



Erasmus+



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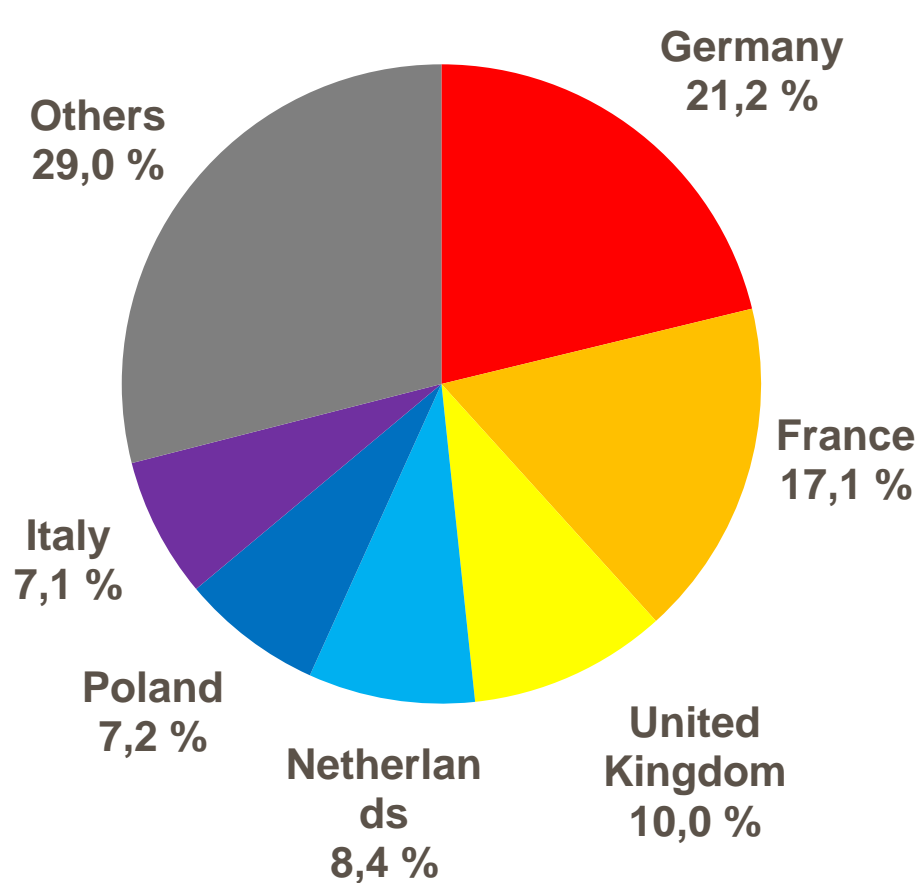
Developments, strategies and challenges of Polish dairy sector

EAAP Session 02, 29.08.2016

Outlay of the presentation

- Dairy market characteristics and recent developments in Poland
- Future strategies, prospects and its determinants according to interviewed experts and farmers

Poland is one of the largest milk producing countries in EU



Collection of cows' milk by dairies, 2014
(% share of EU-28 total, based on tonnes)

Source: Eurostat (online data code: apro_mk_pobta)

Basic statistics 2014/15

| 2014/2015 | Poland | Italy | Netherlands | UK | France | Germany |
|----------------------------------|--------|-------|-------------|------|--------|---------|
| Milk deliveries (mln.t) | 10,5 | 10,9 | 12,4 | 14,8 | 25,0 | 31,3 |
| Farms (n) (x1000) | 130 | 30,5 | 17,6 | 13,5 | 66,6 | 72,6 |
| Milk production (tonns per farm) | 80 | 360 | 702 | 1097 | 376 | 431 |
| Milk yield (kg per cow) | 5777 | 5754 | 7747 | 8013 | 6973 | 7541 |



