



Ministry of Agriculture  
Republic of Latvia

# Horticulture today in Latvia - situation and challenges

*01.11.2018.*



# Content

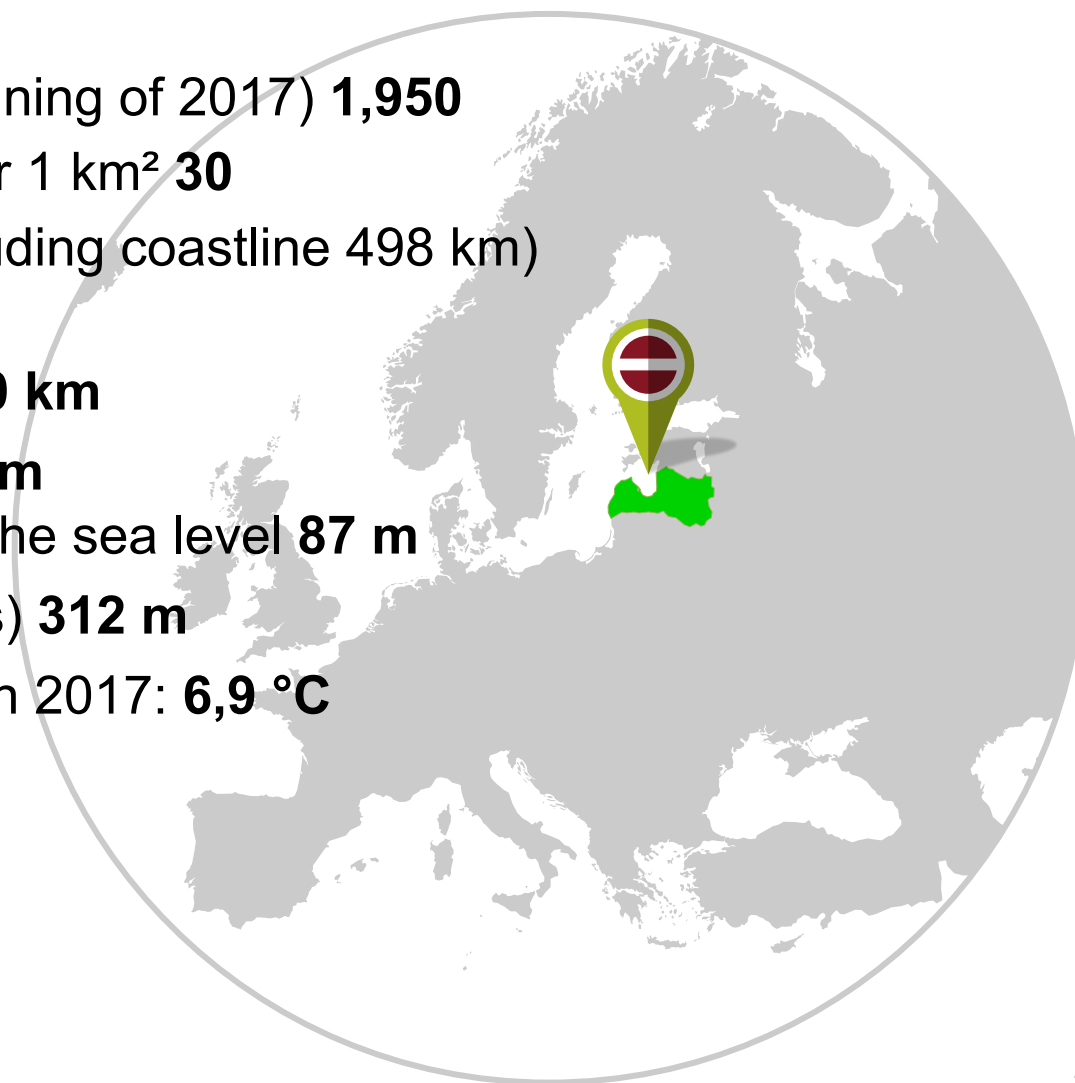
- General facts
- Market situation
- Export and import
- Support
- VAT 5 %
- EU School scheme – Fruit and vegetables



# General facts

## Facts about Latvia

- Area km<sup>2</sup> **64 573**
- Population, mln.ppl (beginning of 2017) **1,950**
- Population density, ppl per 1 km<sup>2</sup> **30**
- Borderline 1 866 km (including coastline 498 km)
- Width of the territory:
  - from North to South **210 km**
  - from West to East **450 km**
- Average elevation above the sea level **87 m**
- Highest point (Gaizinkalns) **312 m**
- Air temperature in Latvia in 2017: **6,9 °C**



