

Management of economic competitiveness in rural areas of Poland in light of programming and reporting documents

Irena Jędrzejczyk

Abstract

The author focuses her investigations on the effects of building economic competitiveness in Poland's rural areas, both in the context of establishing a competitive advantage over other areas within the country as well as external competitive advantage relative to other countries and foreign markets. The author assumes that the economy in rural areas is subject to the influence of both market forces and the instruments of state policy and EU policies.

The aim is to understand the potential of Polish rural areas for economic development and their attractiveness to various stakeholder groups, starting from the local population and ending with importers of Polish agri-food products. The goal is also to assess the effects of national and EU policies in strengthening the potential of Polish rural areas and building their competitive advantages. The assessment will be based on the results of an analysis of various programming documents, reports, statistical studies, and a review of the relevant literature. To achieve the aims of the study, the desk research method was applied.

The results of the analysis concern three planes of assessment for the management of economic competitiveness in Polish rural areas, namely the assessment:

- regarding demographic potential and living conditions,
- in view of the consequences of geopolitical changes in the external environment,
- due to the effects of changes in the trade policy of the European Union.

Keywords: rural economy, effects assessment, national and EU policies, competitiveness management.

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Introduction

The economy in rural areas is subject to the influence of both market forces and the instruments of state policy and European Union (EU) policies. As concluded in a previous study of the author, entitled “Managing Change in Rural Areas in Light of Programming and Reporting Documents and Research Results”¹ – both the agricultural and regional policies of the state introduce a correction to market processes. As the analysis showed, the effects of this correction, which pertain, among other things, to levelling excessive developmental disparities, counteracting the reduction of the potential of rural areas, and preventing the loss of their socio-economic and environmental functions, are far from sufficient. The effects of the implemented European Union financial instruments, intended to bring about beneficial changes aimed at better cohesion and convergence on various levels, were also assessed as insufficient.

The present paper, entitled “Management of Economic Competitiveness in Rural Areas of Poland in Light of Programming and Reporting Documents”, is a further continuation of the considerations initiated earlier. This time, the analysis will focus on the effects of building economic competitiveness in rural areas, both in the context of establishing a competitive advantage over other areas within the country and external competitive advantage relative to other countries and foreign markets.

The aim is to understand the potential of Polish rural areas for economic development and their attractiveness to various stakeholder groups, starting from the local population and ending with importers of Polish agri-food products. The goal is also to assess the effects of national and EU policies in strengthening the potential of Polish rural areas and building their competitive advantages. The assessment will be based on the results of an analysis of various programming documents, reports, statistical studies, and a review of the relevant literature.

To achieve the objectives, the desk research method was applied², which involves using existing data, i.e., data that already exists and does not need to be acquired using tools employed in primary research, such as a survey questionnaire or an interview

1. See I. Jędrzejczyk, *Zarządzanie zmianą na obszarach wiejskich w świetle dokumentów programowych i sprawozdawczych oraz wyników badań*, “Ubezpieczenia w Rolnictwie – Materiały i Studia” 2024, nr 2(82), DOI: 10.48058/urms/82.2024.8, p. 205–233.
2. Desk research is a method widely known and extensively described also in the Polish literature on the subject (e.g. K. Błoński, E. Putek-Szeląg, *Wykorzystanie metody Propensity Score Matching w badaniach typu Desk Research*, “Prace Naukowe Uniwersytetu Ekonomicznego we Wrocławiu” 2018, nr 525, p. 167–175) or recommended for use in evaluation procedures, including being indicated in the European Union programming documents from 2014 and 2021 and others.

questionnaire. Information already collected and processed by other researchers and document authors was used.

The problem to be addressed involves processes and actions, which weaken the competitiveness of the economy in Polish rural areas, within the mechanisms of escalating competition for markets and the accompanying national and EU economic policy decisions.

This article seeks answers to the following research questions:

- Do demographic processes in Poland's rural areas serve to strengthen the potential of these areas?
- How do geopolitical changes in the external environment affect the economic competitiveness of Polish rural areas?
- What factors influence Poland's export capabilities concerning agri-food products?
- Does the new EU document, the Competitiveness Compass, which encourages Member States to rethink the structure of the future multiannual EU budget for 2028–2034, including economic modernisation, also take rural areas into account?

The hypothesis to be verified is that demographic, geopolitical, and EU trade policy changes weaken the competitiveness of Polish rural areas, including limiting the utilisation of their export potential.

Material basis of life for women and men in Polish rural areas

The material basis of life for people in rural areas is constituted by their asset resources and the financial flows directed to countryside residents, or more precisely, to rural households and to agribusiness located in the countryside (including farms).

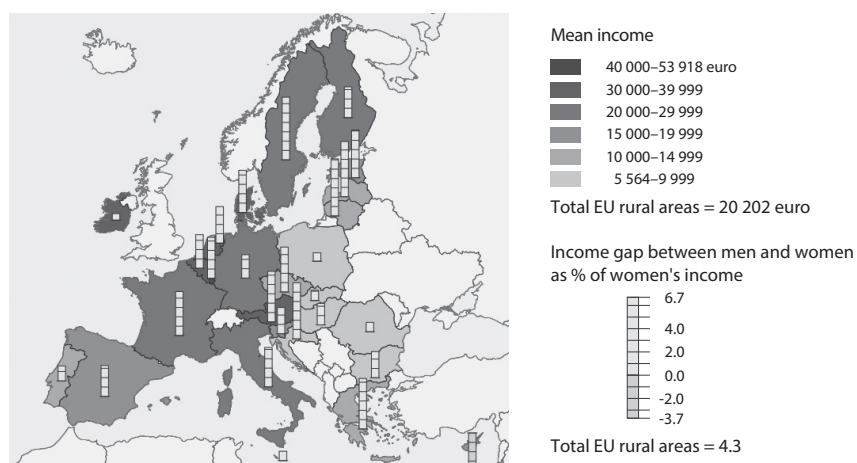
The primary means of production is land, which is characterised by a very low degree of liquidity, as well as the broadly understood technical equipment for labour serving agriculture and agri-food processing, which is also classified as a low-liquidity asset. Therefore, if we assume the low liquidity of the said assets, it is evident that the current standard of living in the countryside is determined by assets with a high degree of liquidity (cash and non-cash) and whose influx is defined by annual income. Considering the seasonality in the level of turnover (and consequently also of wages), the annual scale appears to be the most adequate for illustrating the purchasing power available to buyers from the Polish countryside on the domestic market.

Picture 1 presents the average annual net equivalent disposable income in the rural areas of European Union Member States. In this respect, Poland belongs to the group of three EU countries where the average annual income reaches the lowest EU level, falling within the range of EUR 5,564 to EUR 9,999, and in which this “relative poverty” is equally shared, i.e., it affects women and men to the same extent. The difference in the income of men and women – as a percentage of women’s income – in countries such as Poland, Slovakia, and Romania is minimal, amounting to only 1% (illustrated by one yellow brick).

