



# Issues of Agri-food Sector Development in Latvia

---

**Ligita Melece, Dr. oec.**

**Dina Popluga, Dr. oec.**

**Juris Hāzners, MBA, PhD student**

Latvian State Institute of Agrarian Economics

Ligita.melece@lvaei.lv

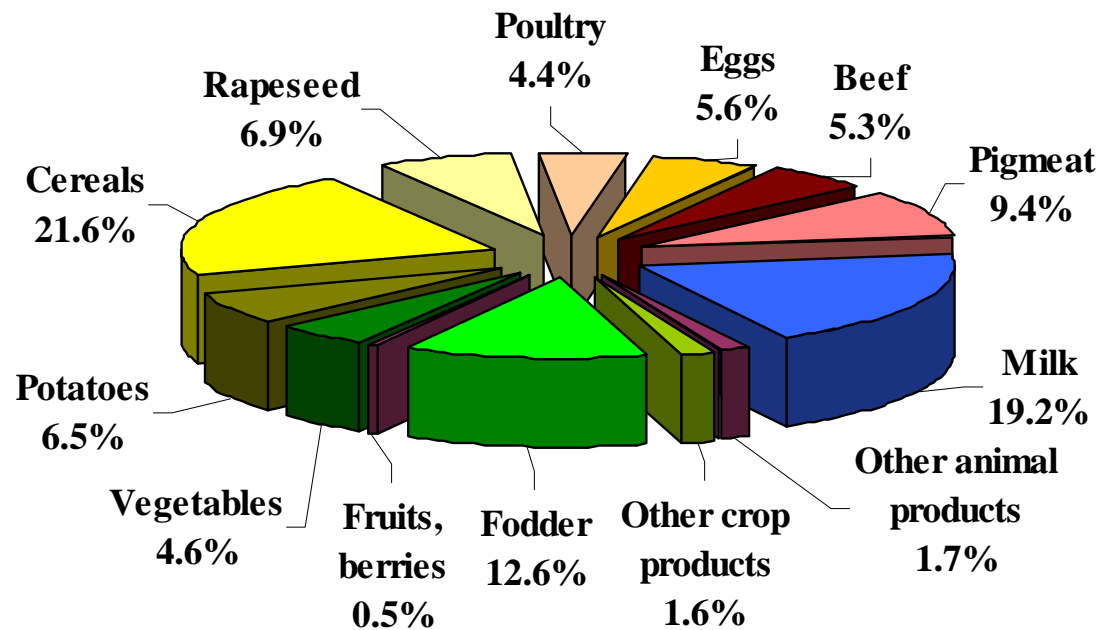


International Conference

Rajgród, Poland

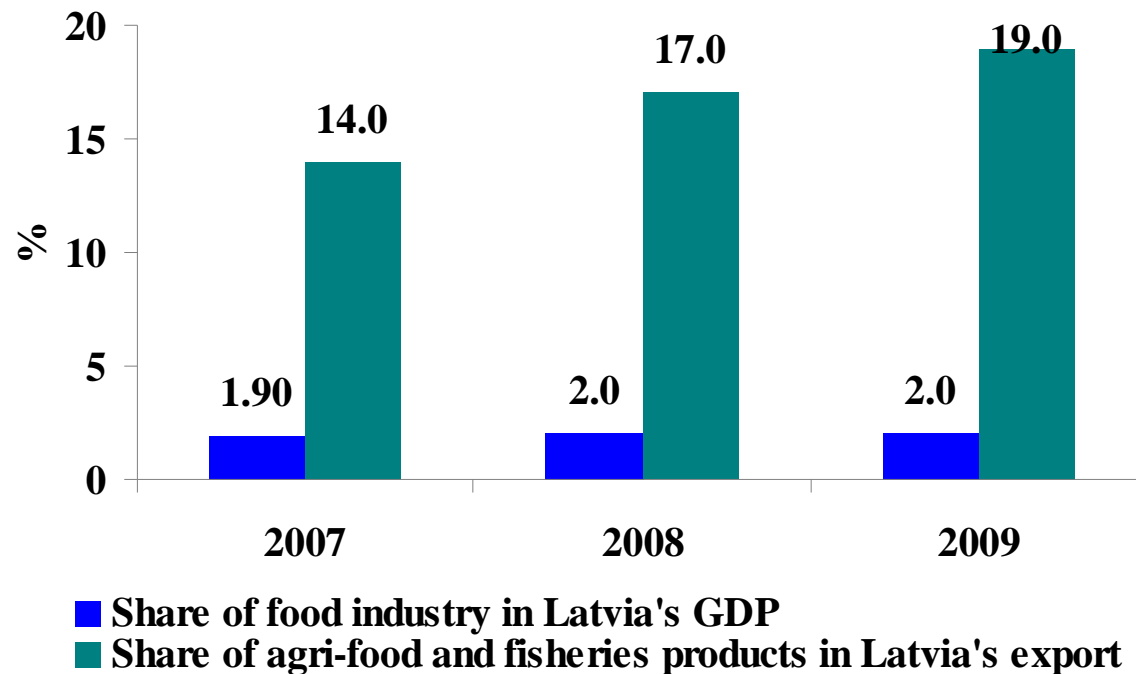
June 14-16, 2011