## General facts

# Territorial structure of Latvia at the beginning of 2018

### Other types of land

Inland water 4%

Marshes 3%

Land under roads 2%

Shrubs 2%

Land under buildings and yards 2%

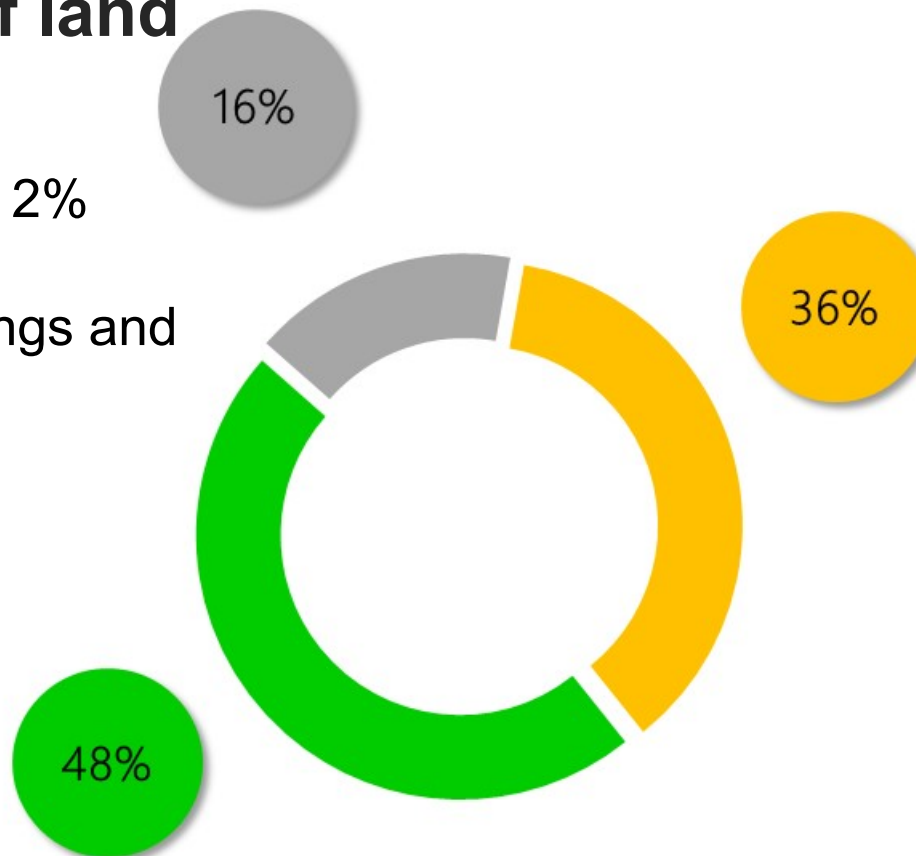
**Forests**

48%

16%

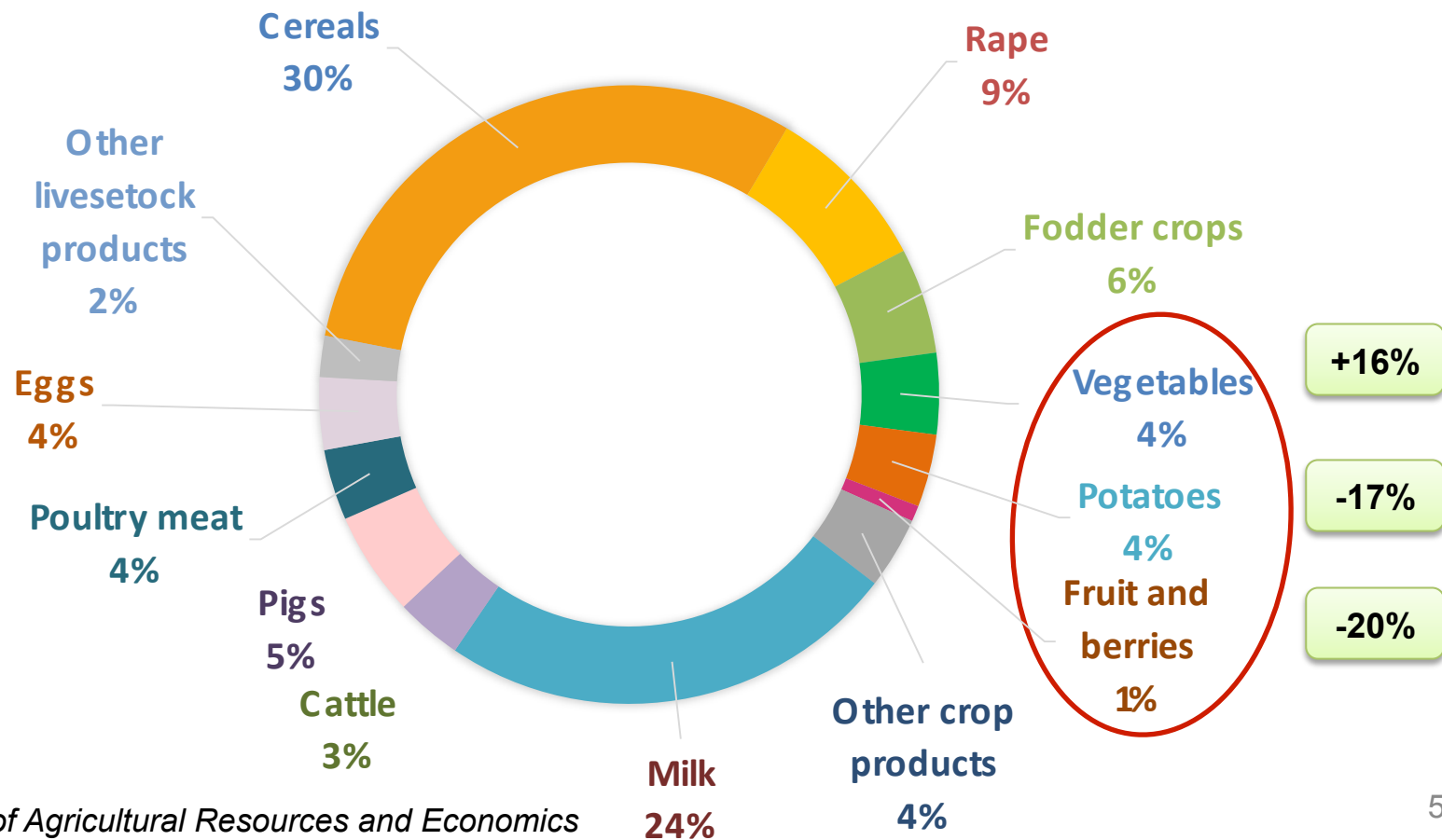
**Agricultural land**

36%



# General facts

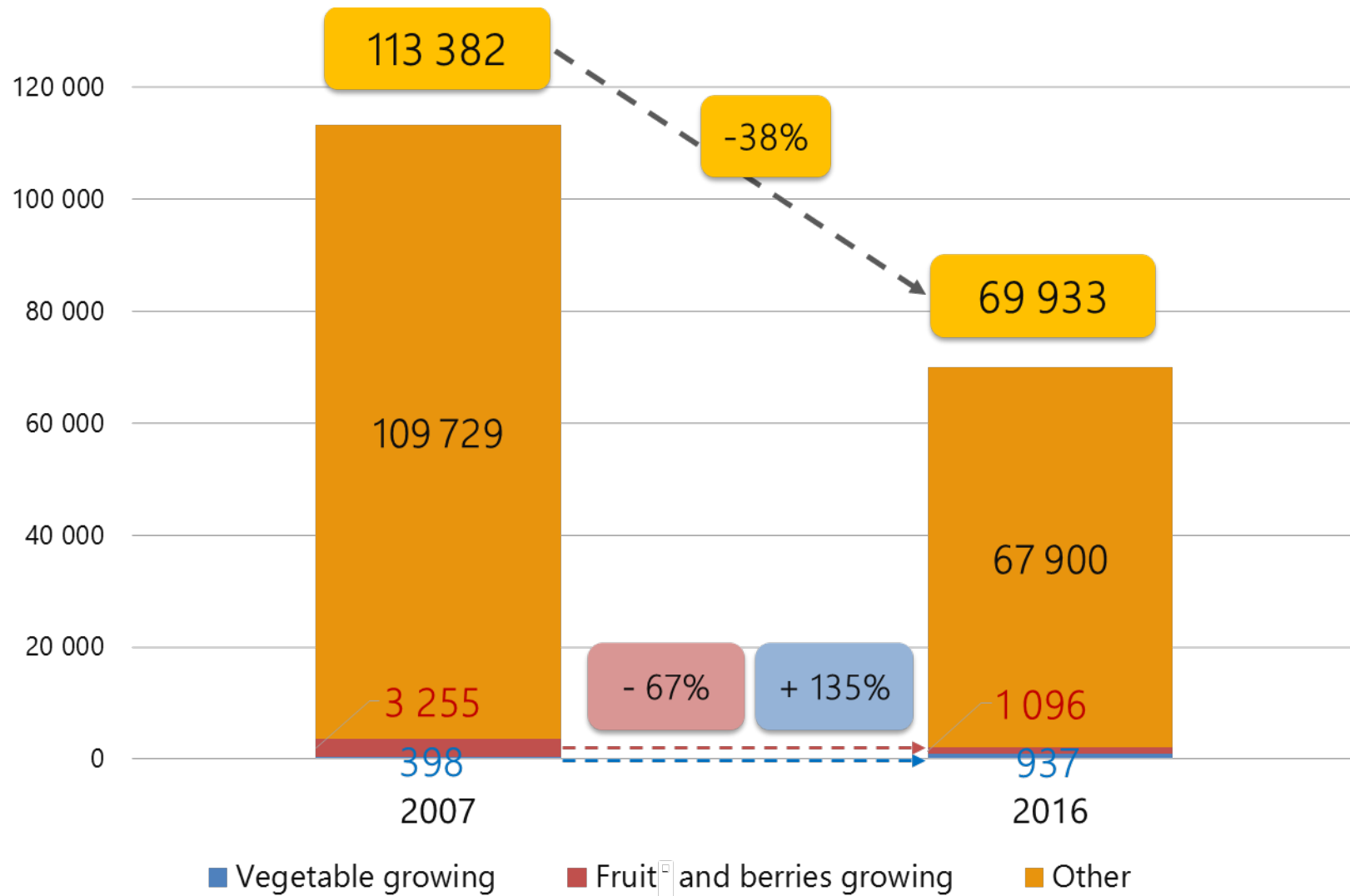
## Structure of agricultural output in 2017 (forecast)



Source: Institute of Agricultural Resources and Economics

## General facts

### Number of farms by type of farming



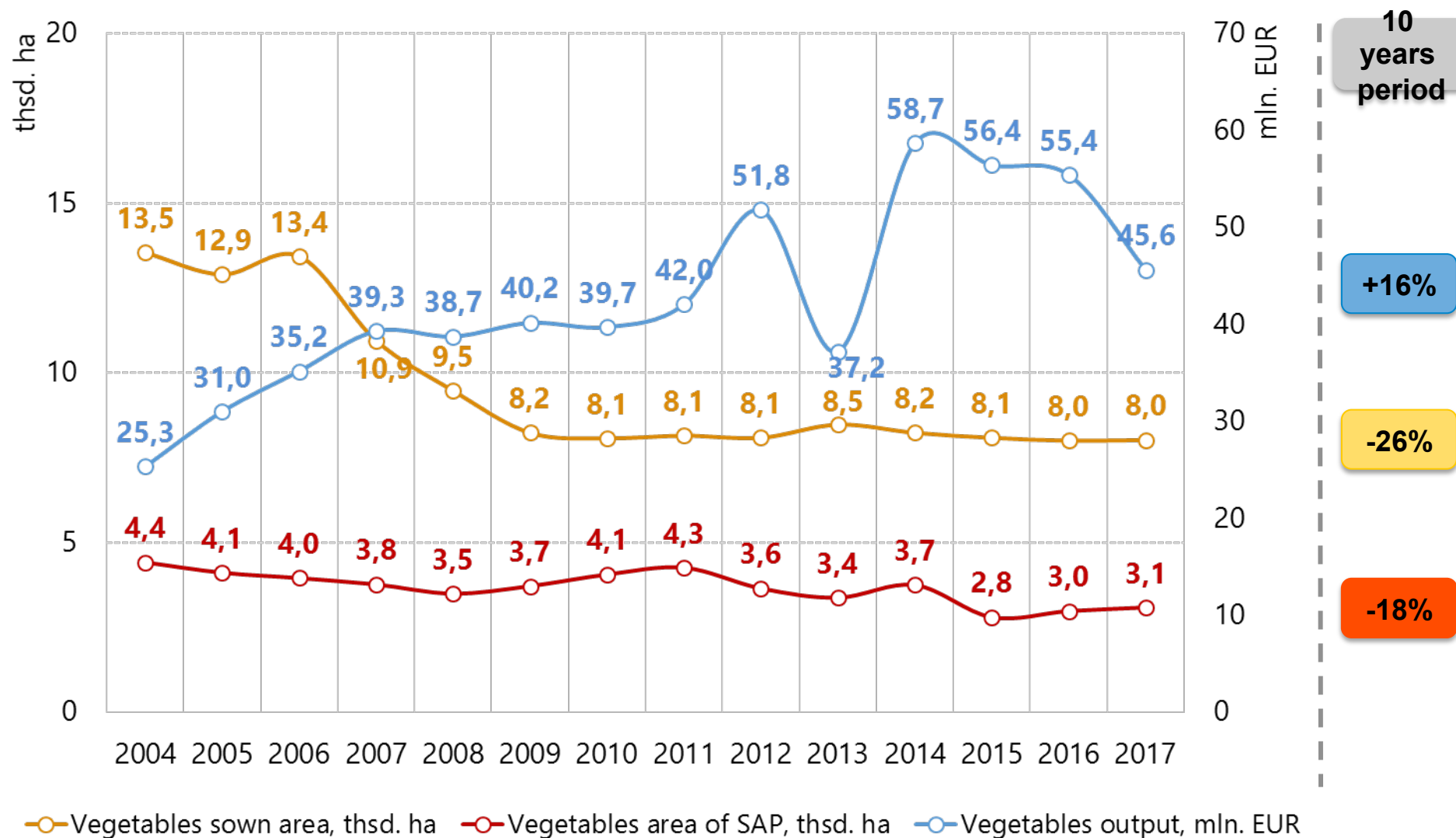
Source: Central Statistical Bureau

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# Market situation

## Vegetables areas and output 2004 – 2017

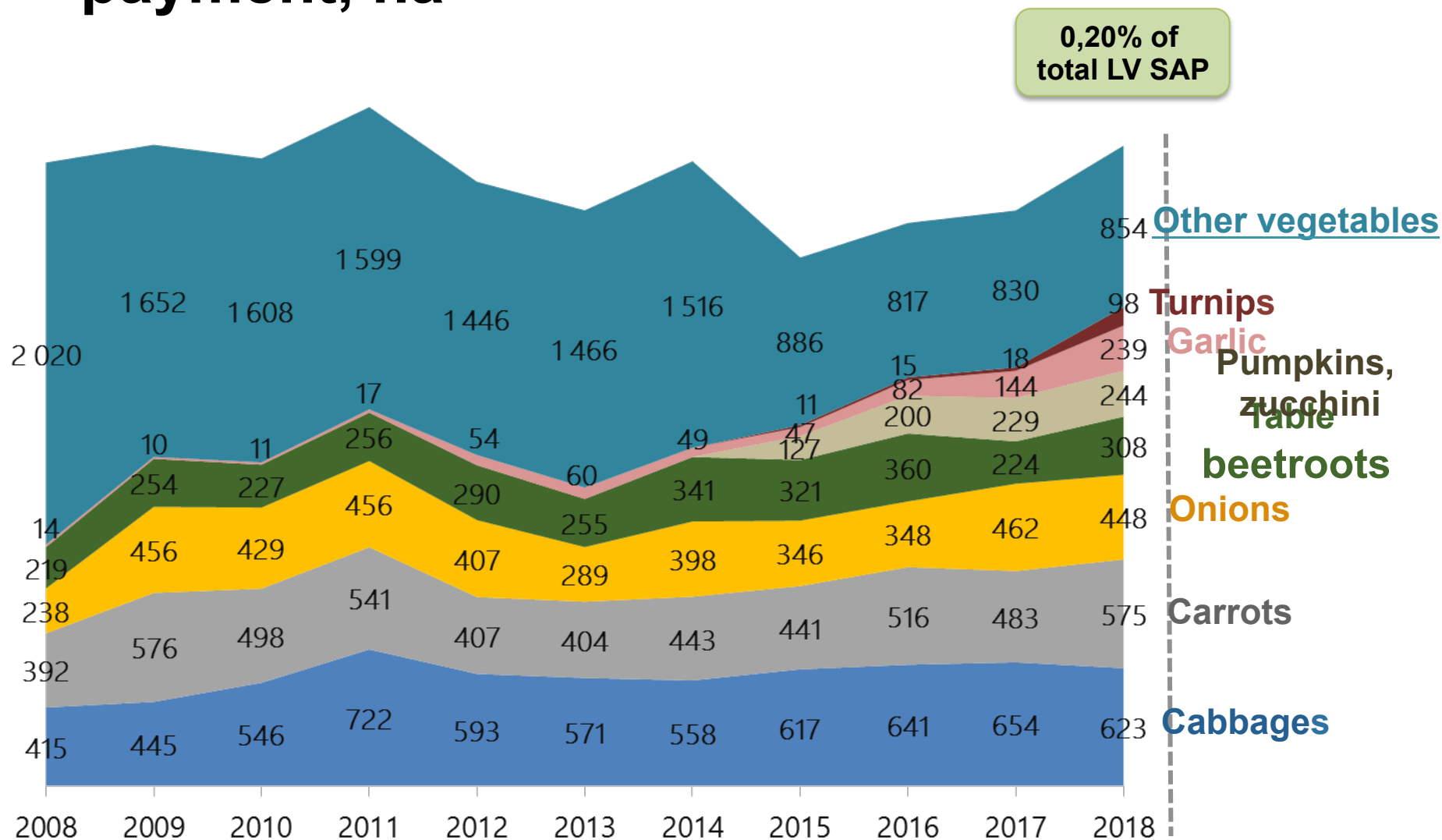


Source: Central Statistical Bureau, Institute of Agricultural Resources and Economics, Rural Support Service



Market situation

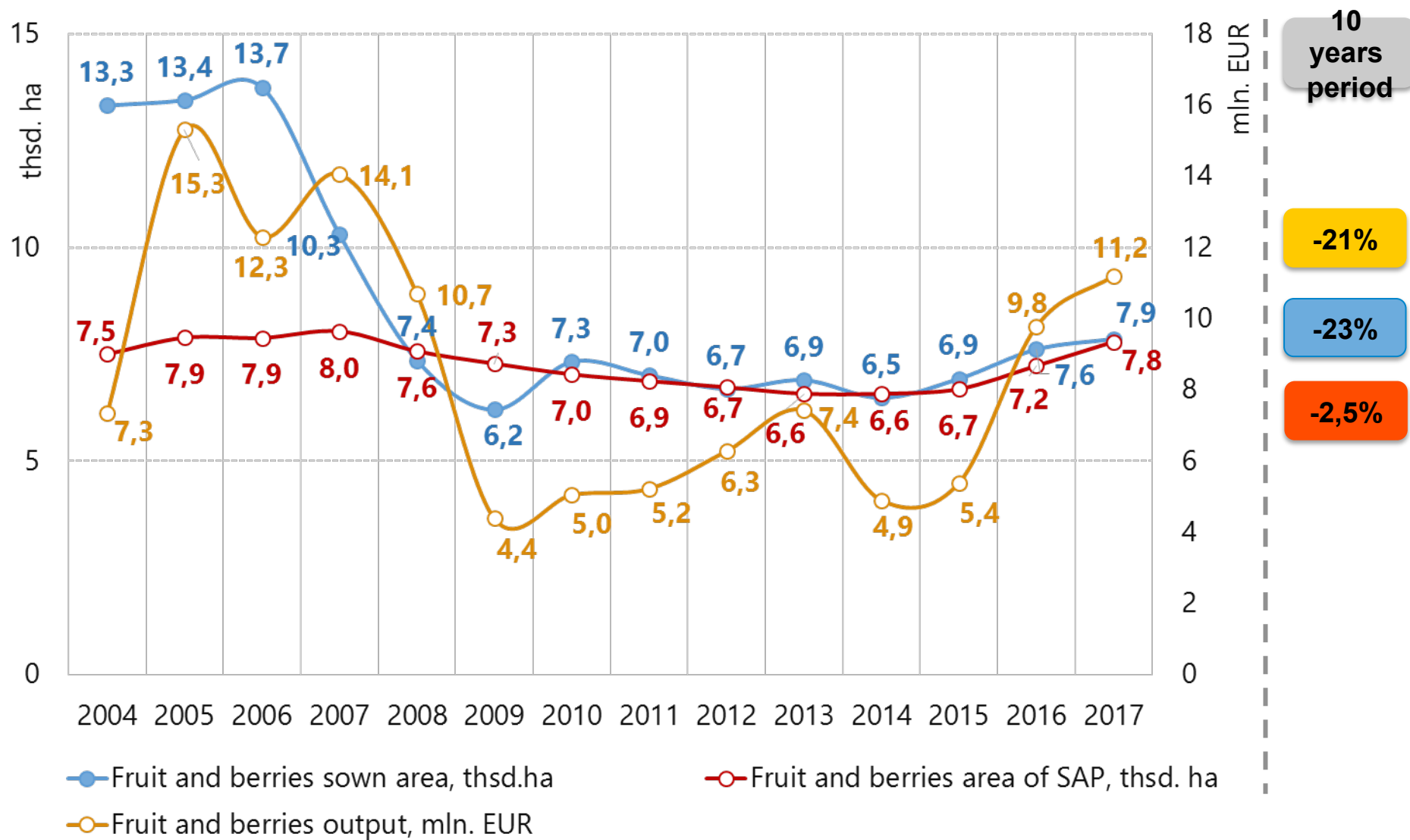
Vegetable area determined for single area payment, ha



