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CONTENT

1 Introduction to the meat sector

Between 2002 and 2005, the share of animal production in total agricultural output in Poland grew from 46% to 51%. In 2005, meat purchases accounted for 28.6% of the total expenditure on food products, up by 3.1 percentage points compared with 2003. Meat production per capita was approximately 90 kg and as a result of increased output of poultrymeat and pigmeat it went up by some 17 kg over ten years. The structure of meat production (per capita) was dominated by pork with some 64% share, followed by poultrymeat – some 22%, whereas the share of beef was about 9% and that of other types of meat – approximately 5%.

Poland is characterised by surplus production of meat. The higher growth rate of meat production relative to consumption resulted in a rise in the self-sufficiency ratio from 104% in 2000-2001 to 106% – 108% in 2002-2005. In terms of volume, the surplus in foreign trade in meat went up from 143,000 tonnes in 2002 to 368,000 tonnes in 2005.

Poland's accession to the EU stimulated concentration of meat production and processing. The number of farms engaged in pig farming declined from 760,500 in 2002 to 701,600 in 2005 (down 58,900), whereas the number of agricultural holdings involved in cattle farming dropped by 151,700, from 935,200 to 783,500, including a fall from 875,400 to 730,300 (down 145,100) in the case of dairy farms. In 2005, the proportion of farms engaged in pig farming was 25% of the total number of agricultural holdings, down 1% compared with 2002. At the same time, farms rearing cattle accounted for some 28%, down by some 5 % relative to 2002.

In the 1990s, the red meat processing sector included a large number of small slaughterhouses and local processing plants. Just before Poland's accession to the EU there had been an increase in the number of medium-sized and large meat processing plants with more than 50 employees – from 354 in 2002 to 830 in 2004, but then the trend changed and the numbers fell to 814 in 2005. In 1998, the Veterinary Inspection Service classified 1,260 meat processing plants as industrial enterprises, of which large companies with more than 249 employees accounted for 39% and medium-sized firms employing 50-249 persons for 34%. A great number of small businesses with 9 employees or less continue to operate in the meat processing sector.

The concentration in the meat processing industry was stimulated by an increase in investment, from PLN 488 million in 2000 to PLN 1,551 million in 2004, and in the poultry industry – from PLN 78 million to PLN 253 million. In 2005, investment fell by 38% in the meat processing industry and by 16% in the poultry industry. In terms of the total investment in the food industry the proportion going to the meat industry rose from 11% to 23% and that of the poultry industry went up from 2% to 4%. The investment results were as follows:

- The contribution of medium-sized and large companies to total sales of the food industry increased from some 20% in 2002 to circa 25% in 2005;
- The share in sales of exports by the meat processing industry went up from approximately 15% in 2003 to some 19% in 2005.

These Investments were financed by SAPARD funds. The highest number of applications were submitted by specialist dairy cattle and specialist pig farms, whereas holdings engaged in beef cattle farming were the least interested. The SAPARD fund supported investment projects aimed at adapting agricultural holdings and meat processing plants to EU sanitary and veterinary standards, and at quality improvement and reduced environmental pollution. In future years, the main sources of financing for meat production and processing will be the EU structural funds and direct payments. The national budget continues to subsidise interest on investment credits in agriculture and the agri-food industry, guarantees for investment credits, subsidies for farms engaged in organic production and subsidies on fuel oil.

2 Structure of the sector and recent evolutions

Prior to Poland's accession to the EU, the state intervention regime only covered pigmeat producers. Agriculture's share of national budget expenditure dropped below the level of its contribution to gross domestic product, i.e. 2.6% – 2.7%. Since May 2004, animal production in Poland has been subject to CAP regulations which require:

- The discontinuation of intervention buying-in of pork.
- The application of milk quotas granted to Poland.
- Compliance with EU standards on the part of farms and meat processing plants.

