

Preferential credit as an instrument additional to EU support of agriculture in Poland

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The aim of the paper is to evaluate the role of preferential credit in the support of the restructuring and modernization of Polish agriculture after Poland's accession to the EU. The accession has enabled farmers the access to different measures of the Common Agricultural Policy and Structural Funds. In the conditions of EU membership, the preferential credit has become an instrument of domestic assistance for agriculture of a character additional to EU support. Analysis has showed that although a vast range of different support measures under CAP is offered, the preferential credit is still a valuable instrument which enables farmers to realize the targets that cannot be financed from other sources. The modernization of agricultural holdings seems to be close to the preferential credits in respect of the aim of support aid, and perhaps in the future it can limit farmers' interest in preferential credits.

Key words: preferential credit, farm, agriculture restructuring, rural development plan, intervention

INTRODUCTION

The Polish agriculture tries to deal with great challenges it faces while operating in the conditions of the common and global markets. To help Polish agriculture to respond to the challenges successfully, different measures of support are used, mainly of economic character. They act in the frame of the EU or domestic support. In Poland, preferential credit is an important tool of domestic support. It has been widely used for intervention in agriculture since the beginning of the process of transition to market economy until accession to the EU. The accession has enabled access to different measures of the Common Agricultural Policy and Structural Funds. In the conditions of EU membership, the preferential credit has become an instrument of domestic assistance to agriculture as additional to the EU support.

The aim of the paper is to evaluate the role of preferential credit in the support of the restructuring and modernization of Polish agriculture after Poland's accession to the EU. The analysis had to give answers to some questions: (i) what are the particular aims of the credit support and its terms compared to the EU support, (ii) what are the effects of credit support compared to effects of EU measures, (iii) is preferential credit the main or an additional tool of support for the restructuring and modernization of Polish agriculture.

The analysis starts with the theoretic background of intervention in agriculture. Next, the characteristics of the agricultural credit support system in Poland with its

background are given with a special emphasis on its performance as a tool of agricultural policy in the conditions of market economy since 1990 until the EU accession. It is followed by presenting the main support measures introduced in agriculture with the EU accession and an analysis of their effects and costs. In conclusions, a comparative evaluation of these kinds of support is presented.

MATERIALS AND METHODS

The main period under analysis covers 4 years (2004–2007). The data and information are taken from the Central Statistical Office of Poland, General Inspectorate of Banking Supervision, Agency for Restructuring and Modernization of Agriculture. Also, results of our other investigations and data of other researchers are used.

To realize the aim of the work, the various methods of analysis, mainly descriptive and comparative, were used, supported by the statistical method.

The reasons for and forms of intervention in agriculture

Agriculture is a sector of economy where intervention has a long history; it is widely used nowadays and will be continued in future¹. An extreme example of intervention is centrally planned economy where agriculture as well as other sectors of economy were organized and ruled by a

¹ Of course, the question about the aims, measures and scope is open.

central plan, and production took place in state or cooperative enterprises². According to Anderson and Swinnen (2008), there was a substantial net subsidization of agriculture relative to all other sectors as a group, although much more so for livestock producers than for grain and oilseed farmers. Nearly parallel to this, however in other forms and scope, the intervention in the frame of the Common Agricultural Policy carried out by the European Economic Community had taken place (Josling, 2008). Even in such a liberal state as the United States of America, intervention in agriculture has been present since the end of the 19th century³ and involves huge financial means.