Concentration and modernisation - main developments 2004-2015

- Decline of number of farms by **60%** (2004 - 2015)
- Average production per farm delivering to processing increased by **296%** (2004 - 2015)
- Small scale - **52%** of farms have > 10+ cows

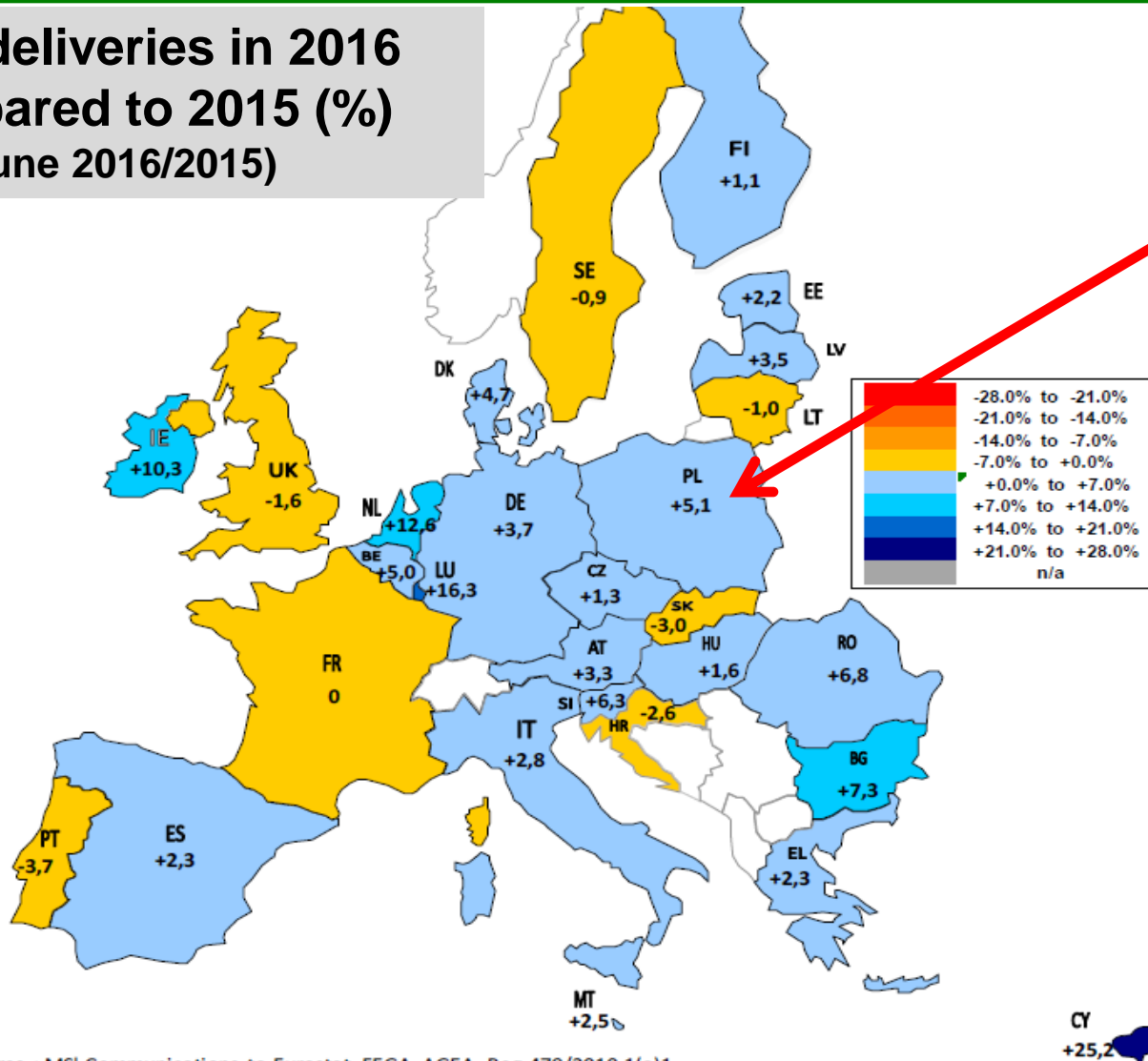
- Modernisation processes, quality improvements