Does the above observation, however, permit the far-reaching interpretation that income (or wage) inequalities between women and men have been overcome in these countries?

Furthermore, Picture 1 allows for the observation of another rather interesting correlation – the greater the average annual net equivalent disposable income in rural areas, the larger the difference in income between men and women in those areas.

Picture 1. Mean annual equivalent net income in rural areas (by the DEGURBA classification) in 2023

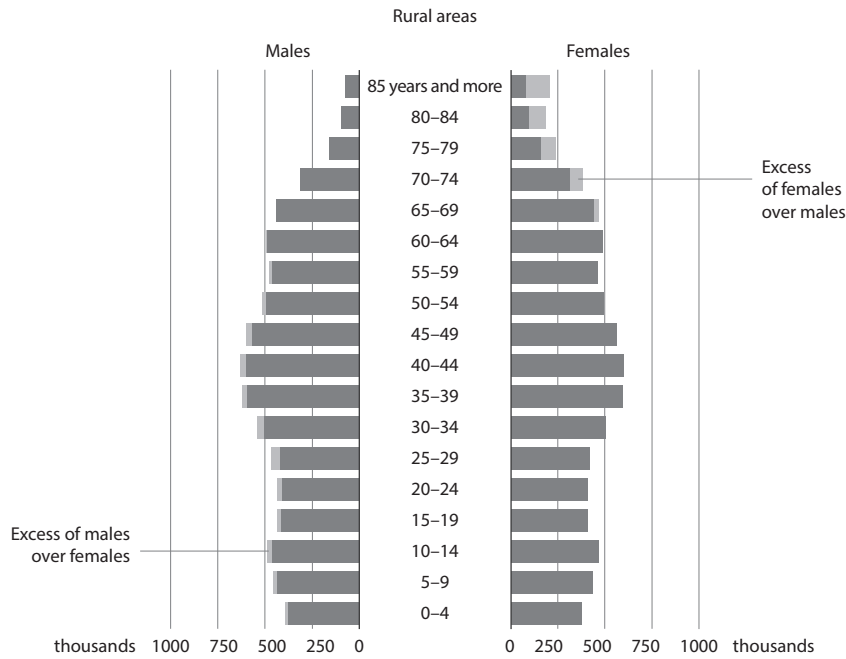


Source: E. Bendowska, M. Borawska, A. Exner et al., *Polska wieś w obiektywie statystycznym*, red. D. Rogalińska and R. Wilczyński, Ministerstwo Rolnictwa i Rozwoju Wsi, Europejski Kongres Odnowy i Rozwoju Wsi, GUS, Warszawa 2025, p. 46.

A detailed observation of Picture 1 raises justified doubts about the process of income level convergence across different EU countries with regard to the convergence process of income levels between urban and rural areas, and the convergence of income levels between women and men (especially in the high-income brackets).

Demographic processes constitute an important factor influencing the rural economy (Figure 1).

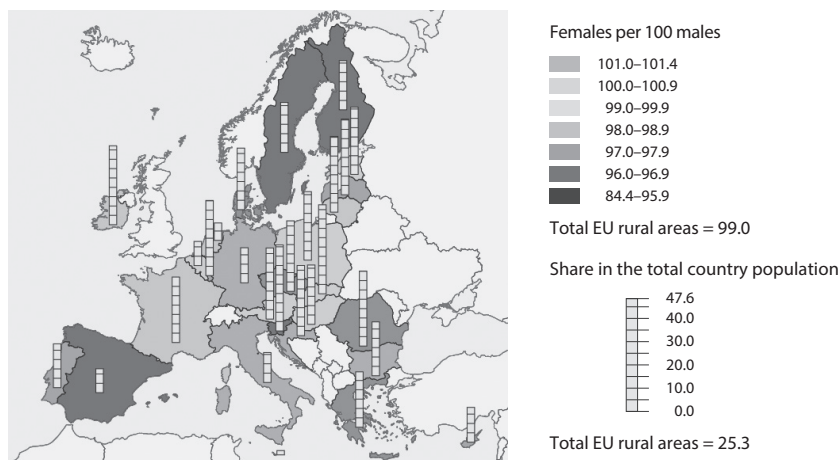
Figure 1. Population of rural areas in Poland by gender and age in 2022



Source: GUS (Statistics Poland), Statistical Office in Olsztyn, *Obszary wiejskie w Polsce w 2022 roku*, Warszawa – Olsztyn 2024, p. 41.

Young women of reproductive age are moving away from rural areas to cities in search of their chance for life success.

Picture 2. Population aged 15–74 in rural areas (by the DEGURBA classification) in 2023



Source: E. Bendowska, M. Borawska, A. Exner et al., *Polska wieś w obiektywie statystycznym*, red. D. Rogalińska oraz R. Wilczyński, Ministerstwo Rolnictwa i Rozwoju Wsi, Europejski Kongres Odnowy i Rozwoju Wsi, GUS, Warszawa 2025, p. 43.

The surplus of women (mainly widows) over the number of men concerns the age bracket starting from the so-called pre-elderly age, through young old age, old age, up to “advanced old age”³. It is this surplus, constituted by widows, that causes the average ratio of women per 100 men to be between 99.0 and 99.9 (cf. Picture 2), thereby creating a seeming gender balance.

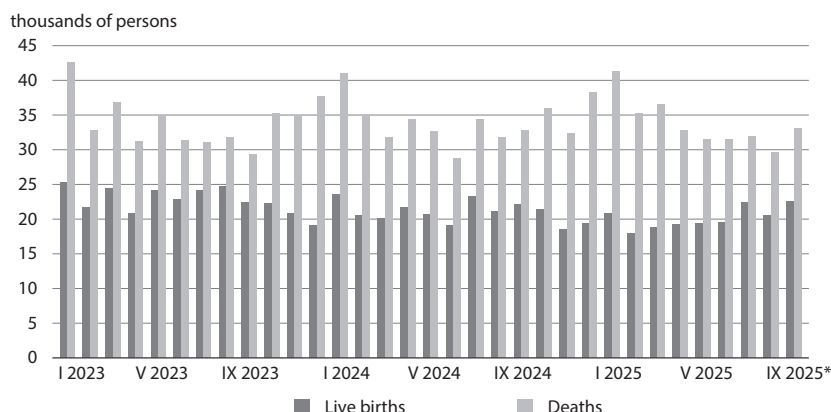
Preliminary GUS data indicate that during the first three quarters of 2025, approximately 181 thousand live births were registered in Poland (about 11 thousand fewer than the year before), and the birth rate dropped by 0.3 percentage points annually to 6.5‰. In the same period, approximately 303 thousand people died, i.e., about 1 thousand more than in the analogous period of the previous year. The death rate increased by 0.1 percentage points to 10.8‰.