The reasons for the intervention are of very different character. From the economic point of view, the main goal is to assure food security. This aim was essential in Europe after the Second World War which damaged the agricultural sector and the restructuring and increasing food production was a priority for governments. To achieve this, subsidizing of production and buying surpluses were used. When the problem of the lack of food was sorted out and the problem of the surplus of agricultural products occurred⁴, the targets could change. In the current conditions, the list of priorities is much longer. It involves the strength and competitiveness of the EU farming and of the agri-food sector as a whole, the quality of food, preservation of the environment, social values and others⁵. The term "agricultural policy" is more and more often replaced by the term "rural policy" which reflects the complexity of problems and processes that take place in agriculture and its closest environment. However, agricultural policy is a sectoral one, and its principles and objectives are not fully consistent with rural development policy; according to Ahrens, agricultural policy is even in conflict with the major principles and objectives of rural development policy (Ahrens, 2004). The set of measures aimed to attain the array of targets contains different instruments such as decoupling payments, measures for modernization and diversification of agricultural holdings, accompanying measures (introduced by the 1992 reform of CAP: early retirement, agri-environment and forestation, as well as a scheme of the less-favoured areas). As Ahren (2004) underlines, the ultimate objective of the rural development policy is to "guarantee equivalent living conditions". In this frame, he points out three particular objectives: "economic" – generation or maintenance of employment and incomes, "ecological" – internalization of externalities, and "social".

² In the case of agriculture except Poland and Yugoslavia.

³ As the form of intervention the introduction of Sherman Act in 1890 in USA can be treated. It concerns the monopoly and was introduced due to pressure of agricultural lobby which was worried of high prices of railway transport of agricultural products (Domańska, 1986).

⁴ The problem of hunger and malnutrition is still urgent in many regions of the world, especially in Africa.

⁵ For an extensive study of the agricultural policy in Western Europe after the Second World War until 2008, see (Josling, 2008).

The development of new economic theories contributed to the identification of new reasons for and areas of intervention. For example, the new institutional economics underline the problem of transaction costs, enforcement of contracts, bargaining power and opportunistic behaviours. This could be illustrated by the problem of the unequal bargaining power of multinational trade companies and small producers, which lead to extract rents from farmers (coffee producers in Kenya and Latin America, cotton, tea and tobacco growers in Malawi, milk processors in Chile). As a result, farmers achieve very little benefit from participating in these markets and have neither incentive nor financial means to accumulate wealth and make further investments (Salas, 2008). Another case concerns vertical integration when large firms are more likely to offer production contracts to large farms and hesitate to work with small and medium-sized farmers who provide less volume of the product. As a consequence, some farms, especially the smallest and poorest, are excluded from sharing the surplus generated by trading and economic growth (Salas, 2008).

The New Political Economy analyses interrelation between policy and economy. It focuses on the interactions between economic and political agents. According to one of the theory from this school – Theory of Collective Action, which investigates the ability of social groups to enforce their particular objectives, – farmers as a social group have a political power and are able to get privileges. It can be explained on the ground of a special social phenomenon called "lost paradise" (Zawojńska, 2004).

As mentioned before, in communist economies the support of agriculture was used on a large scope. The market reforms in the beginning of the 90ties changed the situation completely. To allow market to act free, prices, exchange rates, and trade policies were all liberalized, subsidies were cut. Also, a new set of property right was established as an effect of the privatization and reprivatization which in every country were carried in their own way. As a result, support for agriculture nosedived to a very low level in the early 1990s. According to Anderson and Swinnen (2008), between 1992 and 1995, the nominal assistance to agriculture averaged just to 12% in the CEEC-10 and was below zero in Bulgaria and the three Baltic nations – as it was in Russia and Ukraine, but political pressures induced governments to re-introduce a series of measures. The nominal rates of assistance increased from close to zero in 1992 to around 20 to 30% **in the second half of the 1990s, but then they stabilized** in the lead-up to the EU accession in 2004. Between 2000 and 2003, the average rate of assistance to agriculture in the CEE-8 was just below 25% which is slightly less than half the rate of assistance provided to farmers in the EU-15 at that time. In 2004, ten new members of EU (eight post-communist countries) and in 2007 the next two ones got the right to a support under CAP and others EU policies.

There is a vast range of the outcomes of intervention in agriculture. Their assessment varies depending on who

express the opinion and for what purpose. The main reproach on the theoretical ground concerns misallocation of scarce resources from more profitable uses. Other massive critics is from overseas producers who view agricultural policy in Europe as being a major impediment to the opening up of international trade in farm products. As a result of intervention, only limited advantages from foreign trade are gained (Lloyd et al., 2009). The other drawbacks are food surplus, huge budgetary costs, the low effectiveness of financial transfers, decrease in consumers' welfare, negative externalities, etc. The list of failures and negative effects is long, nevertheless it does not seem in a long perspective that intervention in agriculture and rural areas will be abandoned.