- **30%** of milk production is exported
- Self sufficiency - **121%** in 2015



Milk production in Poland is continuously growing

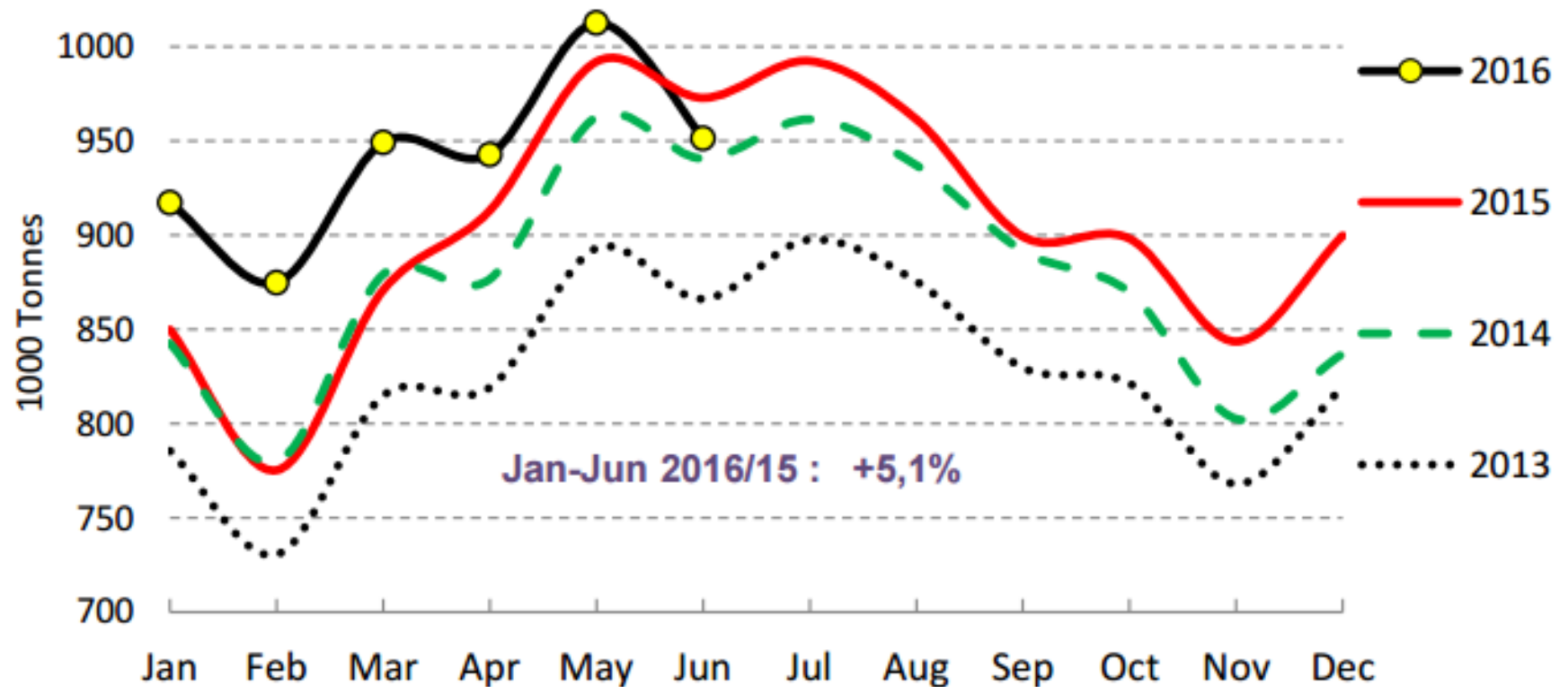
Milk deliveries in 2016 compared to 2015 (%)
(Jan-June 2016/2015)