A negative natural increase (the difference between the number of live births and total deaths) was recorded, amounting to approximately 122 thousand (compared to about -110 thousand in the January – September period of the previous year).

3. According to the World Health Organisation classification, old age is divided into three stages: early old age (65–74 years), late old age (75–89 years), and longevity (over 90 years). Old age is preceded by the so-called pre-elderly age (59–64 years); cf. M.E. Mianowany, I. Maniecka-Bryła, W.K. Drygas, *Starzenie się populacji jako ważny problem zdrowotny i społeczno-ekonomiczny*, “Gerontologia Polska” 2004, nr 12(4), p. 172–175.

The negative natural increase rate settled at -4.3‰ (compared to -3.9‰ in the nine-month period of 2024).

Figure 2. Live births and deaths



* Preliminary estimate

Source: GUS, *Sytuacja demograficzna Polski*, <https://ssgk.stat.gov.pl/Ludnosc.html>, <https://ssgk.stat.gov.pl/Ludnosc.html>, access 11.11.2025.

The statistical life expectancy for women and men in rural areas in 2024 was shorter than in urban areas. According to data for 2024, on average, women in the countryside live over seven and a half years longer than men residing in rural areas⁴.

The above analysis proves that the low birth rate in the countryside, the high death rate among men, and a pressing labour shortage constitute a serious barrier to the socio-economic development of rural areas in Poland.

As shown by the analysis results presented in Figure 3, the beneficial influence of EU funds engaged in the development of Polish rural areas has not been sufficiently effective in overcoming existing developmental barriers⁵.

An analysis of support broken down by Intervention Areas (IA⁶) indicates that the largest value of the EU contribution concerned the following areas: Transport (IA 3),

4. GUS, *Trwanie życia*, <https://stat.gov.pl/obszary-tematyczne/ludnosc/trwanie-zycia/>, access 11.11.2025.

5. *Wpływ Polityki Spójności na Rozwój Obszarów Wiejskich*, Final Report by TAYLOR ECONOMICS commissioned by the Ministry of Funds and Regional Policy, Gdynia, 20.01.2025.

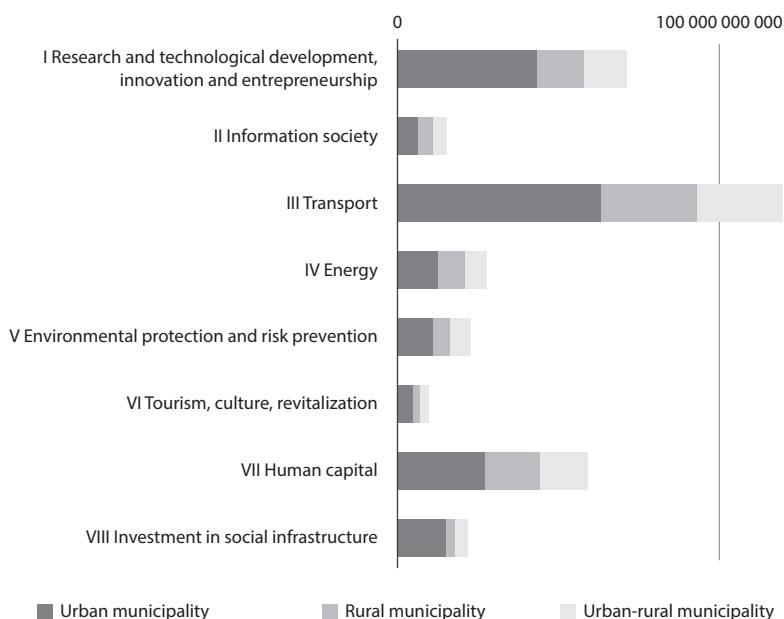
6. Intervention Area (IA) – 123 detailed intervention categories aggregated into 9 IAs (detailed classification in the methodological annex) based on: MFiPR, *Analiza terytorialna wykorzystania funduszy polityki spójności 2014–2020*, March 2024.

Research and Technological Development, Innovation, and Entrepreneurship (IA 1), and Human Capital (IA 7).

The predominance of funds directed to rural areas concerns IA 7 and IA 2 Information Society, but also IA 4 Energy. In the case of agglomeration division, the largest share in non-agglomeration areas concerned IA 2 (45% of the EU contribution within this IA), IA 4 Energy (42%), and IA 7 Human Capital (40%).

The study covered all interventions from the 2014–2020 financial perspective implemented in the years 2014–2023 for rural areas in Poland as part of the Cohesion Policy (CP) and the Common Agricultural Policy (CAP). The study presents all effects that manifested themselves in the years 2014–2023 as a result of the implementation of interventions for Polish rural areas covered by the scope of the study.

Figure 3. Value of EU support (with estimated value) broken down by Intervention Area and type of municipality (in PLN)



Source: *Wpływ Polityki Spójności na Rozwój Obszarów Wiejskich, Final Report by TAYLOR ECONOMICS commissioned by the Ministry of Funds and Regional Policy, Gdynia, 20.01.2025, p. 46.*

In the discussion regarding the role of EU support, critical voices were raised, linking the trap of growing debt in some municipalities with the necessity of own contributions for the implementation of projects with EU co-financing.

In the joint Declaration of the Pact for the Countryside, the document's Authors note that "rural communities largely rely on volunteering and civil society organisations". A valid counter-argument frequently raised in the ongoing discussion is that most rural residents remain passive – alone at home or with family (if the whole family has persisted in their permanent place of residence) – due to their advanced age, poor health, and lack of access to public transport. Civil society organisations, both in terms of the small number of their members and the limited possibilities of obtaining funds for activities that would engage the majority of residents, possess neither sufficient organisational nor sufficient economic strength to replace local government and state administration in developing infrastructure and public services that improve access to health, transport, and care services⁷.

The seemingly sound concept of rural proofing, which involves "reviewing policies from a rural perspective to adjust these policies to the needs of people who live and work in rural areas", is also worthy of criticism⁸.

Both the Community-Led Local Development (CLLD) mechanism and the smart village concept lack sufficient, competent personnel capable of undertaking the review and adjustment of these policies to the needs of the countryside.

