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EAST EUROPE

POLAND

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NEW REGULATIONS GOVERNING CONTRACT GRAIN DELIVERIES

Summary: Speaking at the Third Congress of Agricultural Circle delegates, which took place in Warsaw in the first half of December 1966, Wladyslaw Gomulka presented, for the first time, the new regulations on contracts for grain sowing and deliveries. The system ties in the contracting of grain deliveries with the possibility of purchasing a certain amount of artificial fertilizer at lower prices, with tax rebates and with other privileges. It is designed to intensify production and increase delivery of grain and to expand the use of artificial fertilizer in anticipation of the increased supply which is to become available in the next four years.

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In the course of a speech reviewing the progress of Polish agriculture over the past 10 years which he delivered before the Third Congress of the Union of Agricultural Circles on December 8, First Party Secretary Wladyslaw Gomulka announced some new measures on grain procurement. They will give farmers, collective farms, agricultural circles and farming teams that sign contracts for grain the right to:

- purchase, at a lower price, up to 200 kilo of mineral fertilizer for every hectare devoted to production of grain on contract. The price cut depends on the amount of mixed grain seeds which the farmers will buy in exchange for grain. It varies from 20 to 40 per cent;

- rebates on land tax after a certain minimum amount of grain is delivered, provided the contract covers at least 20 per cent of the farmer's arable land. The norms are low and, for the most fertile soil, amount to a delivery of only 15 quintals per hectare;

- transportation free of charge, if a farmer delivers more than 30 quintals of grain;

- interest-free credits when buying fertilizer.

All in all, taking advantage of all these alleviations, the farmers may gain advantages equivalent to about a 10 per cent increase in the price of grain. This current change in contract conditions is the second important economic move in agricultural economy since last year's essential increase of the prices for grain purchased or contracted for by the state. It will undoubtedly serve to spur interest in grain sowing, and the form of contract based on the above-mentioned conditions can now compete with the sale of grain on the open market.

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The changes described above are being introduced (they will enter fully into force in the new economic year, i.e., on 1 July 1967) in order to ensure the implementation of the basic targets in agricultural production set by the current five-year plan. This means, above all, increasing the harvest of all grains by 1970 to 18.3 million tons which, in principle, should ensure Poland's self-sufficiency in this respect. Reaching this level of yields depends chiefly on raising the per hectare yield by at least two quintals. This, in turn, may be achieved only by significantly increasing the use of artificial fertilizer. As far as the prospects for the production and supply of fertilizer are concerned, it seems that, after termination of the present investments in the chemical industry, they will be feasible. The production of artificial fertilizer by 1970 should be sufficient to permit the doubling of its per hectare use. Up to now, however, the problem of increasing the use of fertilizer has not been solved and, in view of the low level of agriculture in Poland, it could scuttle the plan to increase per hectare yields. Even now, despite its low average per hectare use, there have been problems with selling fertilizer. To a certain extent, the price of fertilizer has played a role here. It appears likely that the changes in the grain contract system will, to a large extent, eliminate this problem of low artificial fertilizer demand. On the other hand -- and equally important for the economic leaders in Poland -- these changes guarantee an increase in grain sales. To date, sales of grain (purchases and contracts) have amounted to only about 18.6 per cent of total production, but, partly as a result of the changes in the contract system, they are expected to rise to about 35.5 per cent by 1970. In absolute figures, this means 6.5 million tons of grain, of which 4.5 million tons will then be re-sold to farmers as mixed feed grains.

It follows from the above figures that net grain sales will also depend on sales of mixed feed grains to farmers. For this reason, the changes currently being made in the contract system provide that contract advantages available to farmers will diminish in proportion to the amount of feed grains they purchase. The whole problem evolves around the question of insuring that the state will continue to hold and have a say over the use of a large quantity of grain reserves.

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