Source : MS' Communications to Eurostat, FEQA, AGEA, Reg.479/2010.1(a)1

Milk production in Poland is continuously growing

Cows' milk collected - PL



Source : Estat, Newcronos

Last update : Jan-Jun

Farmers' and experts' questionnaire - database

Farmers

- Panel data
 - 2011 - 339 farmers
 - 2016 - 60 farmers

Experts

- 30 experts in 2015/16
 - Advisory service
 - Science
 - Processing associations
 - Farmer Associations



Experts' opinion on dairy sector's

STRENGTHS

- Good natural conditions, availability of grasslands, large production potential
- Modern technologies and new investments in processing, unused processing powers,
- **Costs advantage** - still lower costs of production (eg. labour) create competitive advantage of polish dairy and potential for export
- Large Potential for **efficiency improvement**

WEAKNESSES

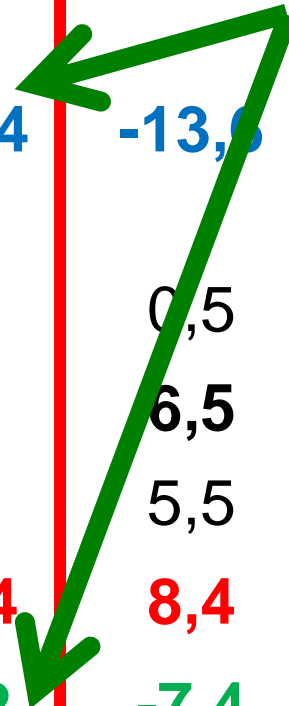
- Still small production scale and crumble structure of farms
- Low technical and labour efficiency at farm level
- Low level of cooperation, marketing, management and long term planning skills of farmers
- Still too low concentration of processing, small share of the own "export brands", cooperative structure

Future strategies from farmers' perspective

- We asked a question about farmers' strategies for the future
- Three choices: 1st priority, 2nd, and 3rd choice
- Strategies:
 - Extend milk production / specialise in dairy
 - Reallocate or start a new farm
 - Passive - „Wait and see”
 - Downscaling
 - Diversification to other agric. production or work outside farm
 - Cooperation (horizontal or vertical)

Future strategies from farmers' perspective

| strategy | Structure of first chosen strategy | | Structure of all choices | | % p. change 2016-2011 | |
|-----------------------------|------------------------------------|------|--------------------------|------|-----------------------|-------|
| | 2011 | 2016 | 2011 | 2016 | 1st | all |
| extend dairy/ specialise | 77,0 | 61,7 | 56,4 | 42,8 | -15,4 | -13,6 |
| reallocate/start a new | 0,0 | 0,0 | 0,6 | 1,1 | 0,0 | 0,5 |
| "wait and see" | 8,2 | 8,3 | 4,7 | 11,1 | 0,1 | 6,5 |
| downscaling | 0,0 | 0,0 | 0,6 | 6,1 | 0,0 | 5,5 |
| diversification | 4,9 | 28,3 | 9,9 | 18,3 | 23,4 | 8,4 |
| cooperation | 9,8 | 1,7 | 27,9 | 20,6 | -8,2 | -7,4 |



Future prospects

- Rather positive prospects
- Moderate growth of production
- Further and faster concentration and restructuring of production,
 - „production economics”
 - due to exposure to global markets dynamics - lower prices, decreased CAP protection, export demand affected by situation in China, Russia, production growth in some countries etc.
- Small scale: shortening the chain and on-farm processing



Supporting farmers in making strategic choices: the method and implementation of Interactive Strategic Management in Lithuania, Poland and Slovenia.



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- A. Malak-Rawlikowska
- A. Stalgiene
- M. Klopčič
- A. Kuipers
- et al.



Supporting farmers in **making strategic choices**

The method and implementation of Interactive Strategic Management in Lithuania, Poland and Slovenia



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