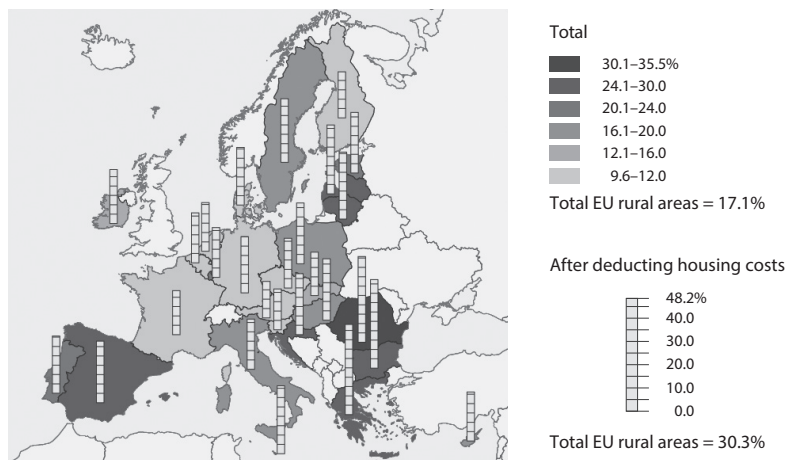
To summarise, neither the current EU support within the individual Intervention Areas nor the expectation of a rapid strengthening of the resilience of rural communities in Poland through the Community-Led Local Development concept appears to be sufficient to effectively protect against poverty at the level of 16.1–20%, as presented in Picture 3.

In conclusion, neither the current EU support within the individual Intervention Areas nor the hopes for quickly building the resilience of the rural community in Poland through the Community-Led Local Development concept appear to be sufficient for protection against poverty at the level of 16.1–20%, as presented in Picture 3.

7. Sikorska, P. Krzeczunowicz (red.), *Wspólna Deklaracja zespołu koordynacyjnego Paktu dla Wsi w sprawie przyszłości obszarów wiejskich i polityki rozwoju obszarów wiejskich w Unii Europejskiej*, adopted 12 December 2024, translation in the Central Unit of the National Rural Network, Warsaw, February 2025, p. 2.

8. European Union, *Rural proofing*, https://rural-vision.europa.eu/action-plan/cross-cutting/rural-proofing_en, access 11.11.2025.

Picture 3. At-risk-of-poverty rate in rural areas (by the DEGURBA classification) in 2023



Source: E. Bendowska, M. Borawska, A. Exner et al., *Polska wieś w obiektywie statystycznym*, red. D. Rogalińska oraz R. Wilczyński, *Ministerstwo Rolnictwa i Rozwoju Wsi, Europejski Kongres Odnowy i Rozwoju Wsi*, GUS, Warszawa 2025, p. 47; GUS, *Opracowania zbiorcze*, <https://stat.gov.pl/statystyka-regionalna/publikacje-regionalne/opracowania-zbiorcze/>, dostęp 11.11.2025; GUS, *Rolnictwo. Leśnictwo*, <https://stat.gov.pl/obszary-tematyczne/rolnictwo-lesnictwo>, access 11.11.2025.

Impact of geopolitical changes in the external environment on economic competitiveness in rural areas of Poland

The war in Ukraine has intensified the dispute over the future of EU agriculture, including the agriculture of Poland as a Member State.

Since the start of this war, the large agricultural producers' lobby has been more intensively advocating for a revision of the goals and schedule of the green transition, pushing for a significant delay or even an abandonment of certain targets. Ecological organisations, on the other hand, are demanding an acceleration of the green transition, emphasising the negative consequences of agriculture's dependence on imported fertilisers, fuels, and feed. Most Member States, in the face of increasing political and economic instability, have begun curtailing environmentally friendly reforms in the agricultural sector.

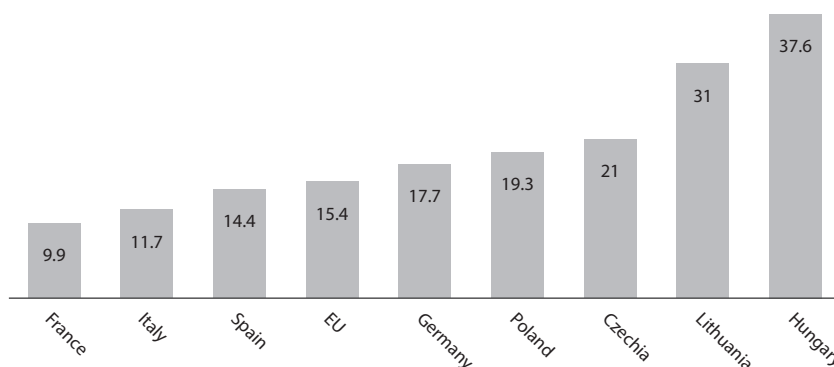
Trade disruptions related to the conflict in Ukraine have contributed to a revival of the debate on the transformation of European agriculture. Before the war, exports from Russia and Ukraine constituted 34% of global wheat trade and 77% of sunflower oil trade.

Russia's and Belarus's share in the potassium fertiliser market is 37%. Russia also produces over a dozen per cent of the nitrogen and phosphate fertilisers sold worldwide⁹.

The restriction of imports from these states – caused by military actions and sanctions – while not threatening food availability in the EU, did deepen the pre-war trend of rising prices for agri-food production inputs: gas, oil, fertilisers, and cereals. This, in turn, could, and still can, translate into a decrease in farmers' incomes and an increase in food prices. Food shortages in developing countries, especially in Africa and the Middle East, which are even more dependent on supplies from Russia and Ukraine, could also have serious consequences for the Union.

According to GUS, in Poland in September 2022, the price of a basket of agricultural products (cereals, milk, meat) was 58% higher¹⁰. However, another year of high input prices will create a greater threat to profitability. For farmers who have exhausted their supplies of fertilisers purchased before the price hikes, current prices will be a more serious problem, as will any eventual change in electricity tariffs. A decision to reduce the quantity of fertilisers purchased may lead to a reduction in sowing. The increase in fuel and energy prices has also affected other participants in the agri-food value chain (e.g., transport and processing), and ultimately, consumers as well. Inflation in this market segment is particularly high in the Baltic States and Central Europe (Figure 4).

Figure 4. Food inflation rate in selected European Union Member States in 2022 (%)



Source: European Commission after: M. Szczepanik, *Rolnictwo europejskie między wojennym kryzysem a zieloną transformacją*, *Biuletyn PISM* nr 180 (2599), 23.11.2022, p. 3.

9. Szczepanik, *Wpływ wojny na Ukrainie na debatę o przyszłości europejskiego rolnictwa*, *Biuletyn PISM* nr 75 (2494), 10.05.2022, p. 1.

10. GUS, *Ceny produktów rolnych we wrześniu 2022 roku*, Informacja sygnałowa w formacie PDF, GUS, Warszawa, 20.10.2022, p. 1.

In the summer of 2022, a significant part of the EU was affected by a drought, which caused a drop in yields and harvests. In a communication from the European Commission's Joint Research Centre dated 22 August, the situation across 47% of Europe's area was classified as a warning state (lack of soil moisture – the medium level among the three describing the state of agricultural drought), while 17% was in an alert state (i.e., the highest level, where negative consequences for vegetation are visible)¹¹. Rice, maize, olives, sunflower, and soya crops were particularly affected (see Table 1). For the latter two, EU production fell despite an almost one-fifth increase in the cultivated area.