At the same time, Polish farmers were provided income support in the form of direct payments. In Poland the negotiated limits for direct payments for cattle and sheep are included in supplementary area payments, partly financed from the national budget and partly from the structural funds. They are paid per ha. of pasture. Until 2007, such payments were also available to farmers who owned no cattle or sheep but held grassland and pasture. Therefore, the animal production sector was much more affected by the "opening" of EU-25 outlets resulting in fluctuations in prices for cereals and animals for slaughter in the domestic market, as well as by adjustment measures taken before EU accession.

Pigmeat

In Poland the number of pigs was gradually declining – from 21.9 million in 1991 to 20.4 million in 1995 and 18.7 million in 2005. At the same time slaughterings were increasing. By 1995 they had risen by 1.8% compared to 1991, with further growth rates of 2.7% and 10.3% in 2000 and 2005 respectively. The production of pigs for slaughter became more intensive. Livestock throughput rose from 102% in 1991 to 132-136% in 2004-2005. Meat yield per animal dropped from 88 kg in 2000 to 86 kg in 2005, because of lower slaughter weights, but it was then roughly the same as the average productivity of pigs in the EU-25.

In terms of herd size, the share of those with 1-9 animals decreased from some 13.7% in 1996 to 7.4% in 2005. However, relatively more pigs were farmed in herds of 50 to 499 animals as the share went up from 28% in 1995 to 61.6% in 2005. At the same time, herds of 500 or more animals accounted for 18.3%, roughly the same share as in 1995, and farms with such large herds numbered approximately 0.3% of the total agricultural holdings engaged in pig farming. The average herd size increased from 16.2 animals in 1996 to 24.6 animals in 2002 and 26.6 animals in 2005.

As regards the supply of live pigs/pigs for slaughter, the share from farms with medium-sized and large herds is currently circa 80%. At the same time, approximately 13-14% of the output of pigs for slaughter in Poland is intended for on-farm consumption.

After May 2004, pork production was significantly affected by the discontinuation of state intervention in this market and the adjustment of intervention buying-in of cereals to EU regulations. There was a fall in farmgate prices of pigs from PLN 4.21 per kg live weight in 2004 to PLN 3.54 in 2005 and PLN 3.03 in 2006 (down 39% over three years). At the same time, prices for cereals fell relative to pig prices and pork production increased from 1,979,000 tonnes in 2004 to 2,163,000 tonnes in 2006.

Beef

In 1991-2004, the number of bovine animals in Poland fell from 8.8 million to 5.3 million, including a reduction in cow numbers from 4.6 million to 2.8 million. During the first year of Poland’s EU membership the downward trend was halted following a rise in the farmgate prices for cattle for slaughter. In 2005, the number of bovine animals was 5,483,000, up by 130,000 on the 2004 figure. Cattle farming is usually aimed at dual-purpose production, which is reflected in the high proportion of cows in the total number of bovine animals, i.e. some 52%. Despite the fall in the number of agricultural holdings engaged in the rearing of cows, they are still found on some 93% of cattle farms. Between 2000 and 2005, cattle productivity (meat yield per animal) increased from 148 kg to 160 kg, still some 108 kg lower than the average in the EU-25.

The proportion of cattle in herds with 1 to 9 animals went down from 60% in 1995 to 52.3% in 2000 and 31.5% in 2005. At the same time, more cattle were farmed in herds of 20 to 49 animals. Their share in cattle farming grew from 11.2 % in 1995 to 18% in 2002 and 32.8% in 2005. Herds of 100 or more animals accounted for some 4% of the total number of bovine animals. As a consequence of the faster decline in the number of bovine animals than that of cattle farms, the average herd size went down from 19.2 animals in 1995 to 14.5 animals in 2005. The beef sector is characterised by a very strong link between export prices in EU-25 markets and cattle prices in Poland. Due to very low beef consumption in Poland, the domestic market has a marginal effect on the sector. Since Poland’s accession to the EU prices for live bovine animals have been gradually rising – from PLN 3.3 per kg live weight in 2004 to PLN 4.09 in 2006 (24% over three years). Beef has become relatively more expensive and is no longer the cheapest type of meat.