Source: Rural Support Service

## Market situation

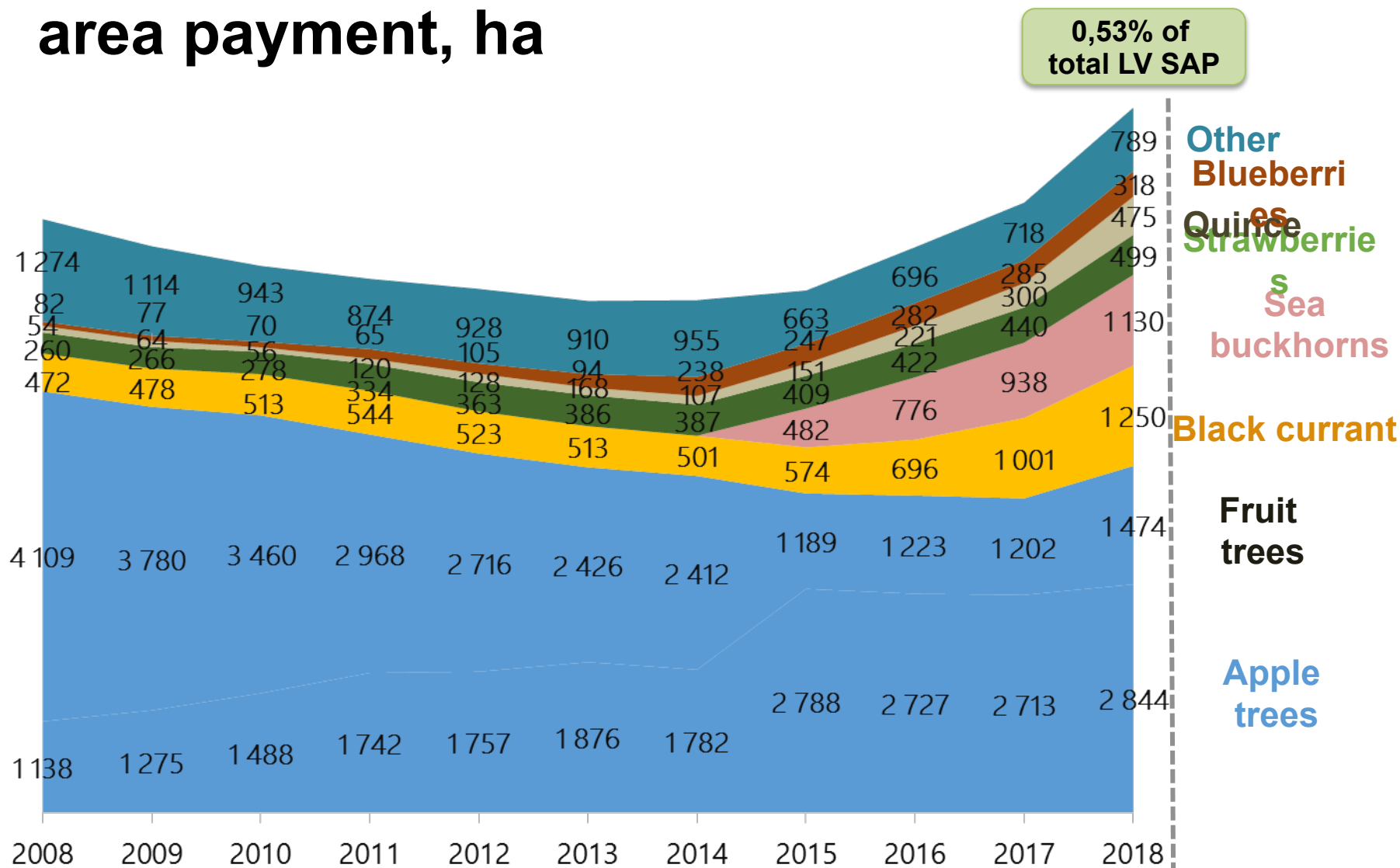
# Fruit and berries areas and output 2004 - 2017



Source: Central Statistical Bureau, Institute of Agricultural Resources and Economics, Rural Support Service

# Market situation

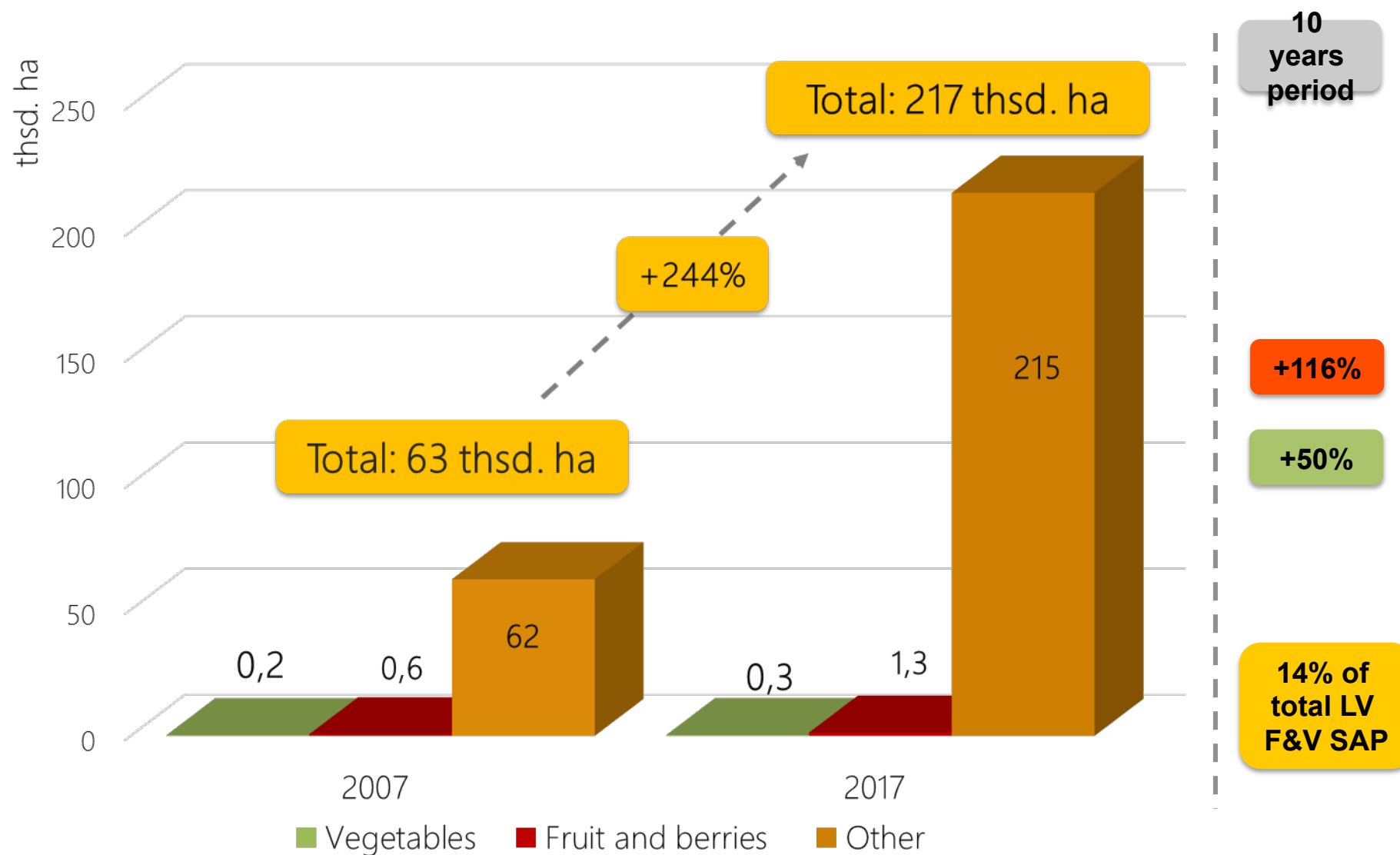
## Fruit and berries area determined for single area payment, ha



Source: Rural Support Service

# Market situation

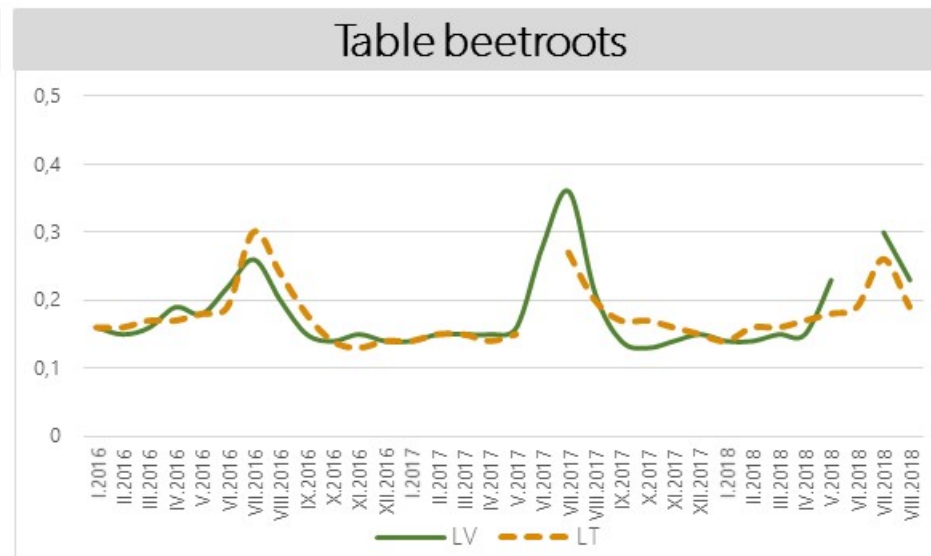
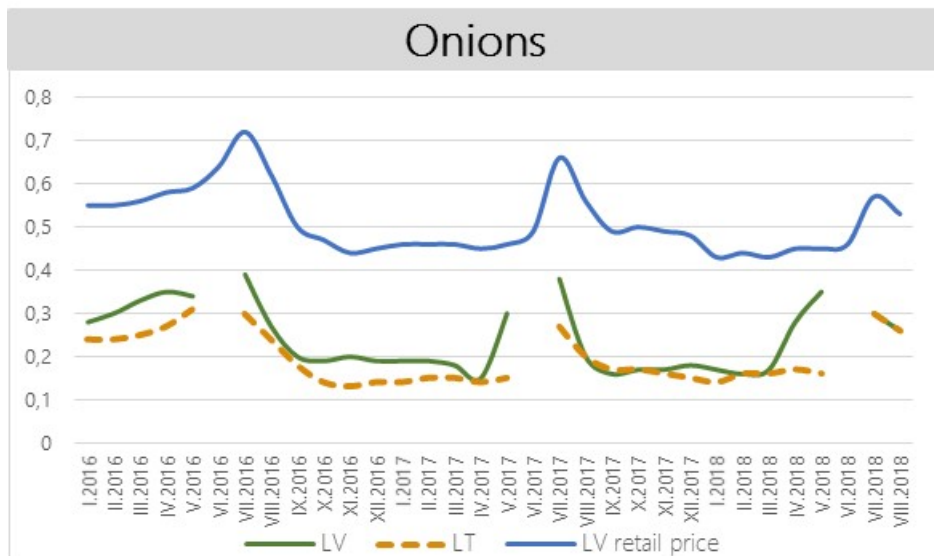
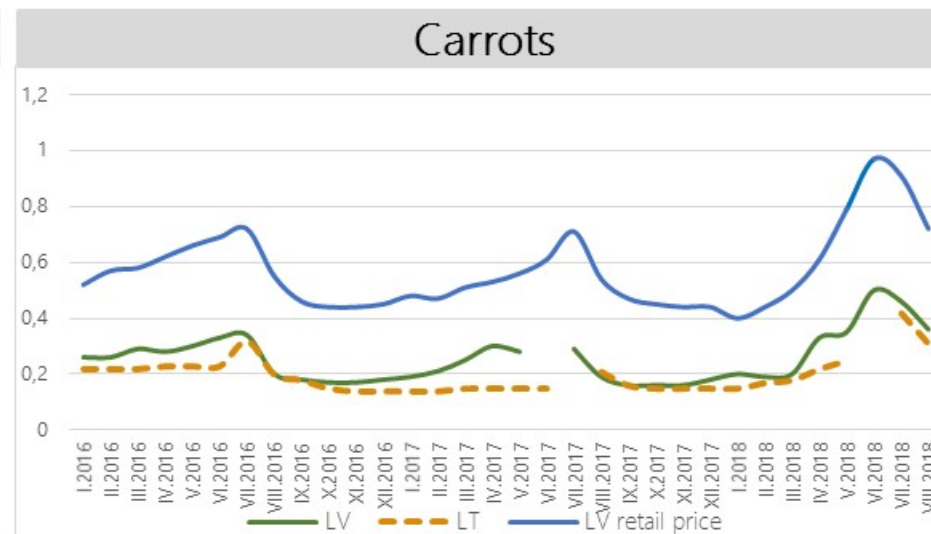
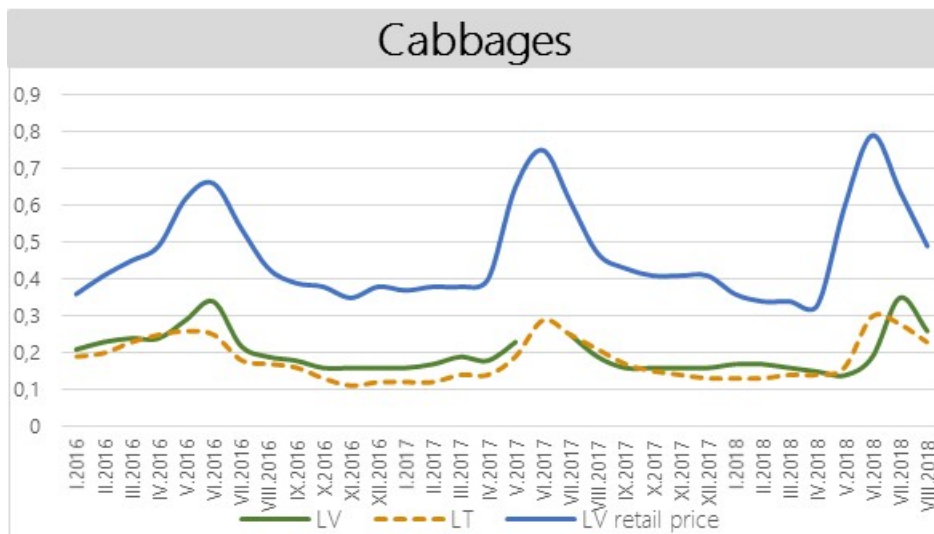
## Organic farms in Latvia, thsd. ha