## Structure of final agricultural products in Latvia, 2009 (basic prices)



*Source: authors' calculations based on data from CSB*

## Share of food industry in Latvia's GDP and share of agri-food and fisheries products in Latvia's export, 2009 (%)

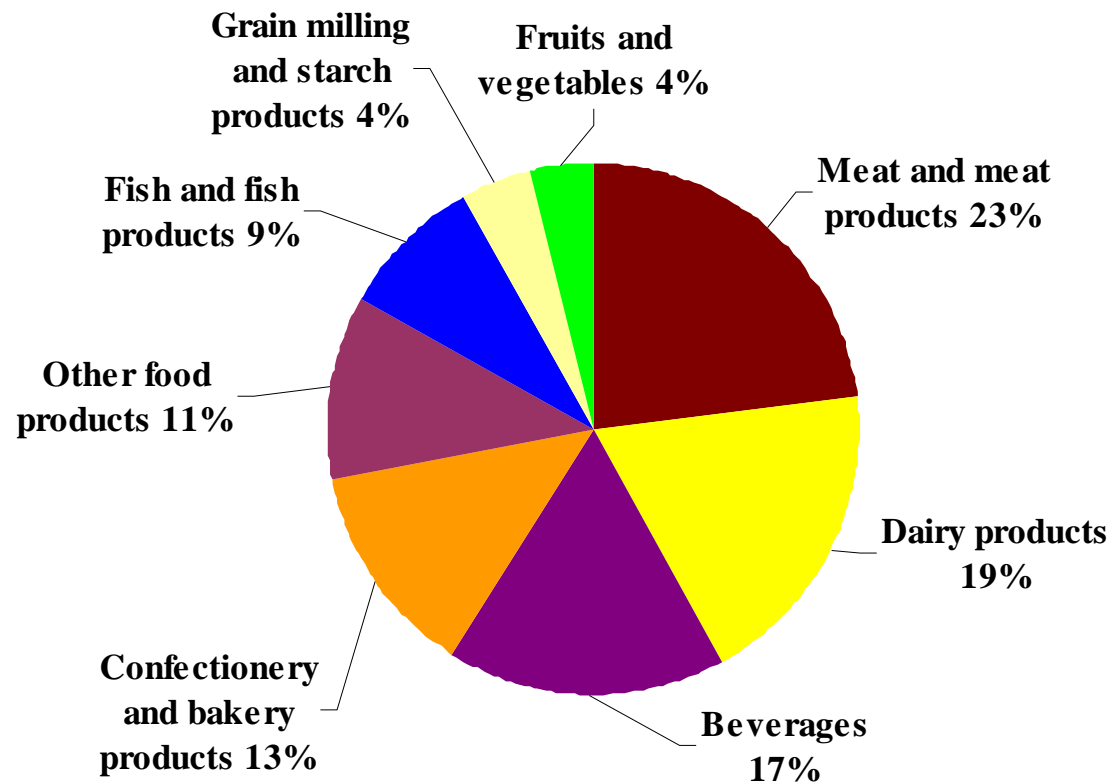


Agricultural products 10%, 8% animal origin and 2% plant origin products;

Processed food 9%.