The role of credit in Polish agriculture in 1990–2003

The first effects of introduction of market reforms in the beginning of the 90ties were very unfavourable in agriculture. The bunch of negative, from farmers' point of view, processes such as elimination of most farm and food subsidies, import of cheap food, privatization of state or cooperative enterprises in the food sector, floating market demand and unstable prices changed rapidly the conditions of agricultural activity, making it much more difficult and risky than before. The scope of changes can be illustrated by the changes in price structure. The "price gap" of sold agricultural products to goods and services purchased by private farms fell from 125.6 in 1989 to 84 in 1993 versus 100 in 1990⁶. In these conditions, a regress in using fertilizers, pesticides, protein feed, qualify seeds, etc. was observed. As a result, a decrease of productivity took place. For example, the yields of basic cereals per ha decreased from 32.7 dt in 1989 to 27 dt four years later and the production of milk per cow from 3156 l to 3024 l⁷. In these circumstances, the incomes in agriculture nosedived. In real terms, the agricultural incomes fell down by 51.4% in 1990 compared to 1989 and by 26.1% the next year. In 1992 and 1993, a slight increase was noted, so at the end of 1993 the incomes were about 57% lower compared with 1989⁸.

The income shortages and the limited access to credits because of the very high interest rate, accompanied by uncertainty about future, caused a decrease in the demand of current means of production as well as of investment goods. The negative processes were noted very soon. The government responded already in April 1990 by introducing preferential credits for the purchase of current means of production and land (popularly called "spring or fertilizers credits"). The credit was designed for one year only, but as the negative tendencies in agriculture became more and more serious, in the following years the government repeated the preferential credit offer and added new investment aims

for which the preferential credits were offered. Formally, the Ministry of Agriculture proposed a list of preferential targets, and Ministry of Finance was responsible for settling accounts with banks.

The preferential terms took the form of an interest rate lower than that of the market. The level of the interest rate paid by farmers was connected with the central bank interest rate, except 1990 when it was established as part of the market rate (required by the bank).

When in 1992 a severe drought affected agriculture, an additional line of credits – was so-called "drought credits" – was introduced. The terms of these credits were more favourable than of "spring credits" in respect of the interest rate and other terms. In 1994, the drought appeared again so the government used the "drought credits" again.

The results of this tool of intervention were rather modest. The regress in using means of biological and technical progress was not stopped, perhaps only mitigated. The question arises whether the results could have been better. The financial means for the subsidies were not high and, what is much more important, the economic conditions for agricultural activity were not favourable and the prospects agriculture faced in new conditions (market conditions) were not clear.

In 1992, the problem of debt in agriculture occurred. Its scope was not big. Only less than 1% of two million farms had some difficulties with the service of debt. However, in the context of the high market interest rate, the generally bad situation in agriculture and political disputes (this time the leader of the Polish Farmers Party was the Prime Minister) an attempt was made to solve the problem institutionally. The problem of restructuring and modernisation of Polish agriculture was more and more urgent in the competitive environment. In these circumstances, the Fund for Restructuring and Debt Reduction in Agriculture (FRiOR) was established. The Fund was responsible for restructuring farmers' debt and for delivering funds for investment. Banks could grant credits on the ground of the Fund. Smaller credits were allowed by banks independently and bigger ones after acceptance of the Fund. Banks took the commission for intermediation. The terms for borrowers were very favourable compared with market terms. For example, the interest rate of credits for new investments was 20%, whereas the central bank refinancing rate was 38%. Very soon it became evident that the assumptions of the Fund had been not adjusted to the conditions. The lack of financial responsibility of banks granting credits from the Fund's financial means caused that they were not very careful about the aims and efficiency or collaterals of allowed credits. The activity of the Fund lasted a very short period. It conducted operation only one year. In July 1993, after the total critics, it was suspended from activity for two months. In the end of 1993, a new state agency – the Agency for Restructuring and Modernisation of Agriculture (ARMA) – replaced it and undertook its obligations. It is worth mentioning that in these years,

⁶ Statistical Yearbooks of the Republic of Poland 1994, GUS, Warszawa.