Source: Agricultural Data Centre

# Market situation

## Price trends for main LV vegetables, € per kg



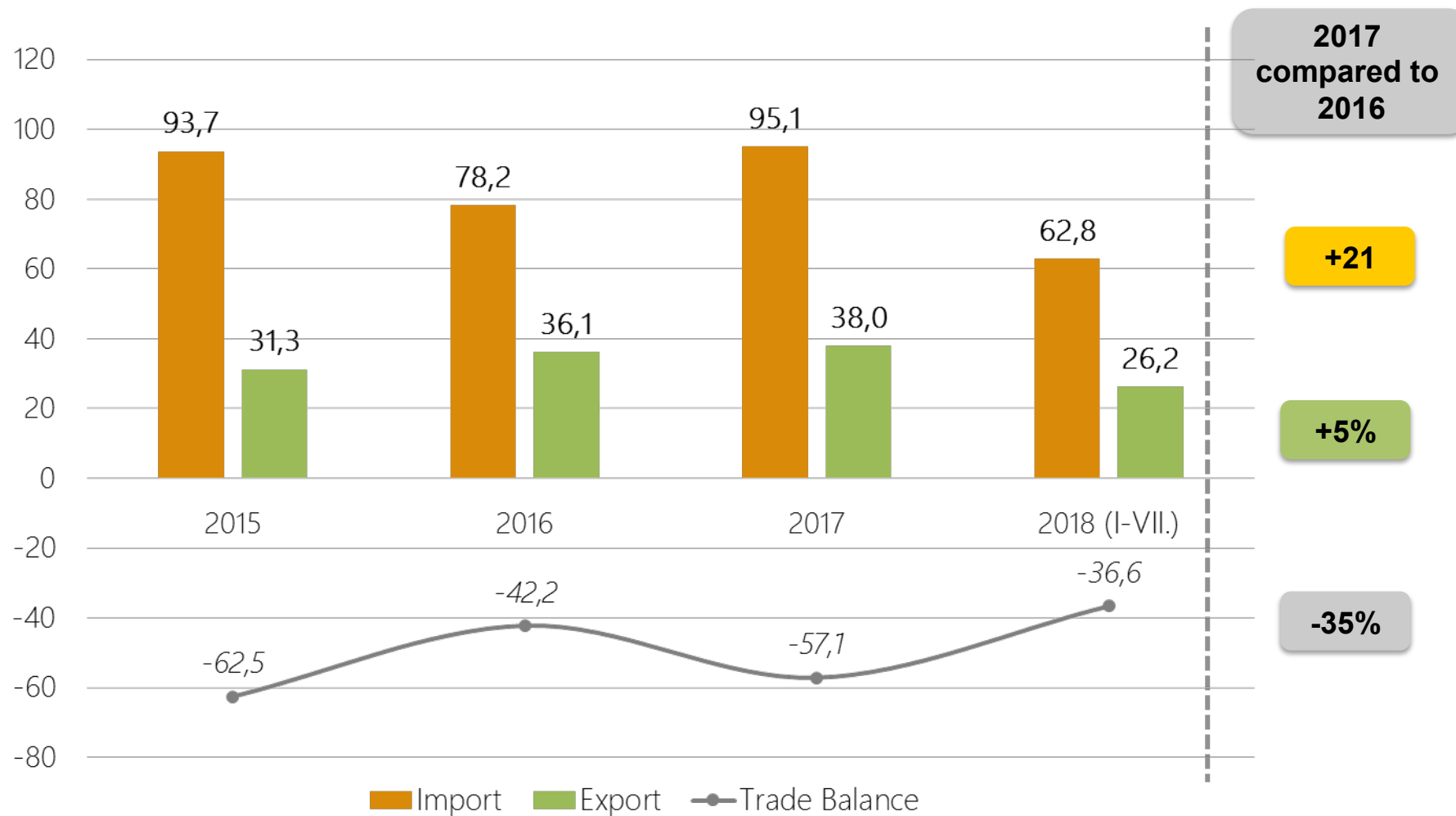
Source: Institute of Agricultural Recourses and Economics

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- **School scheme – Fruit and vegetables**



# Export and import

## Trade balance of vegetables, fruit and berries typical for Latvia, mln. EUR

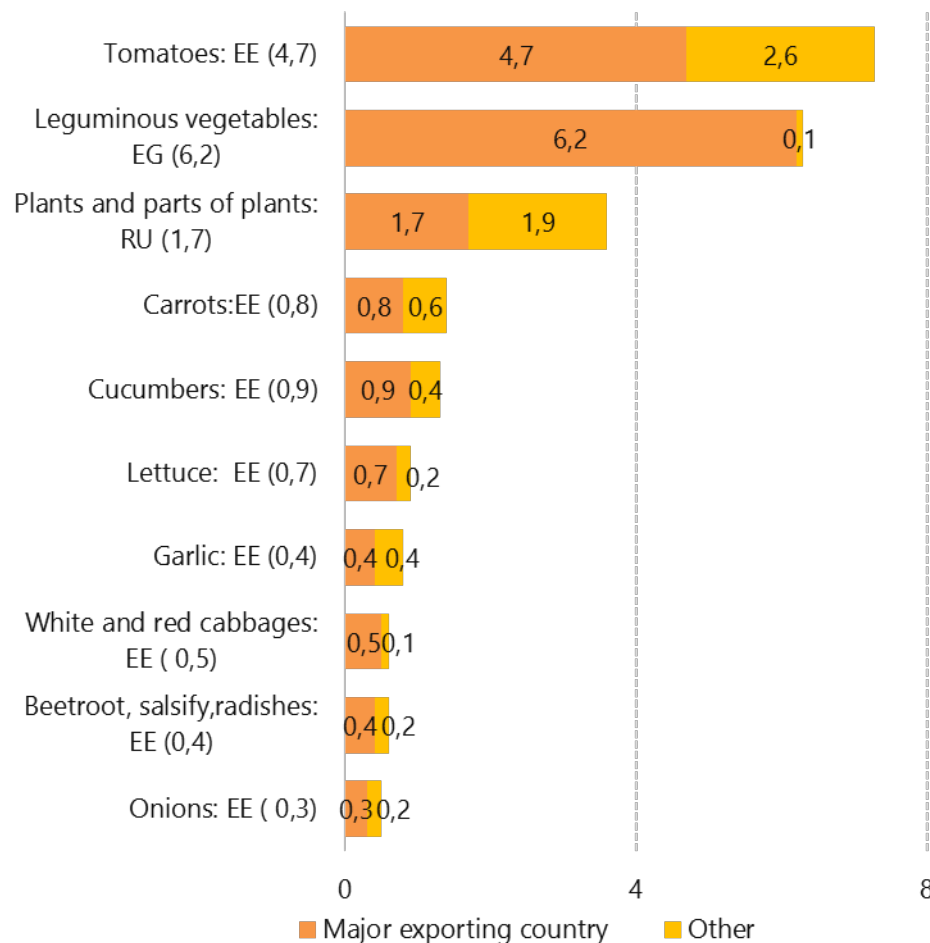


Source: Eurostat

# Export and import

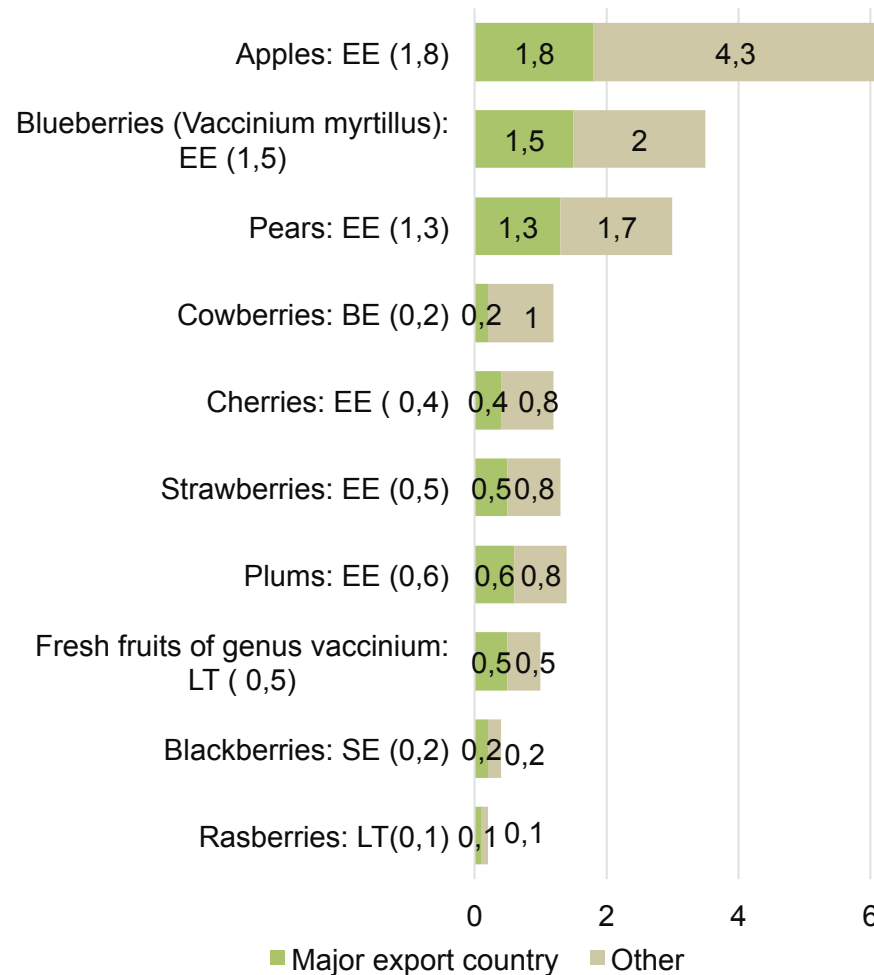
## Top 10 exported vegetables and fruit 2017, mln EUR

