

SUSTAINABLE DEVELOPMENT OF AGRICULTURE IN POLAND IN CONTEXT OF THE NATIONAL STRATEGY OF DEVELOPMENT OF RURAL AREAS AND AGRICULTURE IN 2007 – 2013.

Summary: Sustainable development of the rural areas is connected with the concept of their versatility, shaping conditions for various economic activities run with the respect of all the environmental issues, development of social and cultural functions and the care of ensuring good life conditions to all inhabitants of rural areas. This paper presents basic rules of agriculture sustainable development in Poland in context of the National Strategy of Development of Rural Areas and Agriculture in 2007 – 2013.

Key words: Sustainable development, countryside, alternative sources of income, multifunctional countryside and agriculture development

I. Introduction

The concept of 'sustainable development' was used for the first time during the Science Conference in Stockholm but it was not exactly specified then. Firstly, this term was explained as 'self – maintaining development'. In the economics terminology this term was identified with harmonious development of regional and sector systems and with sustainable economic growth.

Later, more specified definition presented in the Conference 'The Environment and Development' in Rio de Janeiro in 1992 says that 'natural environment is supposed to fulfill the needs of modern societies by the social and economic development, however, without violation of the possibilities mentioned for the future generations'.¹

In Poland the concept of sustainable development was adopted in the Polish Constitutions and other legislation. Sustainable development of agriculture and rural areas is an integral part of such development which is supposed to be executed according to the conditions of accession to the European Union, in accordance with the rules of National Development Plan, Treaty of Accession to the European Union and earlier specified strategy of development for Poland .

Sustainable development of rural areas is connected with the concept of their versatility, creating conditions enabling growth of different types of economic activity (business) run with the respect of all environmental aspects, development of social and cultural functions and with the care of providing good conditions of life for the rural areas inhabitants.

In accordance with the concept of the European model of agriculture, agriculture – except for its basic function that is production and delivery of agricultural products - fulfils important roles in environment and landscape protection, prevention of soil fertility, the bio-variety and richness of homes, and prevention of traditions and cultural heritage. The concept of versatile agriculture points at the possibility of combining of all the functions mentioned above through shaping agricultural production according to the rules governing environment protection, landscape prevention and development of farms thanks to taking additional activities aiming at diversification of agricultural activity.

¹ Siekierski, J.: *Acta agraria et Silwestria*. – Kraków, PAN, 2003. p.5-13.

II. Problems concerning development of agriculture in Poland

According to National Census of Agriculture, 2192.9 thousand of people were employed in agriculture in Poland in 2002, which made 16,6% of all the employed (while in the EU in average it is only about 4%)¹. Overmanning engaged in agricultural production is one of the basic problems which restricts development of agriculture in Poland. Overmanning restrains the improvement of agrarian structure, the effectiveness of farming and technological progress which in result cause low income of farmers and incomplete use of the owned productive potential. Although the reduction of employment in agriculture is one of the main tasks to be fulfilled, the possibilities of emigration of people employed in farming in the nearest future may still be restricted due to the unemployment which affected the whole Polish economy and low level of mobility of agricultural population in the labor market.

Next hindrance in agricultural development is the level of education of farming population which is still very low in comparison to the level of education of city inhabitants. The percentage of urban citizens with secondary education is much higher than the village inhabitants percentage (73% of urban people possess secondary education while only 56% of village inhabitants have got it).

Table 1 Population of the 15 year olds and older according to the level of education and the place of residence in 2002 (%)

Level of education	Urban areas	Rural areas
Higher education	13,7	4,3
Secondary education	38,6	22,4
Vocational education	21,1	29,2
Primary education	22,2	38,3
Lack of education	1,5	5

Source: own adaptation based on: Report of National Census of Population and Residence – GUS 2002.

Significant number of agricultural population is only primary or vocationally educated while in urban areas secondary education is dominant. Worse education level of agricultural inhabitants in comparison to inhabitants of urban areas is the result of more difficult access to education in rural areas. The troublesome financial situation of farming families restrains the possibilities of education for young people in big urban areas which are usually situated far from their place of residence. Both the level of the whole education as well as agricultural education make a hindrance in the search of work places not connected with agricultural sector, which often demand good qualifications.

Within the agrarian structure of Polish agriculture small farms are still dominant. Acreage of the majority of farms is too small to ensure the satisfactory level of income. What is more, not satisfactory level of productivity also restricts the possibilities of introduction of technological progress because of both financial and technological reasons.