⁷ Ibid.

⁸ Ibid.

in the other countries in transition, – in Hungary (Ulrich, 1999), Slovakia (Chrastinowa, 1999), Czech Republic (Silar, Doucha, 1999) – similar state agencies were established.

The ARMA was established by the Act of Parliament in December 1993. The official aims of the Agency at the beginning were: (i) to improve the agrarian structure, (ii) to support investments in agriculture, food industry and firms providing services to agriculture, (iii) to provide financial assistance to programs (investors) creating new non-farming jobs in rural areas, (iv) to develop the rural infrastructure, (v) to support the education, information and advisor initiatives, (vi) others. In the following years, the scope of aims was expanded.

The Agency was responsible for the running the agricultural, preferential credit system. Besides the Agency, the system involved banks, the Agricultural Advisory Centres (AAC) and regulations.

The Agency executed its tasks mainly through subsidies to interest on credits granted by banks. Its activity was financed by the state budget. The banks that were interested in granting preferential credits signed contracts with the ARMA about granting subsidised credits, or guarantees. Negative experiences with granting credits by banks from the FRiOR's funds caused the introduction of regulation that banks allowed credits from their own resources on their own risk. Banks granted preferential credits in the framework of the so-called lines of credits, which differed by targets, eligible agents and the level of subsidies. To prevent banks from charging an unreasonably high interest rate, the central bank discount rate was taken as a benchmark for the maximum bank interest rate. In 1995, 28 commercial banks, besides cooperative banks, cooperated with the Agency and in 2003 – 22 ones. The Advisory Centres for Agriculture were responsible for the financial and formal evaluation of the investment projects that farmers wanted to finance with subsidised credits. The main assumptions of the system were regulated by the Acts of Parliament. The terms of the preferential credits were ruled by the Ordinances of Council of Ministers and Regulations of the President of the ARMA. The system was flexible. New credit targets were introduced while others were drowned out, so the number of investment credit lines changed from 4 at the beginning to 46 at the end of 1997 and 15 in 2003. The most important and popular lines such as basic investment credits, credits for

land purchasing, credits to young farmers worked for the whole period. The credits could finance a very wide scope of targets. It was hard to find the kind of the target in agriculture, which could not be financed by a subsidised credit.

The structure of the credit support system and the relation between its parts are presented in Figure.

The structure of the credit support system was rather simple, and every element of it was responsible for different tasks. It was important, because of transaction costs, both to the farmers and to the other elements of the system. According to author's investigation, the transaction costs of agricultural credits carried by farmers can be estimated at 3–5% of the value of credits, and the transaction costs of preferential investment credits were higher than commercial credits, but the difference was not big (Danilowska, 2007).

The terms of preferential credits were advantageous for farmers in comparison with the terms of commercial credits (Table 1).

Experiences of the communist period of economy when preferential credit was widely used in agriculture, and negative experiences from the early 90ties indicated the necessity of introducing two important regulations: the first prevented farmers from using the credit not in line with the declared aim, and the second concerned the discipline of repayment. Farmers who used credits for other aims had to pay subsidies back, and farmers who delayed repayment lost the right to the preferential interest rate. It resolved

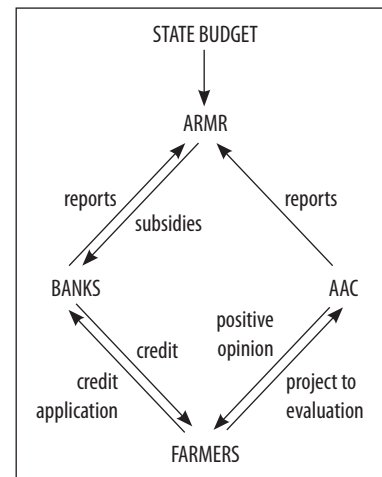


Figure. Scheme of credit support system in Poland (Danilowska, 2005)