Table 1. Yields and harvests of selected cereals and oilseeds in the EU in 2022 relative to the average of the last five years

Product	Yields*	Production	Cultivated area
Rice	21%	No data	No data
Wheat	0.8%	+1.9%	+1.8%
Maize	23%	20.2%	+2.9%
Barley	+2.4%	1.2%	5.7%
Rye	+9%	3.9%	10.1%
Sunflower	18%	1.6%	+18.7%
Soybean	19%	4.2%	+18%
Rapeseed	+5.4%	+13%	+6%

Source: European Commission after: M. Szczepanik, *Rolnictwo europejskie między wojennym kryzysem a zieloną transformacją*, Biuletyn PISM nr 180 (2599), 23.11.2022, p. 3.

Disputes over the pace of the green transition in agriculture, which began in 2022, continue to this day.

The most serious arguments for slowing down the green transition in agriculture, and even abandoning some planned changes, were put forward by COPA-COGECA.

COPA-COGECA, an organisation representing the largest agricultural producers, maintains that, with restricted imports, the Union must increase its own production. Consequently, reform plans contained in the Farm to Fork Strategy (F2F), which intends to give European agriculture a more sustainable character, for example, by reducing the amount of fertilisers and pesticides used, should be postponed and partially modified. According to the agricultural lobby, the implementation of these intentions would

11. M. Szczepanik, *Rolnictwo europejskie między wojennym kryzysem a zieloną transformacją*, Biuletyn PISM nr 180 (2599), 23.11.2022, p. 1.

threaten to reduce yields. Centrist-right groups in the European Parliament (EP) presented a similar position, with their representatives suggesting the postponement of the publication of draft acts implementing F2F, as well as a revision of the goals proposed by the European Commission (EC). A group of agricultural organisations from Central and Eastern European countries, including Poland, proposed easing environmental and climate commitments within the reformed Common Agricultural Policy (CAP).

Ecological organisations and the centre-left in the EP, however, rejected these postulates, arguing that climate change and the decline in the pollinator insect population are serious threats to agriculture, requiring swift action. In their opinion, the crisis associated with the rising prices of imported production ingredients should provide an additional impetus to limit their use, especially since the intensive use of artificial fertilisers and plant protection products is harmful to the environment. They also point out that, due to the high productivity of European agriculture and the low quality of fallow land, the potential for increasing EU production is small, whereas increasing the cultivated area will constitute an additional threat to biodiversity. A solution to the problem of reduced cereal supply could be to limit livestock farming and allocate part of the cereals used in feed or biofuel production (between 50% and 60% of EU crops) for human consumption. A large part of the academic community also speaks in this spirit. Over 800 scientists signed an appeal indicating that increasing the share of plant-based products in the diet, the development of organic farms, and reducing food waste can ensure food security.

The results of the votes on amendments to the EP resolution on food security, adopted on 24 March 2022, reflect the strong polarisation of views on this issue. The Christian Democrat faction proposed calling on the EC to re-analyse the goals and implementation schedule of F2F. The amendment containing this postulate was rejected by a margin of over a dozen votes¹² from groups such as the Greens, Social Democrats, and the majority of the centrist faction. Right-wing groups, however, succeeded (by a narrow margin) in introducing into the resolution text a proposal to permit cultivation and the use of fertilisers and plant protection products in eco-friendly areas (i.e., set-aside areas or areas where crops serving biodiversity are grown). They also pushed through an amendment stating that increasing (to 10%) the farm area defined as biodiversity-friendly land – as planned in F2F – is currently impossible¹³.

In its declarations and work, the EC strived to reconcile the arguments of both sides and to satisfy the expectations of both parties. Regarding short-term measures, the predominant concern is supporting farmers and increasing production in the EU.

12. Szczepanik, *Wpływ wojny na Ukrainie na debatę o przyszłości europejskiego rolnictwa*, Biuletyn PISM nr 75 (2494), 10.05.2022, p. 2.

13. Ibidem.

The EC allocated 500 million euros for producers who were particularly affected by the increase in fertiliser and feed prices. It allowed Member States to increase the advances paid to farmers under direct payments. It also suggested that they lower the VAT on foodstuffs to mitigate inflationary pressure. With the aim of increasing production, the EC permitted cultivation in eco-friendly areas. States can also suspend the application of certain quality criteria for imported feed to facilitate its importation.

The EC encourages Member States to take action to limit the amount of cereals allocated for biofuel production but did not address the proposal to reduce livestock numbers.

Differences of opinion are also visible within the EC. These existed earlier, and their reflection can be found in the national plans for implementing the reformed CAP, submitted at the end of 2021. The EC, which published its observations on the plans at the end of April 2022, faults states (including France, Spain, and Poland) for insufficient ambition concerning climate- and environment-friendly changes.

In 2022, the EC postponed the publication of two draft regulations: one concerned the reduction of the use of plant protection products, and the second introduced binding targets for nature restoration¹⁴.

The last of the aforementioned regulations aims to reverse the trend of decreasing numbers of Europe's natural habitats, 81% of which are considered to be in poor condition. The regulations establish specific goals, such as the restoration of peatlands, which can absorb CO₂ emissions and assist in mitigating climate change. Other ecosystems covered by the regulations include forests, grasslands, wetlands, rivers, and lakes. The nature of the irrigation obligations towards farmers and private landowners is intended to be voluntary, but Member States will be obliged to apply incentives (i.e., financial support) for re-wetting, so that it becomes an attractive option for farmers and private landowners.

Member States must restore at least 30% of the habitats covered by the new law to a good condition by 2030, 60% by 2040, and 90% by 2050. The regulation also provides for the restoration of 25,000 kilometres of rivers to their natural, free-flowing conditions by 2030¹⁵.

At the EU level, the basis for the protection of habitats and certain species has so far been the so-called Habitats Directive of 1992 and the Birds Directive of 2002¹⁶. They were crucial for the creation of the Natura 2000 network, but in the opinion of

14. Szczepanik, *Wpływ wojny na Ukrainie na debatę o przyszłości europejskiego rolnictwa*, Biuletyn PISM nr 75 (2494), 10.05.2022, p. 3.

15. European Parliament, *Nature restoration: Parliament adopts law to restore 20% of EU's land and sea*, <https://www.europarl.europa.eu/news/en/press-room/20240223IPR18078/nature-restoration-parliament-adopts-law-to-restore-20-of-eu-s-land-and-sea>, access 11.11.2025.

16. S. Kolarz, *Kontrowersyjny projekt rozporządzenia o odbudowie zasobów przyrodniczych*, Biuletyn PISM nr 129 (20750), 13.09.2023, s. 1.

the EU administration, these regulations have become obsolete and insufficient for the needs of environmental protection.

