840	10.8	29,680	9.6	31,080	8.4
Cucumbers	2,500	(1)	2,700	(1)	2,950	(1)
Beans (seeds)	1,100	19.2	1,200	14.4	1,300	9.6
	<u>1995</u>		<u>1996</u>			
	<u>Quantities</u>	<u>Duties</u>	<u>Quantities</u>	<u>Duties</u>		
Potatoes	3,700	7.2	4,000	7.2		
Onions	136,000	4.8	145,500	4.8		
Frozen beans	12,500	7.2	13,000	7.2		
Other frozen vegetables	43,570	(1)	46,130	(1)		
Blackberries and blueberries	14,000	(1)	14,500	(1)		
Apple juice	7,600	16.8	8,200	16.8		
Apples	1,400	(1)	1,500	(1)		
Strawberries	5,050	(1)	5,430	(1)		
Mushrooms	32,480	8.4	33,880	8.4		
Cucumbers	3,200	(1)	3,400	(1)		
Beans (seeds)	1,418	9.6	1,500	9.6		

(1) Variation according to the species and the type of products.

- products with the reduction of duty level (some meats, some flowers and vegetables, some fruits, ...) without import limitations. However, a system of minimal prices is implemented for fruits like strawberries, raspberries, currants, ...
- establishment of a special system for young bulls between 160 and 300 kg. If the number of animals fixed within the scheme of the estimated balance system is inferior to a given reference quantity, a special import quota, which equals the difference between the two preceding numbers is open to Hungary, Poland and Czechoslovakia. The levy which is implemented is only 25% of the full levy. From 1992 to 1996, the reference quantities are

the following: 217,800 heads in 1992; 237,600 heads in 1993; 257,400 heads in 1994; 277,200 heads in 1995; 297,000 heads in 1996.

The other animals imported will be only veals under 80 kg. The total number of imported animals will not exceed 425,000 heads. If it is the case, the EEC would take safeguard measures:

- reduction of the fixed and variable parts of duties on processed food products, without quantitative limits (milk, cocoa, bakery products, ...)
- reduction of the variable part of the duties, but within increasing import quotas, for some other processed products.

Conclusions

Trade contacts between Poland and Belgium have a very good background. They were regular during the interwar period. Belgium, as a relatively small country, occupied a rather high position as Polish trade partner.

Agricultural trade between Poland and Belgium is not very important and is often erratic but some products, like oilseeds, vegetable oils, strawberries, horse meat or alcoholic beverages are traditionally traded. The agricultural trade balance is generally positive for Poland. Several elements can be in favour of an increase of the quantities which are annually traded. The stabilization and improvement of the economic, legal and political situation in Poland can make partners more long-term oriented and trustful. The political will, both in Poland and the EEC, to consider Poland as a future Member State, will develop economic links and marketing channels between the different countries. A freer market within the EEC, from January 1st, 1993, will enhance general trade. However, some problems have still to be solved, such as the harmonization of quality standards, Polish products packaging and marketing, Polish products promotion abroad, tastes of consumers, ... Other problems are the situation of agriculture in the EEC and the EEC international relations in the field of agriculture. The EEC is in a situation of overproduction in many fields and is already the most important importer of agricultural products in the world. There are also social problems because some farms are not profitable. So, it is not obvious that the EEC will largely open its borders to Polish agricultural products. On the other hand, Poland has important social problems and also has to face overproduction for many agricultural products. So the implementation of the Interim Agreement between Poland and the EEC, which specially foresees agricultural trade liberalization, sometimes encounters obstacles which are the results of the partners "bad will".

Finally, though many difficulties do exist, the decision of the Polish people to choose democracy and a market economy, will surely strengthen its economic relations with Belgium and, within them, agricultural trade.

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