Meat processing industry

The growing number of medium-sized and large meat processing plants and greater concentration of production have resulted in faster commercialisation of slaughter and meat processing.

- Commercial slaughter of pigs increased from 975,600 tonnes in 2002 to 1,205,000 tonnes in 2005 and 1,430,000 tonnes in 2006 (estimate).
- Commercial slaughter of cattle and calves went up from 135,400 tonnes in 2002 to 175,200 tonnes in 2005 and 190,000 tonnes in 2006 (estimate). The share of commercial slaughter in the total slaughter of pigs and cattle rose from 40.6% to 55.2% as there are still a great number of small slaughterhouses.
- As a result of growing demand, commercial production of smoked and cured meat increased, on average, from about 809,000 tonnes in 2002-2003 to 845,300 tonnes in 2004-2006, whereas commercial output of other meat products went up from 110,000 tonnes to 138,000 tonnes respectively.
- Vertical integration is found mostly among the large meat processing plants wishing to build their supply base through contracts. Three capital groups account for some. 25% of the Polish meat processing market, namely Animex, Sokolów and the Duda concern, which has no foreign equity. Animex owns Poland’s strongest trademarks, i.e. Morlin and Krakus. The largest shareholder of Animex is Smithfield, whereas Danish Crown holds a stake in Sokolów. Both companies have developed their own distribution networks in other countries.

Poultrymeat sector

In 2005-2006, the output of poultrymeat was 1,050,000 tonnes, nearly double the 2000 figure. Chicken and turkey meats accounted for some 71-74% and 23-24% respectively. The share of goose and duck meat declined from approx. 4% to some 2%. Chicken meat production is mostly commercial accounting for circa 90% of the total output of chicken meat, whereas subsistence and semi-subsistence production represented some 10%, primarily intended for on-farm consumption (Table 1).

Table 1. Production of live poultry/poultry for slaughter in Poland (thousand tonnes)

Specification	2000	2003	2004	2005	2006*
Commercial production:	1,030	1,123	1,203	1,310	1,440
- chickens	735	835	890	970	1050
- turkeys	247	255	278	303	350
- ducks	7	5	5	5	6
- geese	31	22	22	23	24
- selected hens	10	6	8	9	10
Subsistence and semi-subsistence production	104	105	105	140	100
Total	1,134	1,228	1,308	1,450	1,540

* Forecast by IERiGZ-PIB, September 2006

Source: IERiGZ-PIB, KRD-IG.

Poultry farming is concentrated on specialised holdings. Flocks of 10,000 livestock units contribute more than 90% of total poultry production. Therefore, the share of the total slaughter of poultry from commercial flocks was already high and further increased from 91% to 93.5% between 2001 and 2005.

The poultrymeat sector is characterised by a high degree of vertical integration and the concentration of production. There were 546 plants processing poultrymeat, including 18 large companies with 250 or more employees, 63 medium-sized firms employing 50-249 persons, 170 small businesses with 9-49 employees and the remaining 195 entities were micro-enterprises employing 9 or less persons. The largest companies accounted for more than 60% of the sales of the poultrymeat sector. The sector leaders include Indykpol, Exdrób, Rozdrób, Drobimex and Drosed.

3 Policy and standards

Poland’s entry into the EU involved adjustments in animal production, aimed at ensuring food safety throughout the meat production chain plus the institution of adequate administrative structures.

Animal identification

The Animal Registration and Identification System in Poland is operated by the following institutions:

1. Veterinary Inspection Service – responsible for the supervision of local units of the animal identification and registration system.
2. Authorised employees of the Agency for Restructuring and Modernisation of Agriculture (ARiMR) and the General Veterinary Inspectorate (GIW) register and identify animals on farms. They are authorised by the district veterinary surgeon or the director of the regional unit of ARiMR.
3. Certified suppliers of eartags conclude contracts with ARiMR and are obliged to deliver eartags according to approved specifications and delivery dates.
4. Incineration and animal waste processing plants which are obliged to report the destruction of carcasses and return animal passports to the district ARiMR office within seven days.

