

Farmers' View: Investment Needs and Challenges

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Farmers Parliament

- Professional farmers' union, founded in 1999;
- Members are nearly 900 legal entities operating in agriculture sector. Majority are family farms;
- 49 % of members are crop producers, 33% operate in animal husbandry; 18% of members operate in horticulture or have multiple specialization sectors. These enterprises together produce more than 50% of Latvian agriculture produce;
- The union is the voice of Latvian farming, lobbying agriculture and rural development as well as advising on legislation at national and Europe Union level;
- The organization is managed by 9 farmers, board members;
- The union has 10 employees.

Latvian farming: key challenges

- Adjusting of production practices to the EU requirements;
- Recovery of abandoned agriculture land;
- Increasing level of cooperation between Latvian farmers.

Investment needs in farming sector

- Changing agriculture production practices, i.e. introducing environmentally friendly and economical equipment, techniques and technological solutions;
- Adjusting production buildings (slate roofs, manure storages, waste water treatment, use of renewable energy) to meet existing needs and requirements;
- Infrastructure (cooperative warehouses, roads, ports, electricity);
- Return of abandoned agriculture land in production.

EAFRD Support opportunities and constrains (1)

- Investment support for construction, machinery and technologies:
 - Frequently changing support intensity;
 - Unpredictable project application calls;
- Infrastructure support (mainly land melioration but also limited funding for access roads to production facilities):
 - Insufficient finances for larger investment projects, particularly carried out by cooperatives;
 - Concrete open-field storages were of high demand but were not supported by the activity, if separately from existing production units;
 - No support for connection of agriculture buildings to electricity.

EAFRD Support opportunities and constrains (2)

- Program requirements impose farmers to choose the cheapest investment, considering investment value, whilst ignoring potential operational costs;
- No provisions available which would facilitate introduction of innovative production technologies (farmers face challenges to prove validity of associated costs);
- Limited independent expertise available to perform cost-benefit analysis for complex investment projects;
- State Credit Guarantee Program allowed to carry out investments in the post-crisis period.

The Loan Fund

- The aim of the Loan Fund is to ensure availability of loans at reduced interest rate in Euro or Lats with maximum loan period reaching 15 years;
- The Loan Fund loans were available for:
 - the RDP 2007- 2013 measures "Modernization of agricultural holdings", "Adding value to agriculture and forestry products", "Support for business creation and development" and "Encouragement of tourism activities". Credit fund reached 26,4 M Lats;
 - the European Fisheries Fund 2007 – 2013 Axis 2 "Aquaculture, fishing in inland waters and fish processing and marketing" measures "Investments in aquaculture" and "Fishery and aquaculture product processing and marketing". Credit fund reached 5 M Lats;
- If investment project applications were approved by the paying agency Rural Support Service, entrepreneurs could submit their the Loan Fund applications to their banks or credit unions.
- The Loan Fund was managed by the Rural Development Fund.

Future needs for support

- Investment support for infrastructure investments
 - open-field areas for handling production;
 - Investments in ports, large elevators;
 - International projects;
 - Melioration;
- Tools to minimize risks due to price fluctuations, i.e. farm income and risk insurance:
 - Dairy sector;
 - Crop production;
- Credit guarantees and grace in crisis situations;
- Grants and credits for young farmers:
 - Loans;
 - Guarantees.

Future needs for policy improvements

- Flexibility for Member States to swiftly react and address needs in the sector;
- Consider differences between Southern and Northern member states and allow regionalization of decision-making process with regards to support measures;
- *De minimis* support has to be increased over 15 thousand Euro threshold;
- Further reduction of bureaucracy in the sector;
- Development of control system so that it would serve to develop and increase competitiveness of European Union rather than function as predominantly penalizing agency.

Thank you for your
attention!
Enjoy farm Latvian visits!

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