Table 1. The terms of preferential credits from the most popular credit lines in 2003 (31 December)

Credit line	Interest rate paid by farmer	Grace period (years)	Farmer's contribution to the financing of the investment (%)	Maturity (years)
Basic investment credits	1 / 2 of bank interest rate min. 3%	2	20–30	8
Credits for land purchasing	1 / 4 of central bank discount rate min. 1.2%	2	20–30	15
Credits to young farmers	1 / 4 of central bank discount rate min. 1.2%	2	20–30	15
Branch credits	0.75 × 1.3 Polish Central Bank discount rate min. 2%	2	20–30	8–15
Credits for working capital	0.35 of the central bank discount rate min. 2%	–	–	1–2

Source: (Danilowska, 2005).

effectively the very important problem of reimbursement, often mentioned in the literature (Van Empel, 2001, Von Pischke 2001). The author's investigation showed that the problem of the fungibility of credits was marginal, and statistical data indicated that farmers were very reliable debtors. The share of irregular claims in the debts of individual farmers in cooperative banks in 2003 was at a 3% level⁹.

In the course of 1994–2003, every year some hundreds of thousands of farms took the preferential credits as investment and for working capital (Table 2).

The number of credits varied from year to year. The interest of farmers was highest at the beginning of the preferential credit system in the mid of the 90s. During the economic recession (1998–2001) the number of credits decreased three times. In the two next years, with the real perspective of accession to the EU, the number of investment credits increased but did not reach the initial level. The number of investment preferential credits granted in the course of 1994–2003 compared to the number of farms was 15%. The number of credits for working capital showed the same tendencies. Every year, about 20–30% of farms took credits for working capital.

In general, the level of using bank credits in Poland was low. The investigation of the World Bank about the rural credit market in Poland gives two explanations for the low levels of borrowing among rural Polish households¹⁰. The first one is the “uncertainty hypothesis” underlying the role of a stable and predictable economic environment; the second is “credit market hypothesis” indicating imperfections

in the banking system. Author's investigations indicate that the first reason was more important in the 90s.

It is worth noting that preferential credit was the main tool of agricultural policy. The share of credit subsidies to interest rate on preferential agricultural credit in state budget expenditures for agriculture varied from 60% in 1995 to 16% in 2003 (Danilowska, 2005). The other tools like quarantines, collaterals or intervention price were far less significant.

The role of agricultural preferential credit after EU accession

After accession to the EU until April 30, 2007, the credit form of support to agriculture was continued on the same terms, except credits for working capital, which were granted only up to the end of 2004. It was possible for three years after the date of accession on the grounds of the so-called “existing aid”. Next, this measure was adjusted to the Community guidelines concerning state support for agricultural and forest sectors in 2007–2013. The new regulation did not change the scope and terms of credits noticeably, although the number of credit lines was decreased to eight. It preserved the vast range of credit targets, with some exceptions¹¹. For the transaction costs of taking preferential credits by farmers, the abandonment of the necessity of applying for a positive opinion of the Advisory Center about the planned investment is important. A new regulation introduced the ratio of the intensity of support¹². The regulation set up the limit of the maximum value of credit subsidies at 40–75% of the credit value. The limits depend on the investment credit line.

The number of the commercial banks that grant credits under the new regulations decreased to seven, but it doesn't

⁹ Summary Evaluation of the Financial Situation of Polish Banks 2003. General Inspectorate of Banking Supervision, Warsaw, 2004.

¹⁰ Report No. 22598-POL Poland. The Functioning of the Labor, Land and Financial Markets: Opportunities and Constrains for Farming Sector Restructuring. December 2001. Environmentally and Socially Sustainable Development, Unit Europe and Central Asia Region. Document of the World Bank. 2001.

¹¹ The preferential credit cannot finance investments connected with agrotourism.

¹² The maximum level of subsidies per agent.