By-products of the slaughter of live bovine animals and sheep are classified as specified risk materials (SRM). The obligation to destroy carcasses as well as to register and identify animals stimulated the development of commercial slaughtering facilities.

EUROPE

In Poland the farmgate prices for animals for slaughter had been decoupled from quality for many years. Meat processing plants paid suppliers of pigs and beef cattle for live weight. In the pork sector, the EUROP classification system for slaughtered animals was first introduced in Poland in 1993 and resulted in improved carcass quality, including consideration of lean meat content. In 1993, the share of class E fattening pigs was 1.5%, whereas class O and P fatteners accounted for about 70%. In 2004, the share of class S and E fattening pigs reached 31.3%, but class O and P fatteners were down to 10.4%. There was a rise in lean meat content of slaughtered fattening pigs – from 43% in 1993 to 50.3% in 2000 and 55% in 2005.

As regards the beef sector, the EUROP classification system for slaughtered animals was first introduced in the second half of the 1990s, on the basis of the Polish Norm PN-A-82001/A2. However, low beef prices in the domestic market, a fall in consumption and tariff quotas for beef exports to the EU discouraged the widespread use of this classification. The Community classification of carcasses of bovine animals is currently applicable, but price differentiation between specific quality classes is insufficient. As regards the commercial slaughter of bovine animals the share of cows was some 39% in 2005 and it increased to 42% in 2006. Among the cows slaughtered, class O accounted for some 54%, whereas class P animals amounted to approximately 32%. As for young bulls slaughtered, the share in classes E and U was 3.2%, class R animals accounted for 28.2% and the proportion in class O was 62.6%.

Licensing

In Poland, as in other EU Member States, foreign trade with third countries is subject to licensing. The institution responsible for issuing import and export licences in Poland is the Agricultural Market Agency (*Agencja Rynku Rolnego*), which informs the European Commission of the amount of meat for which subsidies are requested. Licensing requires efficient information flow between ARR and customs offices and the veterinary inspections service. Due to the declining share of third countries in import and export trade, licensing plays a minor role.

Hygiene and traceability

The investment boom in the meat processing industry resulted in a rapid increase in the number of plants authorised to export to other EU Member States. From January 2004 to February 2006, the number of such companies went up:

- In red meat processing industry – from 111 to 856,
- In the poultrymeat sector – from 40 to 218.

The Act relating to the quality of agri-food products laid down specific rules on product labelling and the powers of government administration relating to the registration of products for which a certification mark was being sought, as well as quality control.

Poland adopted the EU legislation concerning the list of specified risk materials. They must be incinerated and a separate category of animal waste processing plants engaged in the incineration of SRM was established within the recycling industry.

In the interest of protecting public health the, compulsory quality management systems – GHP, GMP, HACCP and voluntary norms ISO 9000:1994 and ISO 9000:2000 were adopted. The obligation to implement and apply GHP and GMP was introduced on the 20th July 2000 and since 1st May 2004 the implementation and application of the HACCP system has been obligatory in all plants (previously only in large ones). Regulation (EC) No 853/2004 laying down specific hygiene rules for food of animal origin has been in force since 1st January 2006. The meat processing industry, was characterised by a high degree of implementation of the GMP, GHP and HACCP systems even prior to accession, as indeed were the fish and dairy industries.

4 Market trends and perspective for meat consumption

Meat consumption in Poland is approximately 75 kg per capita, i.e. some 22 kg lower than the EU-15 average. A particularly significant gap exists in beef consumption which stands at some one-fifth of the EU-15 level; pigmeat consumption is also lower (by about 2 kg). By contrast, poultry consumption exceeded the EU-15 average by 1-2 kg over the last two years. Between 1990 and 2006 poultry consumption grew from 7.6 to 24.5 kg per capita, while beef consumption dropped from 16.4 to 4 kg per capita. Pigmeat consumption ranged between some 37 and 42 kg per capita. Fluctuations in consumption were largely affected by the cyclical nature of pigmeat production (Table 2).