Top 10 main exported vegetables\*



Source: Eurostat

Top 10 main exported fruits and berries \*

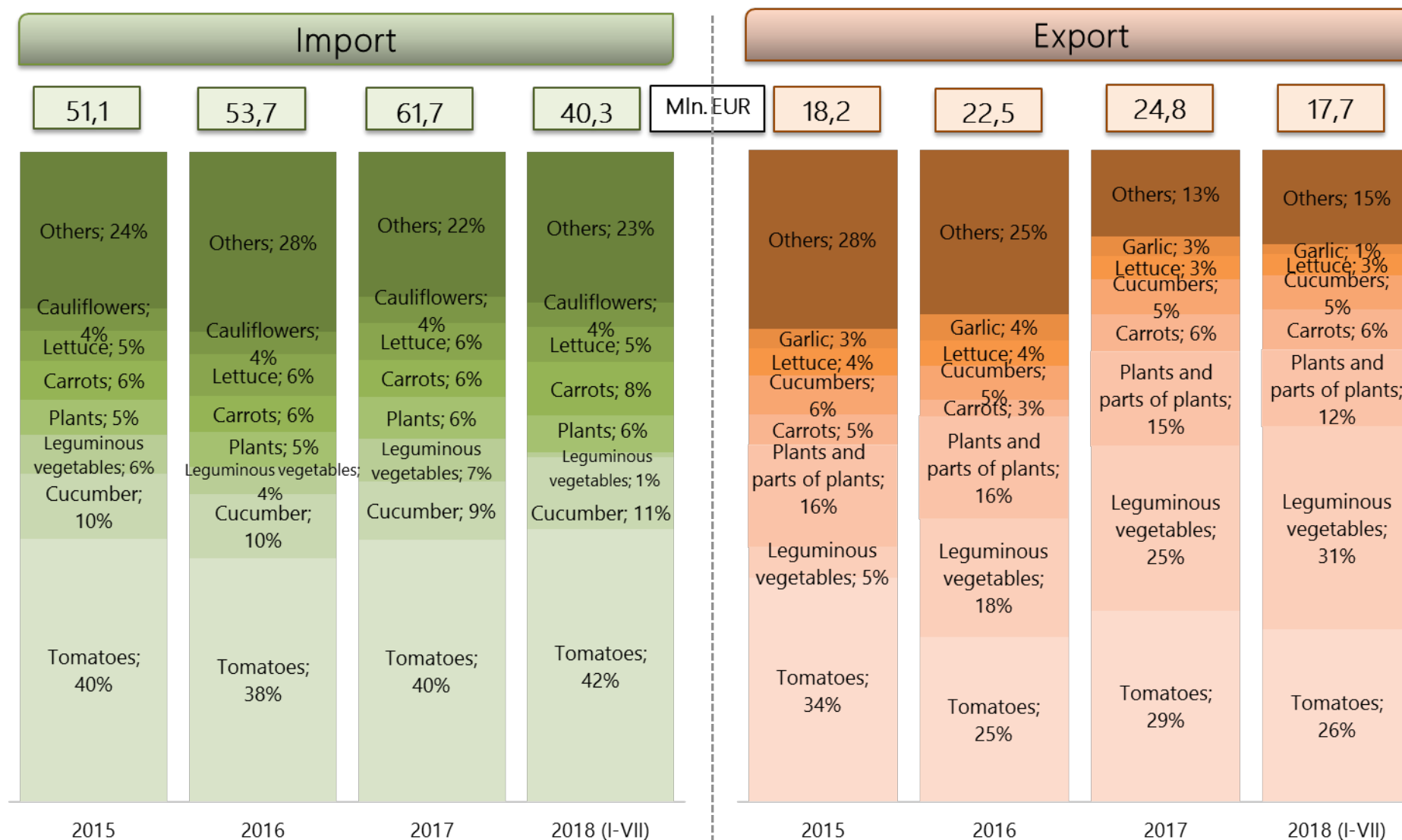


\*Countries are ranked by 2017 year results



# Export and import

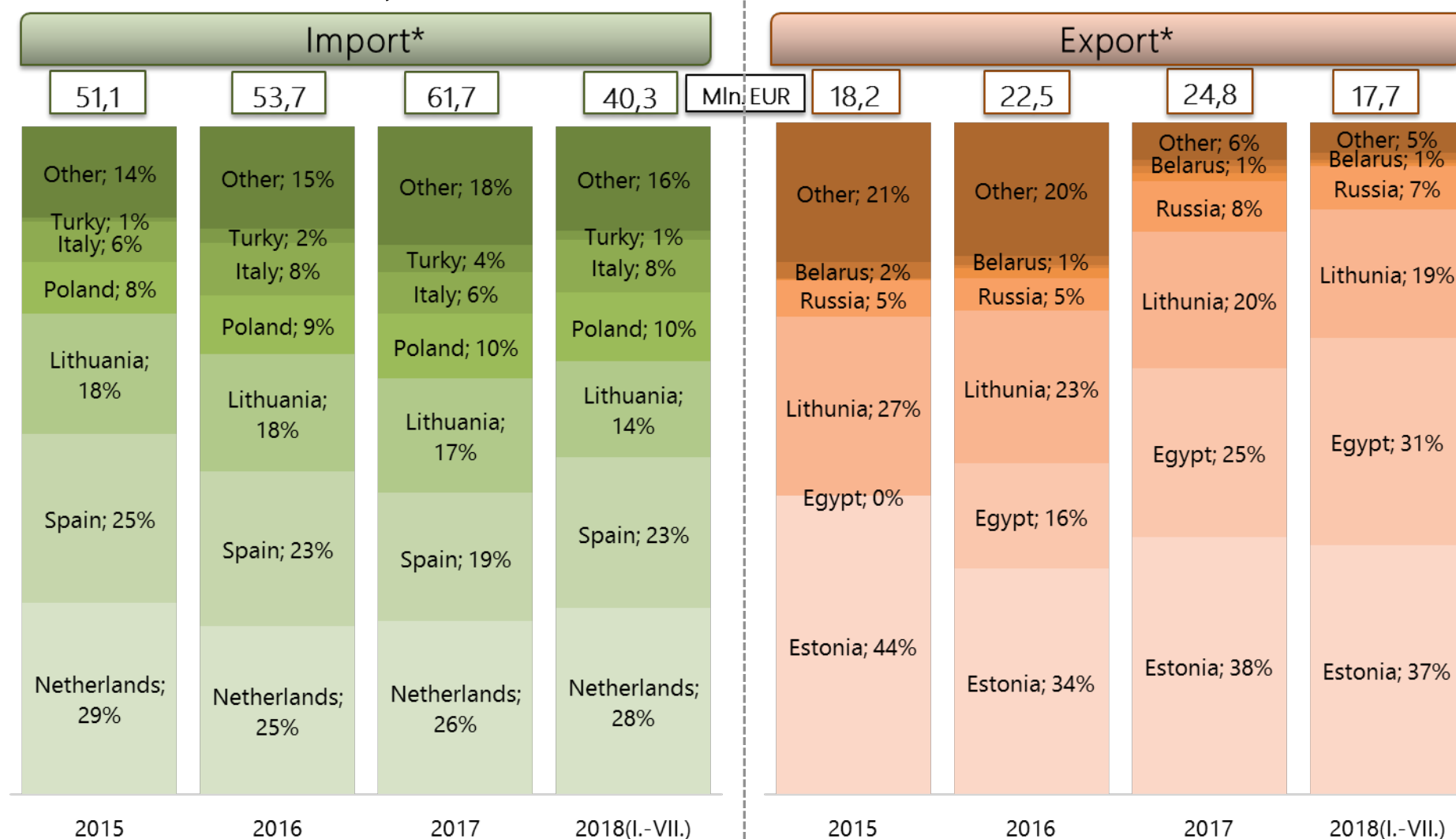
## Vegetables import and export structure, %