*Source: authors' calculations based on data from CSB*

## Structure of the food products and beverage production in Latvia, 2009 (%)



*Source: authors' calculations based on data from CSB*



## Direct sale

---

Benefits – good tool for dairy farmers survive in the period when milk prices dramatically decrease.

### Drawbacks:

- time consumed (producers or members of family may sell the products);
- resources for transportation (special transport), cooling equipment for transportation and selling, hygienic materials etc.;
- registration in Veterinary Service and receiving the permission of veterinarian inspection, periodical microbiological control (analysis);
- small batches;
- suitable for small farmers.

Byers mainly elderly people, who have free time to visits farmer markets and points of direct sale.



## E - shops

---

Brand names and common standards.

Offer mainly plant origin organic food (crops, potatoes, vegetables, herbs, fruits etc.) and some of animal origin organic products (eggs, home made cheese etc.) and own delivering.

Drawbacks:

- relatively expensive.
- resources for transportation (special transport), cooling equipment for transportation and selling, hygienic materials etc.;
- registration in Veterinary Service and receiving the permission of veterinarian inspection, periodical microbiological control (analysis);
- small batches;
- suitable for small farmers.

Buyers mainly young families with small children and high or average income level.



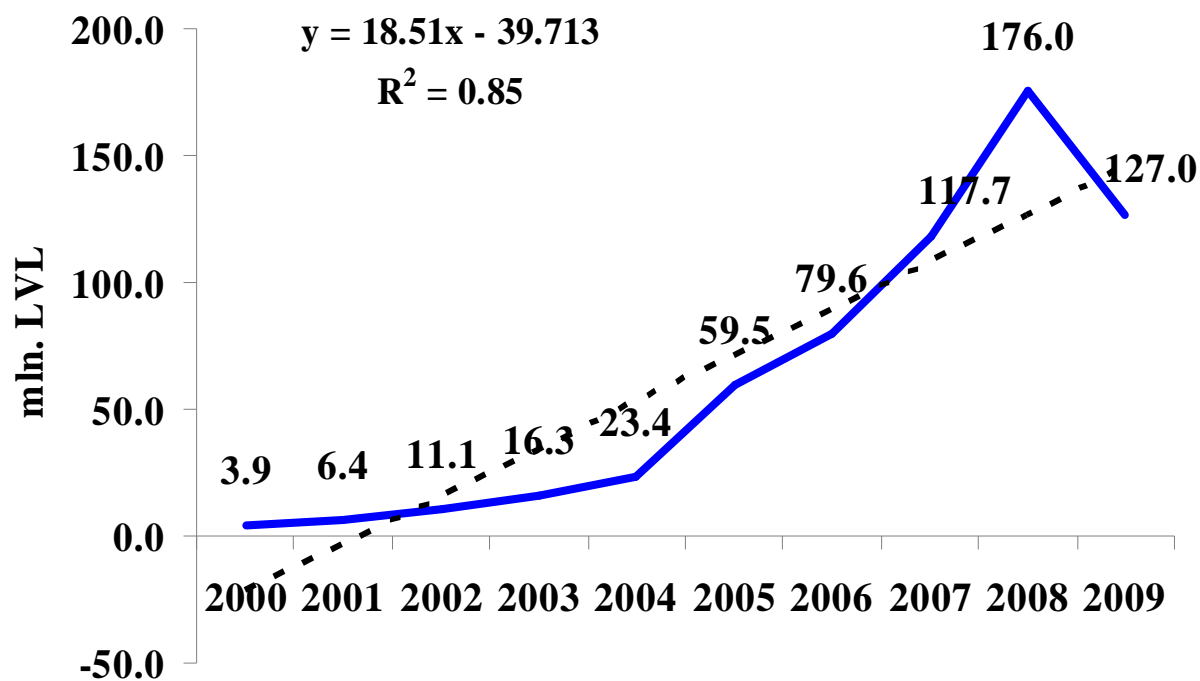
# Agricultural cooperatives

---

Since 2000 state aid policy started.

In 2009 55 agricultural cooperatives were operating and 51 received subsidies (171 650 LVL).