Table 2. Meat consumption in Poland in 1990-2006 (kg per capita)

Specification	1990	1995	2000	2006
Meat, total	68.6	63.4	65.4	75.0
of which: pigmeat	37.6	39.1	38.7	41.5
beef	16.4	8.7	7.0	4.0
poultry	7.6	10.2	14.5	24.0
other	7.0	5.4	5.2	5.5

Source: GUS data.

As a result of reduced beef consumption and increased poultry consumption, the share of pork in meat consumption fell from 59-62% in the 1990s to, 54-56% in 2000-2005. The share of poultrymeat rose from 11-16% to 22-23% over the same period. Beef accounted for 5% of meat consumption and its share went down by 19 percentage points over 15 years.

In the first year of Poland's membership in the EU, rising meat prices accompanied by a cyclical decline in pigmeat production resulted in a fall in its consumption (from 72.1 kg in 2003 to 71.8 kg in 2004). Meat prices increased relative to prices for substitute products: cheese, eggs and fish. Price relationships between specific types of meat changed as well. There was an increase in price competitiveness of poultry relative to red meat. During the two years following Poland's accession to the EU, changed regulations in the pigmeat market pushed down prices and stimulated consumption. At the same time, beef remained more expensive than pork and poultry, which resulted in reduced consumption. In 2005-2006 meat consumption increased by some 4 kg per capita.

However, overall the structure of meat consumption has remained virtually unchanged. In 2000-2005, as in the 1990s, raw meat accounted for 56%-57% of meat consumption and processed meat products for 40-41%, including a very slow increase in the share of processed poultrymeat.

5 Recent evolutions and perspectives for the trade

Between 2002 and 2006 export sales of beef, pigmeat and poultrymeat went up from €400 million to €1.5 billion. The commodity mix of exports changed. There was an increase in the share of pigmeat from 25% in 2002 to 34% in 2006, while those of beef and poultry declined from 41% to 38% and from 33% to 27% respectively. During that period, the value of imports of the above-mentioned types of meat rose from approx. €124 million to some €433 million, primarily due to increased purchases of pigmeat. In 2006, foreign trade in beef, pigmeat and poultry generated a surplus of €1.1 billion, i.e. triple the 2002 figure.

Since Poland's accession to the European Union EU, Member States have played an increasingly important role in foreign trade in beef, and pig and poultry meats. In 2006, their share in Poland's exports of beef, poultry and pigmeat were approximately 97%, 92% and 66% respectively, and it reached some 93% for exports of live bovine animals and calves. As regards imports of poultrymeat and pigmeat, the UE-25 share was some 99%.

Table 3. Exports and imports of beef, pigmeat, poultrymeat, cattle and calves in 2002-2006 (€ million)

Specification	2002	2003	2004	2005	2006 E
Exports					
Beef	87.5	63.5	122.0	260.8	360.0
of which: EU-25	34.5	31.9	106.4	235.5	350.0
Live bovine animals and calves	99.1	95.8	146.6	194.0	211.0
of which: EU-25	59.0	68.0	120.8	167.3	196.0
Pigmeat	38.5	160.2	168.6	246.3	338.0
of which: EU-25	9.0	31.9	71.0	146.7	223.0
Poultrymeat	124.8	213.4	244.2	344.8	391.0
of which: EU-25	108.4	192.2	214.9	311.4	362.0
Imports					
Pigmeat	39.5	160.2	168.6	246.3	309.9
of which: EU-25	5.9	31.9	71.0	145.8	290.0
Poultrymeat	20.7	43.3	65.8	58.9	51.2
of which: EU-25	18.3	0.0	52.4	54.2	45.5

E = estimate

Source: Own calculations based on CIHZ and MF data, Analizy Rynkowe: *Handel zagraniczny produktami rolno-spozywczymi*, no. 24/2006.

