The article discusses the strategic situation of the sheep-farming sector in Poland in defined market and economic conditions, using available analyses and our own previous research. The sheep-farming sector in Poland is in crisis in terms of organization, income, and prices, due to the small number of sheep and the strong influence of lamb substitutes, i.e. pork and poultry meat. The small production scale contributes to a lack of organization of the domestic lamb market and high prices of this meat. Innovative solutions are not being applied in sheep farming, i.e. modern techniques for evaluating sheep and assessing their meat content or biotechnological measures increasing reproduction. The high potential for innovation in the sheep-farming sector was indicated in the article, as well as the opportunity to create a high-quality food sector geared towards new consumer needs and restoration of local markets, benefiting the community, traditions, regional culture, and the environment, and preserving natural resources. We can predict that with the skillful use of reproductive measures the size of the population can be restored to about 600,000 within a few years.

KEY WORDS: sheep, population size, lamb meat, meat market, prognosis