Source: Eurostat

# Export and import

## Vegetables import and export structure by countries, mln. EUR

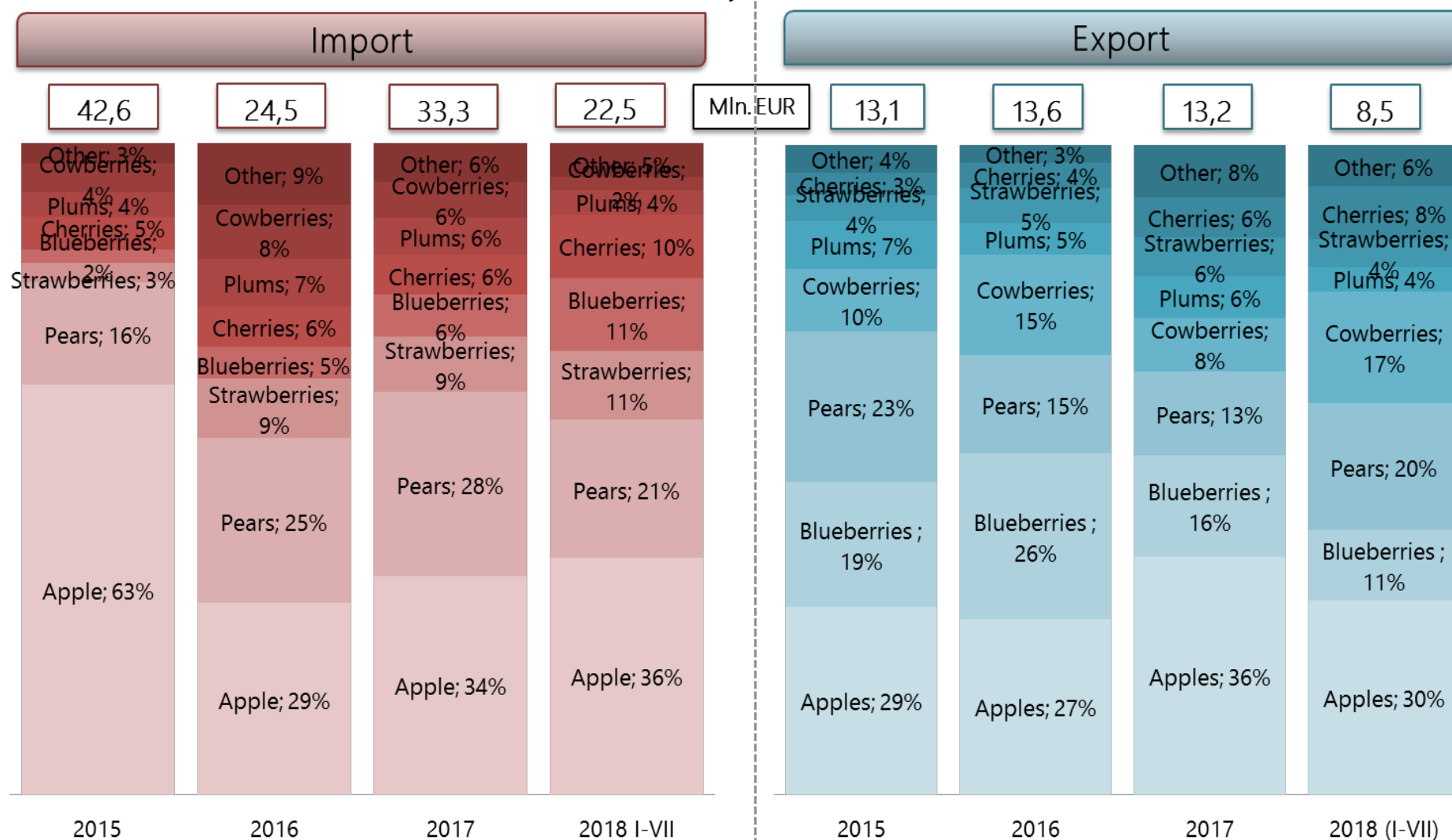


Source: Eurostat

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# Export and import

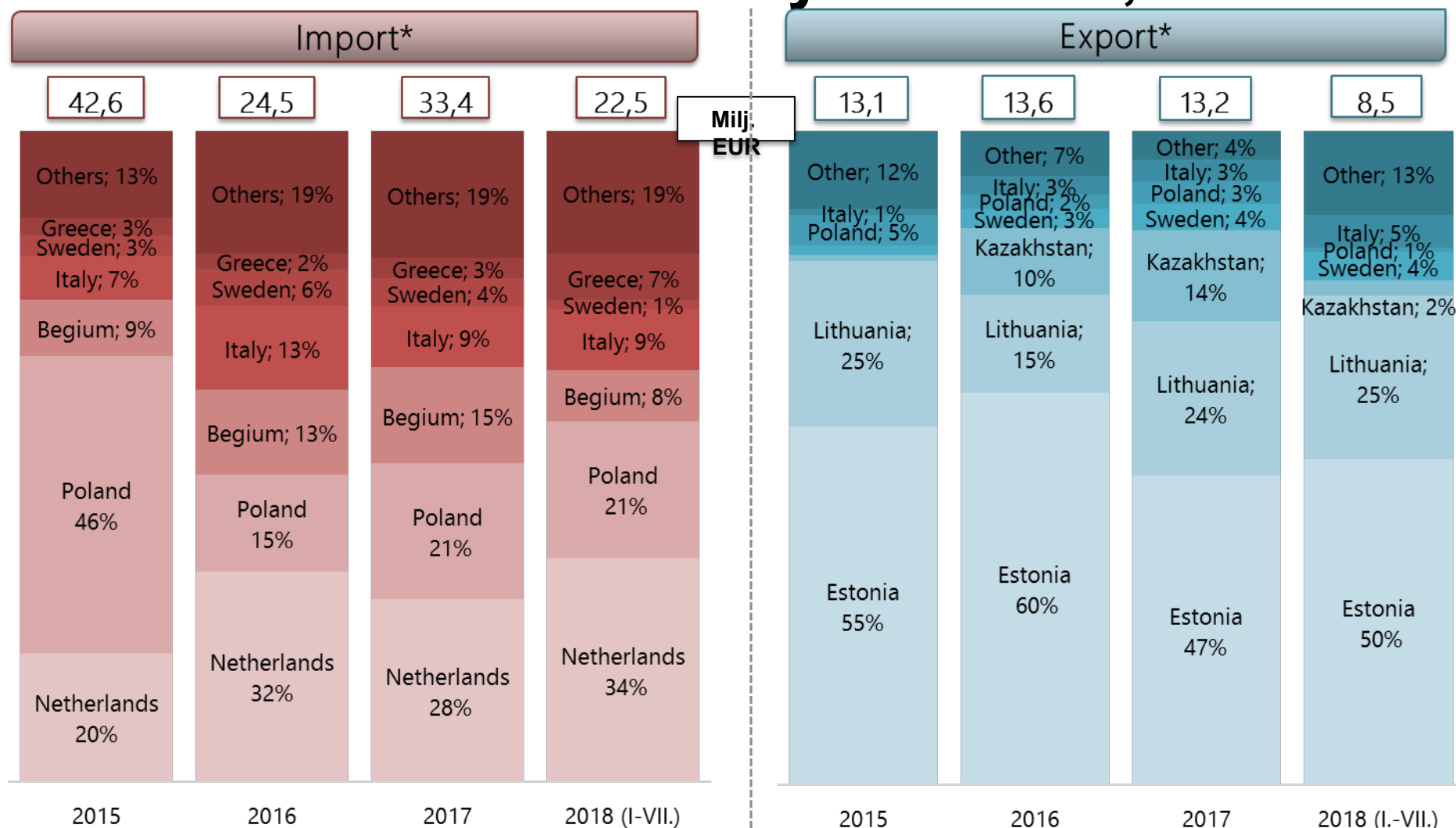
## Import and export structure of typical fruit and berries for Latvia, %



Source: Eurostat

# Export and import

## Import and export structure of typical fruit and berries for Latvia by countries, %



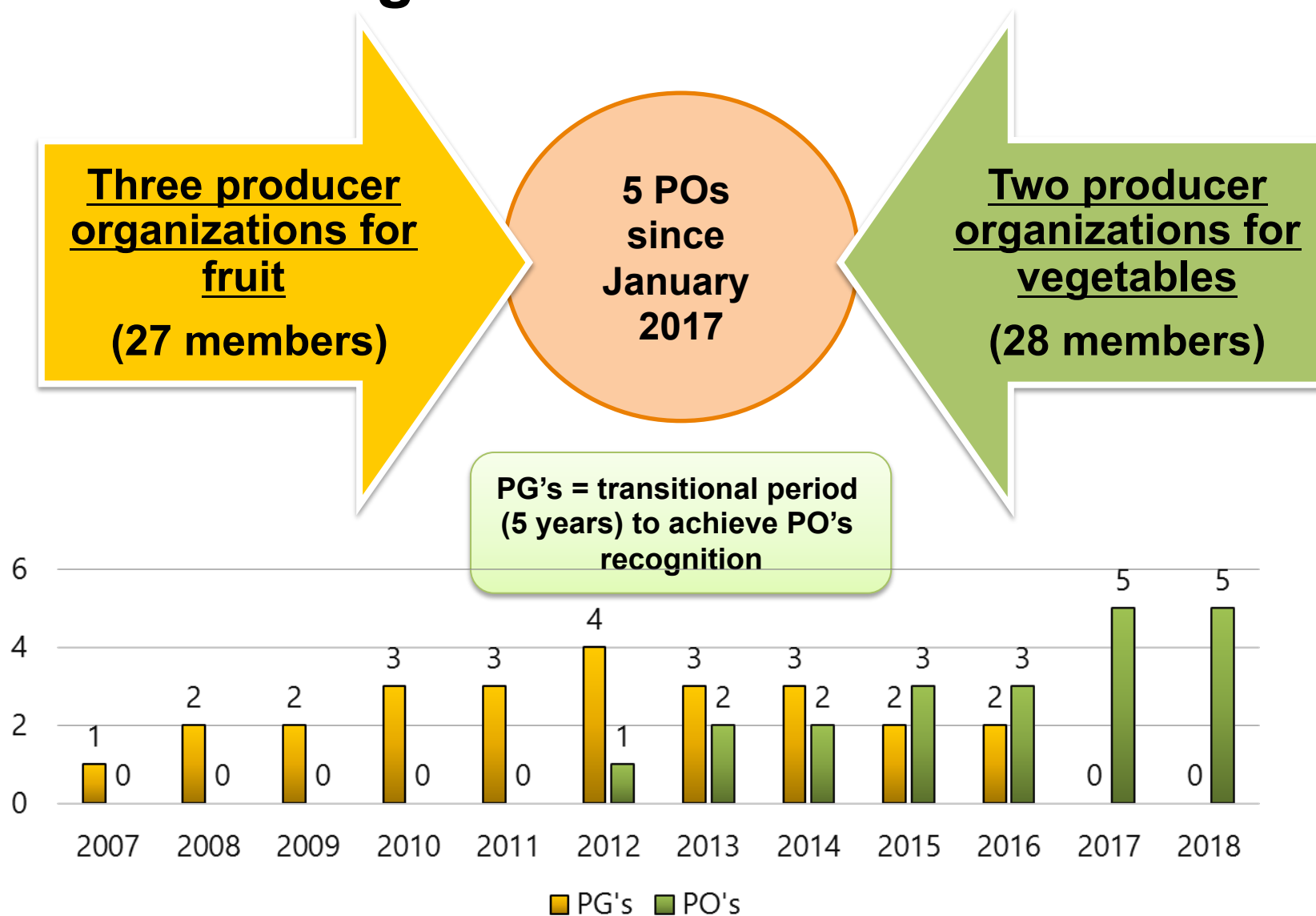
Source: Eurostat

\* Countries are ranked by 2017 year results

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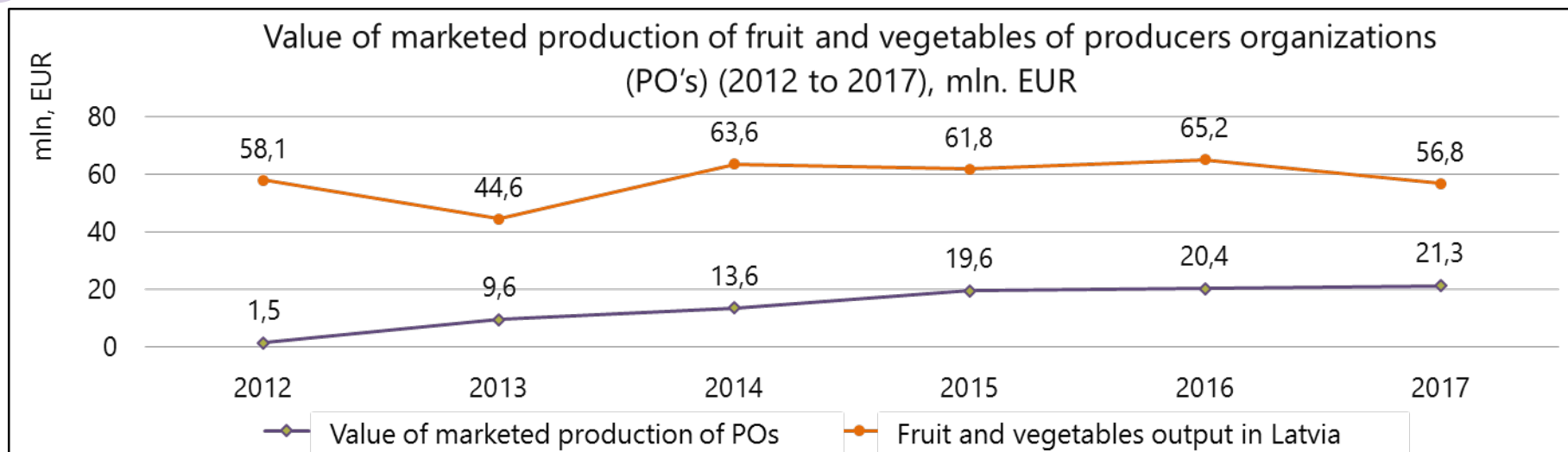


# Support Producer organisations



Source: Ministry of Agriculture, Rural Support Service

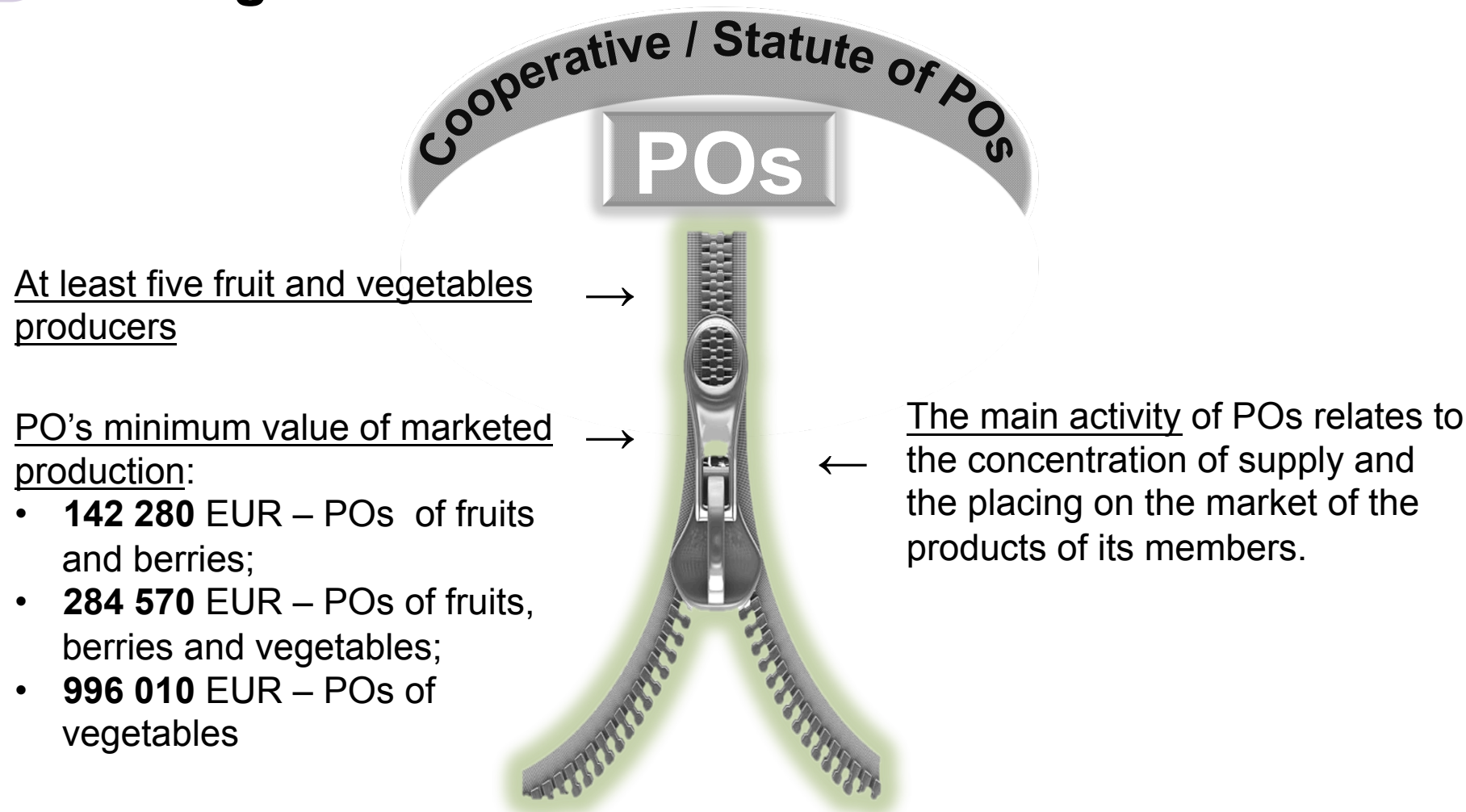
# Support Producer organisations



- **EU aid since 2009**: 29,48 mln. EUR (including aid for PO's 2,88 mln. EUR)
- **PO's Top vegetables 2017**: cucumber 43%, tomatoes 19%, carrots 7% and others (cabbages, lettuce, leaks, onions etc.)
- **PO's Top fruit and berries**: apples 49%, cranberries 26% and others (raspberries, blackberries, strawberries, cherries etc.)
- **Number of POs members from 7 to 17**