The commodity composition of exports changed markedly. There was an increased share in the form of beef products, a rise in the share of quality chicken and turkey meat in deliveries of poultrymeat, and a significant decline in the share of frozen pig half-carcases in pigmeat sold abroad. The share of exports in pigmeat products went up from some 4% in 2002 to approximately 16% in 2006. Similarly, the figures for poultry products went from some 7% to about 20%, and for beef from 39 % to 60%. Frozen beef from stocks was exported in 2002, and in 2003 after the exhaustion of fresh supplies. Export sales accounted for 30% of the domestic output of beef.

Trade in beef

Reduced beef consumption facilitated the growth in the share of production going into exports. Due to low domestic demand, interest in beef imports was marginal. The value of imports of bovine products rose from €1.4 million in 2002 to €21.6 million in 2006, which was largely the result of purchases of breeding cattle, whereas the value of exports went up from €172 million to €600 million, of which deliveries to the EU-25 increased from €93.5 million to €546 million. The increase in the surplus in trade in beef indicated above (€170.6 million to €578 million) was more than those applying to trade in pigmeat and poultry. Exports of beef jumped from 44,300 tonnes in 2003 to 153,000 tonnes in 2006, including an increase in deliveries to the EU-25 from 20,900 to 145,000 tonnes. Exports of cattle and calves rose from 560,000 livestock units in 2003 to 918,000 in 2004, but then they fell to 727,800 as herds were re-built at home. It may have reached 755,000 livestock units in 2006. Export sales of cattle and calves to the EU-25 then ranged from 397,500 to 803,100 livestock units. Between 2003 and 2006, the share of live animals in exports of bovine products declined from some 57% to approx. 37%, whilst the share of beef rose.

Trade in pork

There was a rise in exports of pigmeat which was excluded from subsidies from May 2004. Between 2004 and 2006 these exports went up from 146,600 to 215,000 tonnes. In 2006, they were some 15,000 tonnes higher compared to 2003 when pigmeat from the stocks of the Agricultural Market Agency was exported, primarily to CIS countries, at very low prices.

Following Poland’s accession to the European Union, CIS countries became less important as outlets for Polish pork, being replaced by the new EU Member States. Export sales of pigmeat to the EU-10 increased from 16,500 tonnes in 2003 to some 80,000 tonnes in 2006, while deliveries to the EU-15 went up from 10,700 tonnes to approx. 60,000 tonnes. Changes in the geographical structure of the EU had an effect on export prices. The export price for pigmeat rose from €0.80 per kg in 2003 to €1.54 per kg in 2006. Along with higher prices, this led to the increase in revenues from pigmeat exports from €160.2 million to some €338 million (Table 3).

Between 2003 and 2006, exports of processed pork, in terms of weight, went up from about 22,000 to some 45,000 tonnes, of which deliveries to the EU-25 rose from approximately 7,000 to some 28,000 tonnes. In 2006, exports of pigmeat products amounted to some €116 million, of which deliveries to the EU-25 were approximately €84 million, i.e. four times as high as in 2003. Exports of sausages to EU Member States went up from 1,200 tonnes in 2003 to 16,600 tonnes in 2006, whereas deliveries of preserved pigmeat increased from 500 to 8,400 tonnes. The EU share in such exports was circa 83%.

Meat accounted for 91%-92% of imports of pig products. After Poland’s accession to the EU, there was a rise in purchases. In 2002-2003, imports of pigmeat reached an annual average of 45,500 tonnes. Between 2004 and 2006 they grew from 99,100 to some 155,000 tonnes. In 2006, major suppliers included Denmark (46%), Germany (23%) and the Netherlands (5%).