These were and continue to be supplemented by individual biodiversity strategies adopted by EU states, based on general and voluntary commitments.

In Brussels' opinion, this did not favour the implementation of the European Green Deal (EGD), whose objectives are also not duly taken into account in the Common Agricultural Policy (CAP). Strategies developed by states within the CAP give more weight to farm funding than to improving environmental quality, and the manner of its protection remains broadly formulated and is not legally binding. For instance, the use of eco-schemes (eco-programmes), i.e., increased funding in exchange for applying pro-environmental solutions, is voluntary and, for example, has been adopted in Slovakia but has not interested farmers in Germany.

In June 2024, the EC put forward the proposal for the nature restoration law (NRL) discussed here, which is one of the key elements of the European Green Deal and aligns with the EU Biodiversity Strategy for 2030. The Regulation was adopted on 17 June 2024 and became the first act imposing concrete obligations on EU Member States concerning the continuous restoration and protection of biodiversity. According to its assumptions, by 2030, at least 20% of EU terrestrial and marine ecosystems are to be covered by re-naturalisation, and by 2050 – all ecosystems requiring restoration. Member states have two years from the entry into force of the NRL to present national restoration (re-naturalisation) plans to the European Commission.

This Regulation was supported by 19 EU states and the majority of left-wing and liberal groups in the European Parliament (EP) – the Socialists and Democrats (S&D), The Left group in the EP, the Greens, and part of Renew Europe. According to these groups, the Regulation should be assessed from the perspective of benefits for agriculture, including building resilience to natural disasters, and improving the quality of land and water. International corporations, including Danone, Unilever, Nestlé, and Coca-Cola, also advocated for the NRL as a profitable solution for business (e.g., through increased food production in the EU in the long term). Financial institutions and the association of European local governments also supported the draft, among others¹⁷.

On the other hand, the Regulation has many opponents. Farmers' dissatisfaction is caused by the lack of a dedicated budget for implementing the NRL and the imposition of new obligations on them, even though they are in a very difficult situation due to Russia's aggression against Ukraine and rising energy prices.

Business representatives, on the other hand, accuse the NRL of restricting areas for investment, including the construction of infrastructure related to the energy

17. Ibidem, p. 2.

transition. Although the implementation of the EGD was one of the priorities, even the European People's Party opposed the NRL. The regulation is criticised due to threats to farmers and food security resulting from the reduction of cultivated land area.

Right-wing parties (European Conservatives and Reformists Group, Identity and Democracy) and about one-third of Renew Europe MEPs (mainly from the Netherlands, Germany, and Scandinavian countries) adopted a similar stance. Among the EU Member States, opponents of the NRL included Poland, Italy, Finland, the Netherlands, and Belgium.

In addition to concerns about the interests of farmers and foresters, critics point to the NRL's incompatibility with the protection of private property, spatial planning documents, and the implementation of renewable energy projects.

They also fear the transfer of further competencies to the EC (control over nature restoration progress), the costs of implementing the NRL, and its impact on construction investments.

Opponents of the NRL emphasise that the regulation is needed, although its content should be fundamentally changed, and even supporters of the act highlight the necessity of granting farmers greater support in its implementation.

To summarise, the EC Restoration Regulation (the so-called nature restoration law, NRL) raises controversies among EU Member States, MEPs, and food producers. In the longer term, it may contribute to the effective implementation of the EGD – in particular, to the EU's plan to achieve climate neutrality by 2050.

The most serious challenge will be mitigating the negative effects of the NRL, including those on food security, which may become apparent much faster than the benefits derived from it.

Impact of Changes in Trade Partnership on Poland's Export Capabilities concerning Agri-food Products

Poland's export capabilities concerning have a highly significant impact on the development of rural areas and the increase in their competitiveness.

Revenues obtained from the export of agri-food products from Poland reached EUR 53.5 billion in 2024, increasing by 2.7% compared to 2023¹⁸. The growth in exports in 2024, similar to previous years, was contributed to by actions from the

18. KOWR, *Analiza handlu zagranicznego produktami rolno-spożywczymi w 2024 r. w podziale na główne grupy towarowe, ze szczególnym uwzględnieniem eksportu z Polski*, Warszawa, June 2025, p. 5 et seq.

agri-food industry aimed at improving the quality of exported raw materials and products and diversifying sales markets. In 2024, despite the less favourable exchange rate of the Polish Zloty against the US Dollar and the Euro for domestic exporters compared to 2023, foreign sales from Poland was stimulated by the upward price trends for food in the global market during the second half of the year. In 2024, an increase in food exports from Poland was recorded to four of Poland's largest trading partners in the agri-food market, namely: Germany, the United Kingdom, France, and Italy. Sales of agri-food products to these countries generated approximately 45% of the total export revenues.

Export diversification was reflected in a large increase in the value of food exports to many African countries, including Algeria, Libya, Tunisia, Congo, Guinea, and Mauritius.

Simultaneously, the import of agri-food products to Poland in 2024 amounted to EUR 35.6 billion (PLN 154 billion) and was 6.7% higher than the year before. Consequently, there was a decrease in the positive foreign trade balance, which settled at EUR 17.9 billion (PLN 77 billion) in 2024, being 4.4% lower than in 2023, but still positive¹⁹.

Table 2. Share of agri-food products in the value of Polish exports in 2024

Specification	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total export value (bn EUR)	180	185	207	224	238	240	288	346	353	350
Total agri-food export value (bn EUR)	24	24	28	30	32	34	38	48	52	54
Share of agri-food exports in total exports (%)	13.3	13.2	13.5	13.3	13.3	14.3	13.1	13.8	14.8	15.3

Source: Developed by the KOWR Analysis and Strategy Office based on GUS and Ministry of Finance data, 2024 – dane wstępne, p. 5.

As shown in Table 3, half of Poland's exports abroad (50%) cover four commodity groups, namely meat, meat products, and livestock (20%), cereal grains and preparations (12%), tobacco and tobacco products (10%), and sugar and confectionery (8%).

The highest growth dynamics were recorded for the commodity group "coffee, tea, cocoa" (+18%), sugar and confectionery (+16.2%), alcohol (+10.6%), fruit (including

19. Ibidem.

nuts) and preparations (+10.1%), meat, meat products, and livestock (+8.5%), and dairy products (8.5%).

The greatest decline dynamics were recorded for the commodity groups: oilseeds, vegetable fats (-19.9%), and cereal grains and preparations (-15%).