Support

## Recognition criteria of POs



**Since the beginning of 2017 only POs have been operating in Latvia**

Source: Ministry of Agriculture



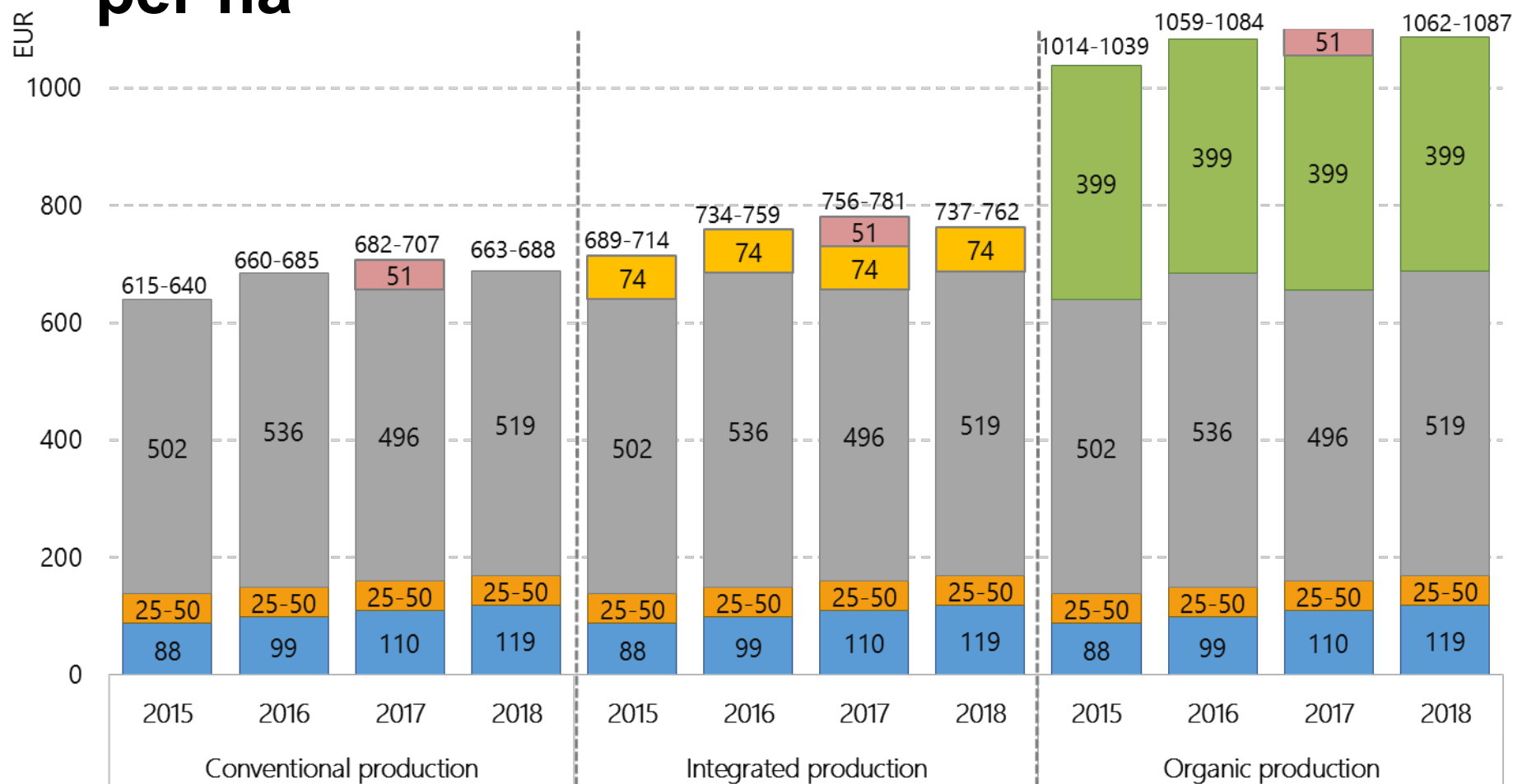
## Support

# Distribution of financing used for objectives of operational programs of POs

The objectives of operational programs		Total investments of POs,		
		%		
		2015	2016	2017
1.	Planning of production	40%	23%	23%
2.	Improvement of product quality	43%	37%	42%
3.	Improving marketing	9%	30%	20%
4.	Training and exchange of best practices actions, and actions aimed at promoting access to advisory services and technical assistance (except crisis prevention and management actions).	0,04%	1%	1%
5.	Environmental measures	5%	7%	12%
6.	Other actions	2%	2%	2%

Source: Ministry of Agriculture, Rural Support Service

# Support Area payment support for vegetables, EUR per ha

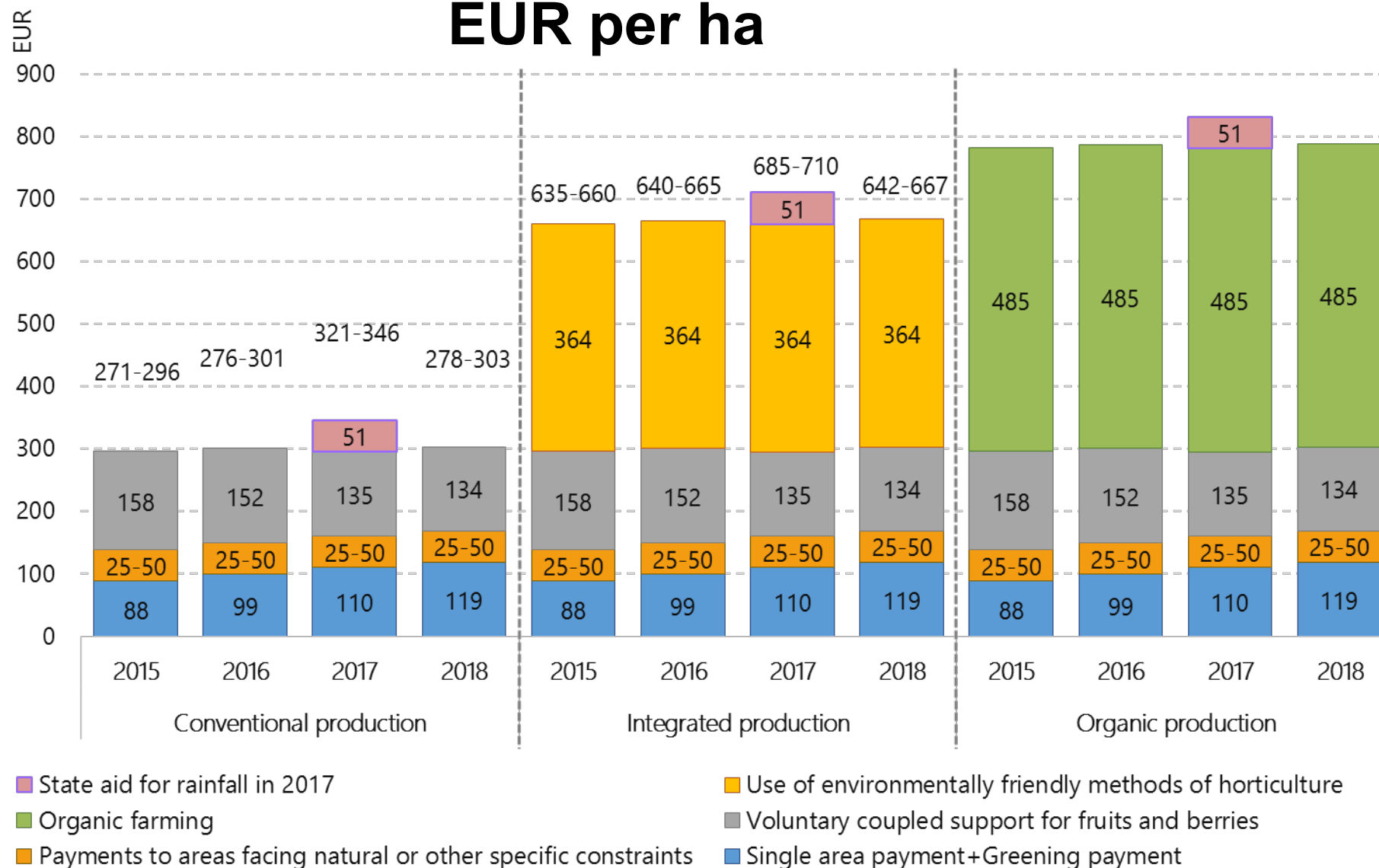


- State aid for rainfall in 2017
- Organic farming
- Payments to areas facing natural or other specific constraints
- Use of environmentally friendly methods of horticulture
- Voluntary coupled support for vegetables
- Single area payment+Greening payment

Source: Ministry of Agriculture, Rural Support Service

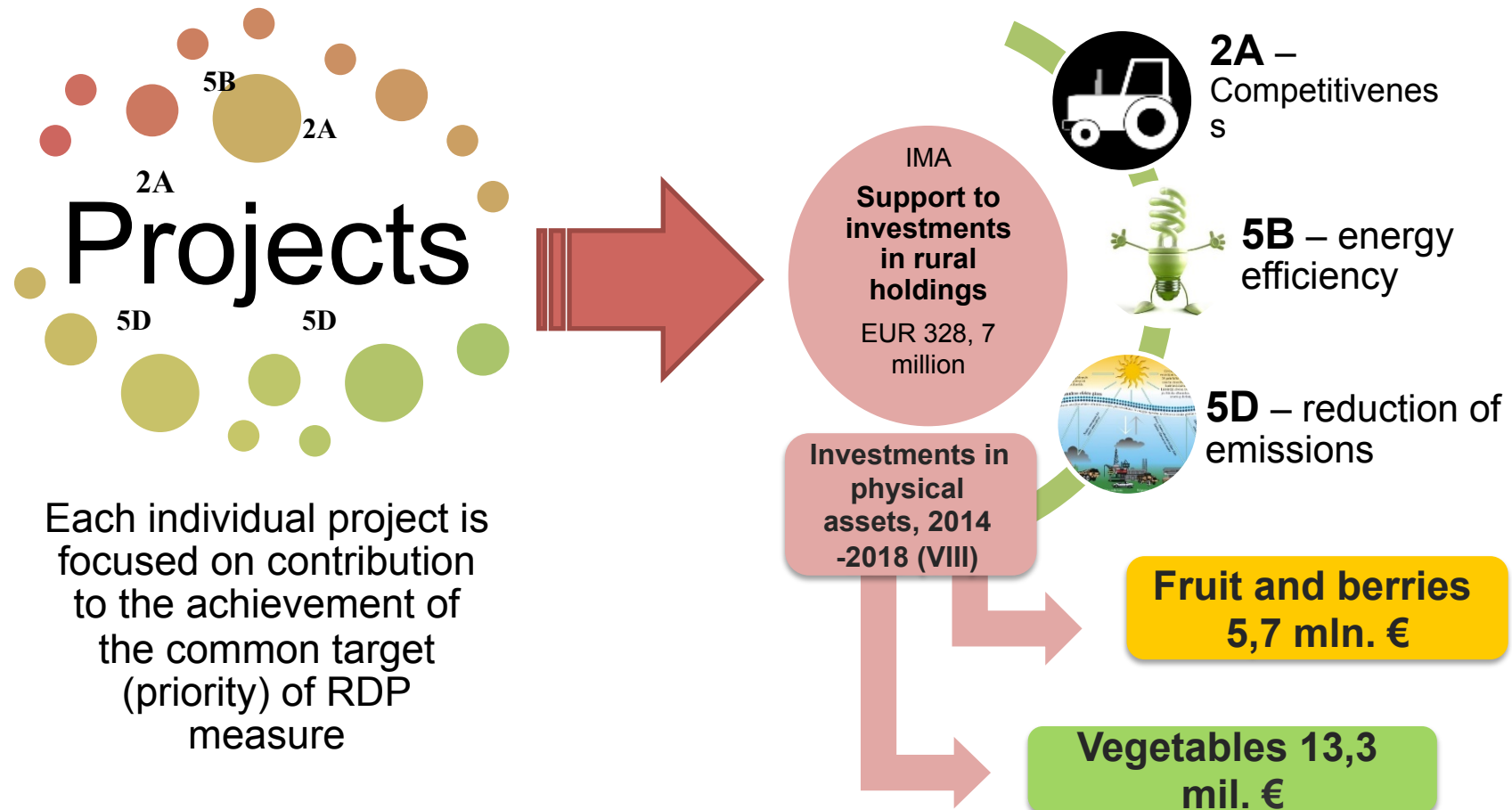
# Support

## Area payment support for fruit and berries, EUR per ha



Source: Ministry of Agriculture, Rural Support Service

# Support Investment measures for fruit and vegetable producers under the Rural Development Program – Investments in physical assets, 2014 -2020



