SUPPLEMENT

Financial transfers between Poland and the EU budget between 1 May 2004 and 1 May 2019. What next?

These transfers, when the overall tally is clearly positive, are very often presented as the main benefit from Poland's EU membership. Other benefits from European integration are noticed much less frequently. In the economic sense, however, trade benefits are of greatest importance. Among the EU countries, 10 are net contributors to the EU budget, and Germany is the largest such contributor. Close integration between these countries in the EU follows from appreciation of what are chiefly non-transfer benefits of EU membership. The list of the most important benefits from Poland's EU membership have been presented above in the answer to question 17. Other non-economic benefits from integration have been presented by the authors of answers to other questions. In this supplement, we focus on the financial transfers between the EU budget and the Polish budget (the Finance Ministry's data) for the period 2004–2019, which means the 15 years of Poland's EU membership.

So far, throughout the period of Poland's EU membership, the transfers from the EU budget to Poland have reached **166.58 billion euros,** including:

– **105.05 billion euros** for the implementation of the Cohesion Policy,
– **56.02 billion euros** for the implementation of the Common Agricultural Policy (CAP).

Over this period, Poland's contributions to the EU budget have totalled **54.28 billion euros**, and the tally of transfers and payments stood at **112.13 billion euros**.

In the period mentioned above, namely 2004–2019, Poland was the biggest beneficiary of transfers from the EU budget in the sphere

of cohesion policy, which accounted for two-thirds of the total funds allotted to Poland in the EU budget. Cohesion policy has become the EU's most important common policy and the fullest manifestation of the implementation of the value of solidarity. Cohesion policy reduces the development gap not only between member states but also between regions. Most of the EU funds allotted to cohesion policy go to the poorest countries and regions. One example of special preferences for the poorest regions in Poland was the program "East Poland" with a budget of 2 billion euros for the period 2014–2020. It will benefit five provinces: Warmińsko-Mazurskie, Podlaskie, Lubelskie, Podkarpackie, and Świętokrzyskie.

Transfers from the EU to Poland were particularly important for Polish agriculture and rural areas, especially in the form of direct subsidies. In the period of 13 payment campaigns (2004/2005–2016/2017), Polish farmers received 36.95 billion euros, which means 147.48 billion zlotys. These payments have been accompanied by other payments for farmers under the second pillar of Common Agricultural Policy, which accounts for around 40% of the CAP funds in Poland. **Currently, over 50% of income of agricultural farms in Poland comes from EU payments.** These benefit 1,300,000 farms, mostly very small ones, which still prevail in Poland. Also, investments made by these farms are funded on average in half with payments from the EU. It is not true that Polish farmers are particularly disadvantaged on the scale of the EU's 28 member states in terms of direct payments per hectare of agricultural land. Polish farmers have somewhat better rates than the average for the 10 post-socialist countries that joined the EU and better rates than such countries as Portugal. We must remember that at the moment of their introduction direct payments were linked to production per hectare and livestock animals in a given country. Direct payments in Poland were much lower than in such countries as the Netherlands, Denmark, and Germany.

In terms of agriculture and the whole of the food economy in Poland, the benefits from the EU membership have manifested themselves also in the form of rapid growth in trade with the EU countries, especially exports. Since 2003, Poland has been a net exporter of agricultural and food products, and the positive balance of trade in these products grew quickly. Around 30% of the domestic production of food and agricultural products is currently exported, and around 80% of these exports go to the EU markets. Both farmers and most of other inhabitants of rural areas in Poland have benefited in different ways from European integration, although they were among the biggest Eurosceptics in the country several years before the accession.

The EU's future budget will be limited by the UK's exit from the EU. In addition, there are predictions of changes in the directions of the EU budget expenses, including cuts in the share of Cohesion Policy and CAP, which were particularly beneficial for Poland. At the same time, these two policies will remain the most important and most costly policies in the EU.

Poland's participation in existing and predicted community-wide initiatives, including potential accession to the euro zone (which already comprises 19 member states), will have a decisive impact on future transfers between the EU and Poland. Authors of the report *Co dalej z euro?* ["What Happens Next to the Euro?"] by the Polish Robert Schuman Foundation (Gorzelak et al. 2017) argue that if Poland decided to quickly join the euro zone (scenario one), it could remain the biggest net beneficiary of transfers from the EU budget in the future financial perspective for 2021–2027, which would mean in nominal terms an increase from 105 billion euros in the current perspective to 120–125 billion euros in the future perspective. In the worst-case scenario, or scenario three ("slamming the door"), the transfers would be cut by 55–60%. In the event of a Polexit, this would mean the loss of all transfers from the EU and the additional costs related to this decision.

Both the chairman of the PiS as the ruling party and the governor of the NBP have announced that Poland does not intend to join the euro zone in the foreseeable future.