## Turnover of agricultural service cooperatives in Latvia, 2000 2009 (mln. LVL)



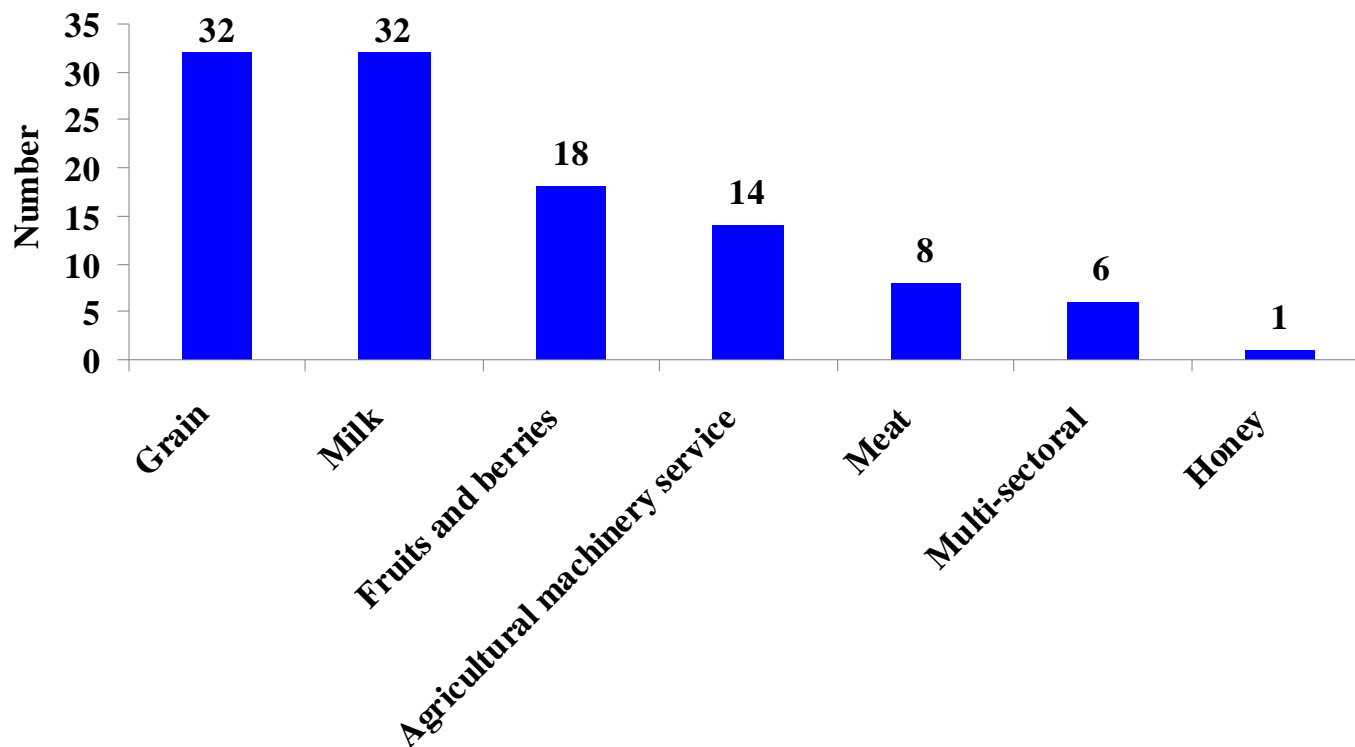
Turnover has increased substantially ( $r=0.92$ ,  $\alpha=0.01$ )

Source: authors calculations based on data from Latvijas Republikas Zemkopības ministrija, 2010





## Division of agricultural service cooperatives by sectors in Latvia, 2009



*Source: authors calculations based on data from Latvijas Republikas Zemkopības ministrija, 2010*



# Agricultural cooperatives

---

Activities differ by branch.

Dairy or milk cooperatives:

- advice farmers;
- provide higher purchase price of milk than milk processor offer to individual farmers and that provide higher income level for farmers.

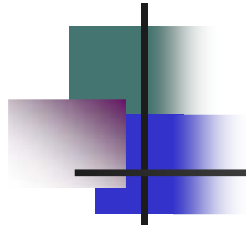


## Agricultural cooperatives

---

Last activity of 3 milk and dairy cooperatives – build the new milk processing enterprise.

Total finances 14.9 milj.EUR.



Thank you for your attention!