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## CONFRONTING THE POLISH DAIRY INDUSTRY WITH THE INTERNATIONAL COMPETITION IN THE EU FOOD MARKET

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### Abstract

During the Polish membership in the European Union and right before accession, the dairy industry has been subject to a in-depth process of restructuring and modernization. These processes made it possible to achieve the required veterinary and sanitary standards and to adapt the production to the market requirements. A basis for the structural transformation were implemented investments which contributed to modernization of the production process and to restructuring of employment. These positive developments are well reflected by the increased concentration of both the resource base and the production in the dairy industry, the improved labour efficiency and productivity of assets, as well as the gradual increase in the effectiveness of milk processing. In the process of investing, an important role has been played by support from EU funds, which became a stimulus to accelerate the process of modernization of dairy companies. Modernization of milk processing also enabled a significant improvement in the quality of products, which became an important factor in competitiveness both in the domestic and international market. Implemented investments, first of all, in modern production lines, have determined the good situation of the sector and the success achieved by its leaders in foreign markets. Today, Polish milk processing plants are considered one of the most modern plants in the European Union and Polish dairy industry became a major producer of milk and milk products in the EU. Poland is their fourth producer, with the 8% share in the EU dairy industry's production value. The years 2004-2014 are a period of the dynamic development of the Polish dairy industry. The employment in the Polish dairy industry decreased by more than 20%, which was reflected in the improved labour productivity. However, the labour productivity in the Polish dairy industry is still much lower than the EU-15 average, although these differences are decreasing year by year. Currently the Polish dairy industry belongs to the leading producers of dairy products in the EU and has a strong competitive position in the international market.

**Keywords:** Dairy Industry, International Competitiveness, Modernization, Poland, European Union.

**JEL Classification:** O12, O57, Q13.

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