Source: Ministry of Agriculture

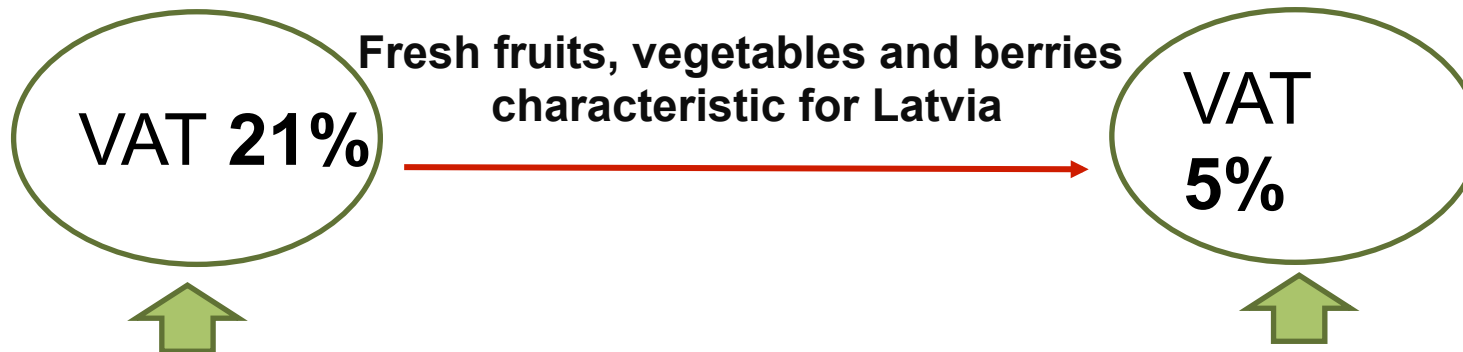
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- **School scheme – Fruit and vegetables**



 VAT 5 %

## Basic VAT rate conditions for fruits and vegetables

Since January 2018



- ✓ Not characteristic for Latvia (bananas, mandarins, lemons, sweet potatoes etc.) as well as for products grown in small quantities (melons, watermelon, grapes, sweet pepper, mushrooms etc.);
- ✓ Processed fruits and vegetables (Frozen, preserved, salted, pickled, dried fruits, berries or vegetables;

✓ Fresh fruits and vegetables listed on webpage <https://likumi.lv/ta/id/253451#piel0> (including, peeled, cut and pre-packed but not thermally or otherwise processed products).

**Regardless:**

- future use (livestock feed, F&V processing etc.)
- country of origin (Polish or Dutch apples, cranberries grown in the USA or garlic grown in China etc.)

 VAT 5 %

## Product prices in Riga supermarkets chains

	2018	2017	-/+
Plums	1,09	1,37	-21%
Lettuce (in pot))	0,71	0,81	-12%
Tomatoes (import)	1,76	1,93	-9%
Pears	1,41	1,52	-7%
Cauliflowers	1,45	1,55	-6%
Table beetroots	0,39	0,41	-4%
Potatoes	0,43	0,44	-2%
Cucumbers (local)	1,75	1,73	1%
Apple (Jonagold)	1,38	1,24	11%
Cabbages	0,46	0,39	17%
Onions	0,46	0,39	19%
Carrots	0,58	0,39	49%

- Drought all over Europe has affected prices of onions, carrots and cabbages;
- Unfavorable weather conditions caused the unsustainable growth conditions for cucumbers, which led to a delay in harvesting;
- Due to last year's unfavorable weather conditions in Europe, *Jonagold* apples are more expensive.

Source: Institute of Agricultural resources and economics

# VAT 5 %

## Results

+ 4 %

- Increased number of registered VAT payers in the fruit and vegetable sector

+ 8,9 %

- Increased average wages in fruits and vegetables sector

+ 9,1 %

- Increased turnover of goods and services on the fruit and vegetable sector (*total market value for taxpayers who indicated VAT transactions at a rate of 5%*)

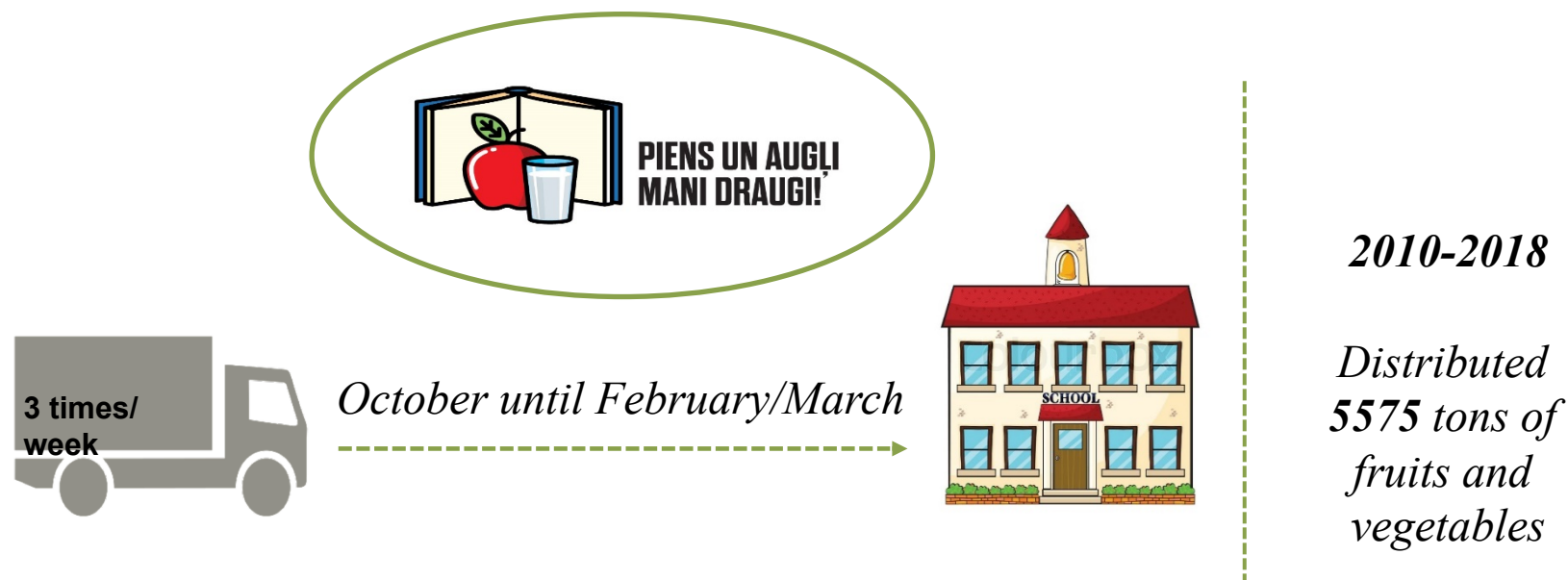


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# School scheme

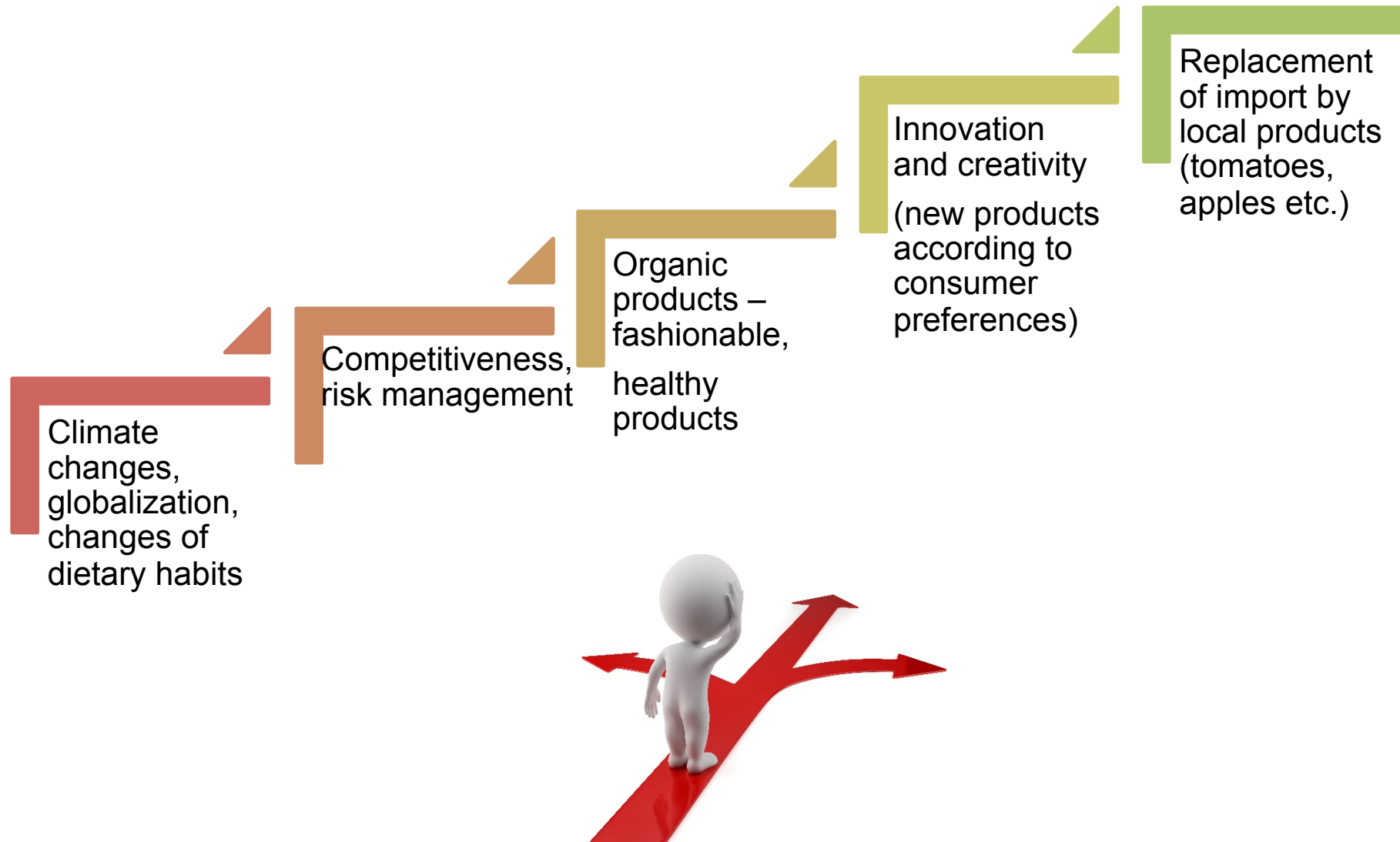
## The EU school scheme in Latvia

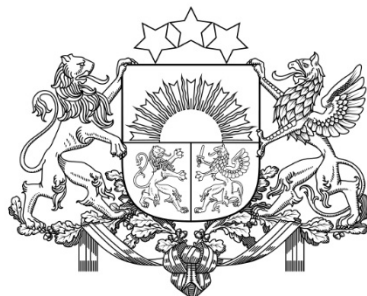
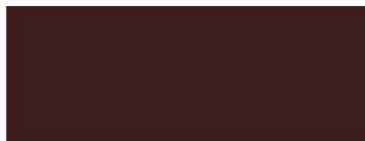


As of 2017/2018 school year:

- Distribution based on '**supply rights**' (EUR per school taking into account total amount of pupils)
- **Size of portion:**  $\geq 100$  g fruits and vegetables
- **Fresh products:**
  - Vegetables – carrots, cabbage, pumpkins, swedes, kohlrabi
  - Fruit – apples, pears, cranberries
  - Assorted fresh fruits and vegetables (at least 3 different products)
- **Target audience:** pre-schools to 9th grade

# Challenges





Ministry of Agriculture  
Republic of Latvia



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