Table 3. Commodity structure of agri-food product exports from Poland in 2024

Commodity group specification	(m EUR)	Change compared to the previous year	(%)
Total exports of agri-food products from Poland	53,533	+2.7	100
Meat, meat products and livestock	9,911	+8.5	20
Cereal grains and preparations	6,492	-15	12
Tobacco and tobacco products	5,561	+2.7	10
Sugar and confectionery	4,466	+16.2	8
Dairy products	3,545	+8.5	7
Fish and preparations	3,142	+2.3	6
Vegetables (including mushrooms) and preparations	2,695	+3.4	5
Fruit (including nuts) and preparations	2,050	+10.1	4
Coffee, tea, cocoa	1,359	+18.2	3
Oilseeds, vegetable fats	1,350	-19.9	2
Alcohol	897	+10.6	2
Fruit and vegetable juices	834	+0.4	2
Others	10,387	+3.7	19

Source: Developed by the KOWR Analysis and Strategy Office based on GUS and Ministry of Finance data, 2024 – dane wstępne, p. 23.

As shown in Table 4, three-quarters of Poland's exports abroad (74%) go to EU countries, and only one quarter goes to non-EU countries.

Germany is Poland's most significant trading partner, receiving one quarter of all agri-food product exports from Poland.

The highest growth dynamics were recorded for countries such as Switzerland (+45%), Türkiye (+26%), Belarus (+23%), Algeria (+18%), Bulgaria (+14%), Croatia (+12%), Belgium (+11%), and Hungary (+11%).

The greatest decline dynamics were recorded for Saudi Arabia (-37%), the United States (-10%), the Netherlands (-7%), and Ukraine (-7%).

Table 4. The most important geographical destinations for agri-food product exports from Poland in 2024

Commodity group specification	2024 in m EUR	Change compared to the previous year	Share in %
Total	53,533	+ 2.7	100
European Union	39,477	+ 2.9	74
Non-EU countries	14,056	+ 2	26
Germany	13,578	+ 1	25
United Kingdom	4,370	+ 4	8
France	3,261	+ 7	6
The Netherlands	2,982	- 7	6
Italy	2,607	+ 1	5
Czechia	2,590	+ 6	5
Spain	1,801	- 1	3
Hungary	1,436	+ 11	3
Romania	1,336	+ 6	2
Belgium	1,275	+ 11	2
Slovakia	1,174	+ 7	2
Lithuania	1,120	+ 4	2
Denmark	1,113	+ 2	2
Ukraine	956	- 7	2
Sweden	874	+ 5	2
United States	786	- 10	1
Austria	706	0.4	1
Latvia	569	+ 10	1
Türkiye	491	+ 26	1
Ireland	483	- 1	1
Greece	476	+ 2	1
Bulgaria	472	+ 14	1
Switzerland	430	+ 45	1
Croatia	405	+ 12	1
Israel	364	+ 8	1
Finland	328	+ 5	1
Norway	311	+5	1
Belarus	303	+ 23	1
Algeria	297	+ 18	1
Saudi Arabia	278	- 37	1

Source: Developed by the KOWR Analysis and Strategy Office based on GUS and Ministry of Finance data, 2024 – dane wstępne, p. 22.

It might seem that Poland's growing export capabilities, characterised in Tables 2 to 5, align with the postulates included in the reports prepared at the end of 2024 by Mario Draghi and Enrico Letta. In reports dedicated to the EU's economic condition, they call for²⁰:

- stimulating growth in a manner consistent with climate policy assumptions,
- intensifying efforts to reduce dangerous economic dependencies.

The diagnosis of the European economy presented in both studies does not inspire optimism. Being an open economy, the Union acutely feels the negative consequences of great power rivalry and the use of economic ties as an instrument of pressure. Technological backwardness, in turn, weakens the productivity of the EU economy, which requires urgent reforms to face increasing global competition.

Draghi emphasises that lowering energy prices is key to the EU's economic future and encourages greater investment in the development of renewable and nuclear energy, while also advising the modification of legal procedures to loosen them and accelerate energy market reforms.

The method of financing the recommended actions through common debt raises the greatest controversy.

Another serious accusation levelled at the Draghi report is the lack of consultation on its content with entities from Central European states. E. Letta's emphasis on the benefits of successive EU enlargements is important. The necessity of investment in EU competitiveness may, however, mean a significant outflow of funds important for Poland from regional and cohesion funds.

A challenge for the EU, and particularly for Poland, is the blockade of Ukrainian agricultural exports due to the war. Ukraine is a major producer of cereals and oilseeds, and the prospect of its isolation from global markets triggered price increases (wheat by one-third, and maize by 20% compared to the pre-aggression level). Consequently, concerns arose about food availability in developing states dependent on cereal imports, including in Africa and the Middle East, and about their political stability.

The European Union is therefore launching new routes for distributing agri-food products from Ukraine, including via land through Poland, which raises concerns among Polish farmers about these products being allowed onto the Polish market.

The EU supports Ukraine on its path to membership, pledging assistance for both the country's post-war reconstruction and the development of its administrative capacity to meet membership obligations.

20. M. Szczepanik, J. Szymańska, *Wzrost, dekarbonizacja, bezpieczeństwo – recepta na wzmocnienie kondycji gospodarczej UE*, Biuletyn PISM nr 145 (2955), 7.10.2024, p. 1–2.

The new EU instrument for Ukraine, valued at EUR 50 billion for the years 2024–2027, which is intended to ensure stable financing for at least some of its economic and reconstruction needs, serves this purpose in the long term²¹.

One of the main programming documents dedicated to ways of strengthening the EU's economic condition, presented by the EC in the first months of 2025, is the Competitiveness Compass. It defines competitiveness as the Union's overarching operating principle, indicating that it should go hand-in-hand with the transition towards a low-carbon economy, which was further developed in the Clean Industrial Deal (CID) presented by the EC on 26 February 2025.

In March 2025, the European Commission, however, presented the "ReArm Europe / Readiness 2030" plan, and subsequently presented a White Paper for European Defence²². The "ReArm Europe / Readiness 2030" plan made the EU's fiscal framework more flexible, enabling Member States to increase defence investments. Should states utilise the entire available fiscal margin, this could amount to as much as 650 billion euros. The plan also contributed to the establishment in May 2025 of the EUR 150 billion Instrument for Enhancing Europe's Security – SAFE, which allows Member States to take out low-interest loans, secured by the EU budget, for joint armaments projects.

The EC's readiness to revise part of its climate commitments and tighten migration policy reflects a course correction aligned with the postulates of the centre-right, which was strengthened after last year's EP elections.

In July 2025, the European Commission accepted US tariffs of 15% on most EU products and pledged that the Union would lower tariffs on American products. It also announced that EU entities would increase purchases of energy carriers and investments in the USA. The terms of the settlement met with criticism from some Member States and the Social Democrat faction in the European Parliament (EP). The Commission argued that the agreement would ensure the economic stability of transatlantic relations, which is very important for businesses. However, subsequent US expectations regarding the modification of EU digital sector regulations and the EU's increase of tariffs on goods from China and India may threaten the implementation of the agreement.