Trade in poultrymeat

Between 2003 and 2006, exports of poultrymeat went up from 100,700 to some 190,000 tonnes, with deliveries to the EU-25 increasing from 65,500 to some 152,000 tonnes. In 2006, revenues from export sales of poultrymeat amounted to about €391 million, an increase of some 80% compared with 2003. The value of poultry exports to the EU-25 nearly doubled. Between 2003 and 2006, poultrymeat accounted for 40 – 68% of the value of imports of poultry products. Poland imported poultrymeat for processing from the EU at import prices which ranged from €0.77 to €0.85 per kg. Imports of poultry from the EU-25 largely comprised of purchases of live birds. Between 2003 and 2006, their value rose from €17 million to around €44 million.

6 Expert views on the successes and challenges of the sector

Poland's accession to the European Union contributed to very favourable and rapid changes in meat production and processing. Those include the following:

- Faster changes in the structure of entities operating in the meat processing industry; greater concentration of slaughterhouses and meat production holdings; the formation of new structures of commercial production in compliance with world standards, which would have been impossible without EU financial resources,
- Opportunities to engage in trade with other EU Member States, resulting in a major increase in exports of animal products. It was particularly significant for meat processing plants in the first years of Poland's membership when the domestic market suffered a fall in demand for meat. In 2005-2006, the import ban imposed by Russia on Polish meat would have been a demand and supply disaster without the opportunity to switch to EU outlets.
- Linking the price to the quality of animals for slaughter,
- Eligibility for export subsidies for deliveries to third countries, only available to Polish traders after EU accession.

The barriers to efficient functioning of organisational structures and the full use of the production capacity of the meat processing industry are as follows:

- Poland experienced much faster concentration of meat processing than of meat production. As a consequence, there are problems with regular deliveries of quality raw material for the processors.
- Slow changes in concentration of farm production present a major barrier to the development of vertical integration in the meat production sector. In the producer – processor relationship, the meat processing industry has much greater bargaining power. Among the producers of animals for slaughter, the formation of r groups has been very slow. Most contracts are in favour of meat processing plants and contain no price guarantees for producers. This results in continuing significant fluctuations in supplies of animals for slaughter.
- A large number of small firms engaged in slaughter and meat processing are unable to comply with sanitary and commercial standards or to operate the carcass classification scheme due to the high costs of implementation. Although small slaughterhouses are not obliged to apply the EUROP classification, their operations impede the improvement of meat quality. This is particularly evident in the beef sector.

7 Conclusion

During the next few years, trade in meat will continue to be dominated by EU Member States. This should sustain favourable trading conditions due to a gradual reduction in export subsidies for meat and processed meat products, non-tariff barriers being introduced by many countries, including Russia, as well as significant differences within the EU-25 in self-sufficiency in terms of meat production and consumption. Further expansion of Polish exports of animals for slaughter as well as of meat and meat products to the EU-25 countries will largely depend on structural changes among agricultural holdings and the development of vertical integration in the meat processing industry. Only then will it be possible to maintain the quality of meat supplied to the industry and ensure that the products on offer meet the requirements of foreign customers. At the same time, the meat processing industry needs to invest in the promotion of Polish meat and in quality trademarks so that it becomes readily identifiable in foreign markets.

Over the next few years meat consumption should show a slight upward trend, primarily due to increased consumption of beef and poultrymeat. However, growth in the consumption of beef will be inhibited by the low level of incomes of Poland’s population. At the same time, there is on-going segmentation of the domestic market. But an increase in demand by middle and wealthy social classes will only be realised if quality products are offered. This suggests that changes in the structure of meat consumption will be limited.

At present, it is difficult to forecast the scale of change in meat production in future years or to assess the competitiveness of Polish products compared to those offered by other EU-25 countries. The direct payment scheme functioning in the EU-25 will have a major differential effect on the incomes of the various types of agricultural holdings. Direct payments are made by Member States under the SPS scheme, the SPS with cattle and sheep premiums and under the SAPS scheme, including its various options.