Table 2 The number of farms in excess of 1hectar of arable lands and their size according to acreage group in 1996 and 2002 (%)

Acreage group of farms in hectares	The number of farms		The acreage of arable lands	
	1996	2002	1996	2002
1 – 5	55,3	58,7	16,8	16,8
5 – 10	25,5	21,8	21,9	18,4
10 – 15	10,5	9,3	15,5	13,4
15 – 50	8,1	9,2	21,2	25,2
50 and more	0,6	1,0	24,6	26,2

Source: The Report of National Agricultural Census 2002 – GUS

¹ The Strategy of Development of Rural Areas and Agriculture in 2007 – 2013. Warszawa, Ministry of Agriculture and Agriculture Development, 2004.

In spite of the slow drop of the number of farms and an increase of the average acreage of farms within last years, the increase in number of the smallest and the biggest farms can be observed. This situation supports the tendency to re-allocation of acreage of land in bigger and more effective farms in one hand, and the increase in the number of non-commodities farms on the other hand.

Having in mind the fact that agrarian transformations are taking place in these two parallel grounds, both the development of capital-intensive directions of production as well as the support of laborious domains, which can be conducted even in the smaller farms, must be taken into consideration within the agricultural policy.

The agricultural production needs to be conducted with the prevention of all the technological regimes which guarantee safety of the commodities and in a way that assures both the good quality of the products as well as with the respect of the rules governing the environment protection and animals breeding. Adjustment to the increased quality standards, and veterinary and sanitary conditions means the necessity of modernization of productive base of farms and equipping them with new technical facilities. Majority of these demands, which need money investment mentioned above, concern mainly animal breeding. At present one of the dangers for the environment is an unsatisfactory level of farm equipment such as machines, devices and facilities ensuring minimization of unfavorable effects of agricultural production on environment. It mainly concerns the devices and facilities used for storing manure and warehouses for storing artificial fertilizers and pesticides.

In natural conditions of Central Europe the agricultural, ecological and economic balance of the farm is a derivative of coexistence of plant production branch of farming and animal production branches. As a result of a decline in animal production (the number of breeding animals has fallen down for about 30% for the last fifteen years), a significant number of Polish farms have got too few animals to keep the balance between the plant and animal production.

Poland possesses comparative superiority of the EU market in these sectors which demand high work and land expenditure and are relatively difficult to be mechanized. Rationalization of the use of arable lands in Poland should consist in the acceleration of the process of land exchange and consolidation, a decline in the number of uncultivated fertile and average land, excluding from agricultural use most of the unfertile and average lands with simultaneous improvement of agricultural science and a respect of the rules of sustainable farming.

III. Support of sustainable development of rural areas.

Sustainable development of the rural areas is connected with the concept of their versatility, shaping conditions for various economic activities run with the respect of all the environmental issues, development of social and cultural functions and the care of ensuring good life conditions to all inhabitants of rural areas.

The superior aim of the versatile model of development of rural areas and agriculture, which has been thoroughly described in the introduction part of this paper, is the improvement of life and work conditions of the inhabitants of rural areas through economic growth with the respect of all the requirements of environment protection and conservation. All the activities aiming at fulfillment of the model mentioned above ought to be complementary with regional programs.

In Poland the model of versatile development of rural areas and agriculture is going to be executed within 2007-2013. The execution foundations of this project have been described in 'The Strategy of Development of Rural Areas and Agriculture in 2007-2013' prepared by Ministry of Agriculture with the prognosis until the year of 2020. Within the 'Strategy' the main priorities of the actions aiming at the support of sustainable development of rural areas have been clearly specified and discussed.

Priority I: Diversification of the economic activity in order to ensure alternative sources of income.

In the rural areas there are possibilities of development of the activities (businesses) which are not connected with typical agricultural activity and which let the inhabitants of these areas get additional income. Especially such activities as growth and popularization of agro tourism need to be pointed out here. Development of different forms and activities not connected strictly with agriculture, however, which refer to local natural and human resources and also to local peculiarity and cultural traditions is crucial. Unfortunately nowadays, nonagricultural activity is scarcely developed mainly due to the lack of a financial support system and relatively low level of social activity.

Priority II: Preservation of environment and landscape virtues of rural areas.