Table 2. The number of preferential credits granted to farmers in 1994–2003

Year	Investment credits volume	Credits for working capital volume
1994	15 931	739 860
1995	33 363	481 858
1996	58 325	674 484
1997	56 570	617 695
1998	17 314	471 795
1999	20 090	475 857
2000	16 418	482 739
2001	16 910	372 654
2002	23 349	376 818
2003	24 263	411 063
Total	283 533	5 104 823

Source: Our own calculations based on data from *Kredyty preferencyjne “wiosenne” 1994 r.*, Sekcja Analiz Ekonomicznych Polityki Rolnej, FAPA, Nr. 5 / 94, Warszawa 20.10.1994; *Annual Reports on Activity of the ARMA (1994–2003)*.

mean that farmers' access to these credits has become worse because, besides commercial banks, also cooperatives banks, which operate mainly in rural areas, are involved in allowing subsidized credits. The network of their offices is dense. The number of offices was accounted at 3894 for June 2007¹³.

The preferential credits are still a very advantageous measure for farmers but the accession has enabled farmers to participate in some EU measures in the frame of the Rural Development Programme for 2004–2006 (PROW 2004–2006) and the Sectoral Operational Programme (SOP). In the frame of the PROW, farmers were offered two groups of measures: (i) the same measures as in "old" 15 EU countries: structural pensions, support to agricultural holdings in less favoured areas (LFA), support to agricultural-environmental activities and improving animal health and welfare, afforestation of agricultural land, (ii) measures designed for new members: support to semi-subsistence farms, support to a group of producers, support to adjustment of agricultural holdings to the EU standards, technical support. In general, many measures of the PROW 2004–2006 addressed not very big groups of farmers, and the required effects were of a different character and not only strictly economic ones. Besides schemes under the PROW 2004–2006, the Sectoral Operational Program "Restructuring and modernization of the food sector and rural development" was functioning. The program offered some schemes aimed at the restructuring and modernization of agriculture. The list of these measures included investment in agricultural holdings, setting up of young farmers, improving the processing and marketing of agricultural products, diversification of agricultural activities and activities close to agriculture to provide multiple activities or alternative incomes, development and improvement of the infrastructure related to agriculture. Moreover, in 2004, the system of direct payments was introduced. Since 2004, every year about 1450 thousand farmers have got them.

A comparative statistics of the participation of farmers in these schemes and in the preferential credit system in 2004–2007 is shown in Table 3. The data concern only the schemes that financed investments in farms.

Analysis of Table 3 indicates that credits were a very important source of financing investment in farms. In the course of four years, the value of taken preferential credits was higher than the value of paid financial support from the

three¹⁴ measures of PROW. However, it is necessary to add that every year about 700–750 thousands of farms took payments from the measure aimed at farms located on LFA.

In 2007, the new 7-year period (new financial perspective) has started for 2007–2013 in the EU countries. Due to its assumptions, the agro-food sector and rural development are financed from two funds: the European Agricultural Guarantee Fund which finances mainly direct payments, and the European Agricultural Fund for Rural Development which supports rural development. These funds replaced the European Agricultural Guidance and the Guarantee Fund, hoping that it allows for a better unification and simplification of the management, monitoring and control of expenditures. Each European country prepared its own Rural Development Programme for 2007–2013. The Polish Program was accepted by the Rural Development Committee on 25.07.2007. This Program offers support amounting to 17.2 billion euro, of which nearly 77% comes from EU funds (ARiMR, 2007).

The Rural Development Programme for 2007–2013 replaced two programs from the former financial perspective: the Rural Development Programme for 2004–2006 and the Sectoral Operational Programme. It involves four axes which offer 21 support measures. The main measures from the previous financial perspectives are continued. Some schemes under two axes should directly support the modernization of farms and the restructuring of agriculture by the size of an area and the age of owners. They are: axis 1 – setting up young farmers (420 mill. euros), structural pensions (2 187.6 mill. euros), modernization of farms (1 779.9 mill. euros), participating farmers in the quality food systems (100 mill. euros); axis 2 – support for farms located in the LFA (2448.7 mill. euros), afforestation (653.5 mill. euros) (ARiMR, 2007). Close to the preferential credit support in respect of aims, is the modernization of farms.