Parallel to the talks with the USA, the Commission intensified its efforts to deepen trade relations with other countries, which should allow for finding new suppliers of critical raw materials and export markets.

21. D. Szeligowski, *Ukraina u progu negocjacji akcesyjnych z UE*, Biuletyn PISM nr 168 (2789), 16.11.2023.

22. M. Szczepanik, J. Szymańska, *Początek drugiej Komisji – ciąg dalszy zarządzania kryzysowego*, Biuletyn PISM nr 105 (3108), 1.10.2025.

A quarter-century-negotiated agreement with Mercosur (Argentina, Brazil, Paraguay, Uruguay) and an agreement with Indonesia were signed, and the agreement with Mexico was also expanded. Talks with India are progressing. This aspect of trade policy also raises considerable controversy. The Mercosur agreement is primarily opposed by states that fear the resulting influx of agricultural products will negatively impact their agri-food sectors (France and Poland).

Conclusion

The analysis of publicly available programming and reporting documents, as well as the review of the relevant literature, despite the limitations of the desk research method, allows for the compilation of results across three planes for assessing the management of economic competitiveness in Polish rural areas, namely:

- regarding demographic potential and living conditions,
- in view of the consequences of geopolitical changes in the external environment,
- due to the effects of changes in the trade policy of the European Union.

The analysis results confirm the initial hypothesis that demographic and geopolitical changes, along with changes in EU trade policy, weaken the competitiveness of Polish rural areas, including limiting the utilisation of their export potential.

The most important findings of the study, demonstrating the limitations of demographic and economic potential and the constraints on the beneficial influence of national and EU policies on the development of Polish rural areas, are summarised below.

As a result of the analysis, it can be stated that neither the commitment of European Union financial resources nor market corrections within national and EU policy were sufficient for the process of income level convergence between cities and villages in Poland, nor for shifting the income level of women and men in rural areas from the lowest bracket to higher income brackets that characterise other Member States, including some other Central and Eastern European countries.

Living conditions can influence demographic processes in rural areas. The countryside experiences a shortage of women of reproductive age, while a surplus of women – in the pre-elderly age, young old age, old age, up to “advanced old age” – over the number of men still persists. The negative natural increase rate settled at -4.3‰ and is a result of both the low birth rate in the countryside and the high death rate among men, which causes a pressing labour shortage, constituting a serious barrier to the socio-economic development of rural areas in Poland.

Neither the effects that manifested themselves in the years 2014–2023 as a result of the implementation of interventions for rural areas in Poland within the CP and CAP, nor the hopes for quickly building the resilience of the rural community in Poland through the Community-Led Local Development concept, appear to be sufficient for protection against poverty (which today falls within the range of 16.1 to 20%).

Geopolitical changes in the external environment cause most Member States, in the face of increasing political and economic instability, to have started curtailing environmentally friendly reforms in the agricultural sector.

The increasingly severe restriction of imports from Russia – caused by military actions and sanctions – while not threatening food availability in the EU, did deepen the pre-war trend of rising prices for agri-food production inputs: gas, oil, fertilisers, and cereals, which also negatively affects agricultural incomes in Poland.

COPA-COGECA, an organisation representing the largest agricultural producers, maintains that, with restricted imports, the Union must increase its own production. Consequently, the reform plans contained in the Farm to Fork Strategy (F2F) should be postponed and partially modified. A group of agricultural organisations from Central and Eastern European countries, including Poland, proposed easing environmental and climate commitments within the reformed Common Agricultural Policy (CAP).

Two years after the suspension of the draft regulations: one concerned the reduction of the use of plant protection products, and the second introduced binding targets for nature restoration. The EC adopted the second of these regulations on 17 June 2024.

The Restoration Regulation (especially concerning the re-naturalisation of rivers) is assessed as highly controversial and meets with resistance from many political and business centres associated with agriculture. In the EC's opinion, however, it should be viewed from the perspective of benefits for agriculture, including building resilience to natural disasters and improving the quality of land and water. Some international corporations, including Danone, Unilever, Nestlé, and Coca-Cola, as well as financial institutions and the association of European local governments, supported the NRL as a profitable solution for business.

In addition to concerns about the interests of farmers and foresters, critics point to the NRL's incompatibility with the protection of private property, spatial planning documents, and the implementation of renewable energy projects.

Poland's very good export capabilities concerning agri-food products have a highly significant impact on the development of rural areas and the increase in their competitiveness.

In 2024, despite the less favourable exchange rate of the Polish Zloty against the US Dollar and the Euro for domestic exporters compared to 2023, foreign sales from Poland were stimulated by upward price trends for food in the global market during

the second half of the year and reached a record value of EUR 54 billion. In 2024, an increase in food exports from Poland was recorded to four of Poland's largest trading partners in the agri-food market, namely: Germany, the United Kingdom, France, and Italy. Sales of agri-food products to these countries generated approximately 45% of the total export revenues.

The latest changes in EU trade policy may have a limiting effect on Poland's agri-food export opportunities due to the intensification of competitive struggle in 2025, to which the concluded multilateral agreements contribute:

- the launching of new routes for distributing agri-food products from Ukraine, including via land through Poland, which raises concerns among Polish farmers about these products being allowed onto the Polish market;
- the acceptance of 15% tariffs on most products exported from the EU to the USA, and expectations for the EU to further increase tariffs on goods from China and India;
- the Mercosur agreement, which raises fears that the resulting influx of agricultural products will negatively impact the agri-food sectors of states such as France and Poland.

To summarise, it might seem that Poland's growing export capabilities concerning agri-food products align with the postulates included in the reports prepared at the end of 2024 by M. Draghi and E. Letta. In reports dedicated to the EU's economic condition, they called for²³:

- stimulating growth in a manner consistent with climate policy assumptions,
- intensifying efforts to reduce dangerous economic dependencies.

Meanwhile, the changes in EU trade policy analysed in this article, however, clearly contradict these postulates.

The emerging future also does not allow for overly optimistic projections, as the EC's communication of 12 February 2025 on the main programming document, the "Competitiveness Compass", while encouraging Member States to rethink the structure of the future multiannual EU budget for 2028–2034, including economic modernisation, unfortunately does not take into account the modernisation of the rural economy and its specific needs for strengthening competitiveness.

Hope therefore remains for effective influence during the negotiation process of the future financial perspective on the EU regarding the protection of rural areas' interests and the creation of favourable conditions for strengthening their competitiveness.

23. Szczepanik, J. Szymańska, *Wzrost, dekarbonizacja, bezpieczeństwo – recepta na wzmocnienie kondycji gospodarczej UE*, Biuletyn PISM nr 145 (2955), 7.10.2024.

In reference to the concept of rural proofing, however, it is necessary to develop in-depth research to inform the review of national and EU policies from a rural perspective in order to adjust these policies to the needs of people who live and work in rural areas.

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