The model of agriculture that exists in Poland combines moderate development of capital-intensive production with its relatively high laboriousness. It is structurally optimal system of growth factors of agricultural production without simultaneous natural environment deterioration. Extensive methods of production used by majority of farmers determine the need of preservation of many species of plants and animals. Within the confines of these priority main activities are going to consist in the support of agricultural and environmental ventures and the improvement of animal breeding conditions and development of environmentally friendly agriculture. The agricultural activity run in the areas with unfavorable conditions for farming, afforest programs and plant cultivations for industrial purposes are going to be supported.

Priority III: Improvement of social infrastructure.

Social infrastructure of rural areas depicts the lack of investments and adjustment to the existing needs. Unsatisfactory development is particularly visible in cultural and tourist institutions but also in education sector and health-care institutions. The basic activities aiming at the change of this situation that must be rated here are: the compensation of the educational chances of children and teenagers living in the rural areas, and constant educating of the adults. An activity that seems to be especially important is the improvement of access to health-care, welfare and cultural services.

Priority IV: Development of technical infrastructure.

Scarcely developed technical infrastructure in the rural areas makes one of the most serious hindrance in versatile development of rural areas. Insufficient level of infrastructure development not only lowers living and farming standards but also weakens the attractiveness of rural areas for potential investors. In accordance to the act about local government, fulfilling common needs of the society belongs to the task of the commune although these tasks are not obligatory. In particular, the tasks concerning technical infrastructure include such problems as: local roads, water-supply system and water supplies, removing and cleaning commune sewage, landfill sites and neutralization of commune waste. The basic tasks taken up and fulfilled within the confines of his priority are: the construction and building of sewage system in the rural areas, rationalization of management of solid waste, modernization of electricity network, support of renewable sources of energy, the improvement of road infrastructure and management of agricultural water resources.

IV. Conclusions

The improvement of attractiveness of rural areas demands actions directed to the improvement of technical and social infrastructure, creating better conditions for agriculture and entrepreneurship development in agricultural and nonagricultural sectors and also promotion of cultural, environmental and landscape virtues of the rural areas. In this point, the backwardness connected with the low level of intensification and mechanization of agriculture may become Polish advantage: high quality of natural environment, natural landscape preservation, forms of spatial management of rural areas, biological and species diversity and traditional social and cultural structures. Versatile development of rural areas and agriculture in the long-term perspective should be an equally significant issue as the

desire of maximization of economic effects of structural help through directing them to the leading domains and regions.

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REASONS FOR FOREIGN INVESTMENTS IN POLAND

Abstract: The paper presents Poland's attractiveness for foreign investors. The Author studied the reasons those made foreign investors to invest in Poland based on the multiple recent reports. Starting from main definitions of foreign direct investment, the Author shows determinants and risk of foreign investments, then researches are presented comparing Poland attractiveness for foreign investments with other countries' situations.

Keyword: foreign investment, attractiveness

Introduction

There are many definitions of foreign investments in the literature concerning the subject. Anyway, most of them are based on the model definition of Organization for Economic Co-operation and Development (OECD). According to OECD, foreign direct investment reflects the objective of obtaining a lasting interest by a resident entity in one economy ("direct investor") in an entity resident in an economy other than that of the investor ("direct investment enterprise"). In the text of this article, the term "foreign investment" is used instead of "foreign direct investment" for the simplification. The lasting interest implies the existence of a long-term relationship between the direct investor and the enterprise and a significant degree of influence on the management of the enterprise. Direct investment involves both the initial transaction between the two entities and all subsequent capital transactions between them and among affiliated enterprises, both incorporated and unincorporated.

The numerical guideline of ownership of 10 per cent of ordinary shares or voting stock determines the existence of a direct investment relationship. An effective voice in the management, as evidenced by an ownership of at least 10 per cent, implies that the direct investor is able to influence or participate in the management of an enterprise; it does not require absolute control by the foreign investor.¹

Determinants and risk of foreign investments

Foreign investments have increased dramatically in recent years. However, the distribution of foreign investments is highly diverse and to explain differences in foreign investments inflows among countries, it is necessary to understand how foreign investors choose investment locations. There are many determining factors that induce foreign investors to take up business activity in a different countries. Those determining factors are presented in many varied ways, therefore, I decided to present determinants of foreign investments from the host country side.

¹ Benchmark Definition of Foreign Direct Investment, Third Edition, OECD, Paris 1996