The farmers' interest in the support under new regulations is illustrated by data of Table 4.

The data show that farms are still interested in preferential credits. However the three times higher number of applications for support to the modernization of agricultural holdings can indicate the great interest of farmers to it. Data of the following years will show whether this measure will compete or supplement credit support.

¹³ Summary Evaluation of the Financial Situation of Polish Banks 2007, Polish Financial Supervision Authority, Warsaw, 2008.

¹⁴ Support for agricultural-environmental activities and improving animal health and welfare, support to semi-subsistence farms, support for adjustment of agricultural holdings to the EU standards.

Table 3. Effects of preferential credit system and measures offered to farmers under PROW 2004–2006 and SOP (December 2007)

Specification	Preferential credits	PROW for 2004–2006	Sectoral Program
Number	86 810	345 112	45 897
Value ¹ (thousand PLN)	10 517 375	3 448 700	5 604 647

¹ In the case of preferential credits, the value of granted credits in nominal terms.

Source: Annual Reports on Activity of the ARMA (1994–2007). ARMA, Warsaw 1995–2008.

Table 4. Number of applications for support under PROW 2007–2013 and new credit support (31 December 2007)

Specification	Number
Preferential credit	6 691
Structural pensions	8 869
LFA	754 993
Afforestation	2 642
Modernization agricultural holdings	18 372

Source: Annual Reports on Activity of the ARMA (1994–2007), ARMA, Warsaw 2008.

CONCLUSIONS

1. The analyses indicate that under EU member conditions, the scope of intervention in the Polish agriculture increased noticeably compared with the pre-accession period when the preferential credit was the main tool of agricultural policy in Poland.

2. The experiences gained during the operation of the preferential credit system in the period 1994–2007 were taken into consideration while working out the rules of domestic support in the new financial perspective 2007–2013; as a result, the credit support is nearly similar to that before 2004.

3. In the context of CAP, domestic support in the form of preferential credit seems to be an additional measure to the EU support, but it is still important. There are some reasons for this phenomenon: (i) preferential credits can finance the investments that are not supported under EU schemes, (ii) farmers are familiar with this instrument after many years of its availability, (iii) the way (application procedure, localization of bank) to take a preferential credit is rather simple for farmers.

4. A comparative evaluation of the effectiveness of credit support and other measures of support to the modernization of farms and restructuring of agriculture is necessary. The amplification of the theoretical backgrounds and methods of such evaluation is an important challenge for researchers.

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**LENGVATINIAI KREDITAI KAIP PAPILDOMA
PRIEMONĖ LENKIJOS ŽEMĖS ŪKIUI
PANAUDOJANT ES PARAMĄ**

Santrauka

Straipsnio tikslas – įvertinti lengvatinių kreditų vaidmenį remiant Lenkijos žemės ūkio restruktūrizavimą ir modernizavimą po Lenkijos įstojimo į Europos Sąjungą. Narystė Europos Sąjungoje suteikė ūkininkams galimybę pasinaudoti įvairiomis Bendrosios ES žemės ūkio politikos ir Struktūrinių fondų priemonėmis. Narystės ES sąlygomis lengvatinis kreditas tapo nacionaline paramos žemės ūkiui priemone, papildančia ES teikiamą paramą. Analizė rodo, kad nepaisant plataus masto bendrosios žemės ūkio politikos siūlomų paramos priemonių, lengvatinis kreditas lieka svarbia priemone, padedančia ūkininkams įgyvendinti savo tikslus, kurie negali būti finansuojami iš kitų šaltinių. Priemonė, skirta ūkininkų ūkiams modernizuoti, savo paramos pobūdžiu, atrodo, yra artimiausia lengvatiniams kreditams ir galbūt ji sumažins ūkininkų susidomėjimą lengvatiniiais kreditais.

Raktažodžiai: lengvatinis kreditas, ūkis, žemės ūkio restruktūrizavimas, Kaimo plėtros planas, intervencija